DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1726

RIN 0572–AA47

Electric System Construction Policies and Procedures

AGENCY: Rural Utilities Service, USDA.

ACTION: Final rule.

SUMMARY: The Rural Utilities Service (RUS), successor to the Rural Electrification Administration (REA), hereby amends its regulation on Electric System Construction Policies and Procedures. This action codifies the policies and the procedures applicable to RUS electric borrowers when purchasing materials and equipment, and when constructing system facilities by contract or force account. These policies and procedures were contained in six REA bulletins. The changes made pertain to RUS approval of contracts, subcontracts and amendments to contracts; documentation of contracting activity by RUS borrowers; procurement procedures to be used by RUS borrowers; and closeout procedures for construction contracts.

EFFECTIVE DATE: This rule is effective March 27, 1995.

FOR FURTHER INFORMATION CONTACT: Mr. Fred J. Gatchell, Deputy Director, Electric Staff Division, Rural Utilities Service, U.S. Department of Agriculture, Washington, DC 20250–1500, telephone (202) 720–1398.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This rule has been determined to be not significant for the purposes of Executive Order 12866 and therefore has not been reviewed by OMB.

Regulatory Flexibility Act Certification

This action does not fall within the scope of the Regulatory Flexibility Act.

Information Collection and Recordkeeping Requirements

In compliance with the Office of Management and Budget (OMB) regulations (5 CFR part 1320) which implement the Paperwork Reduction Act of 1980 (Pub. L. 96–511) and section 3504 of the Act, the information collection and recordkeeping requirements contained in this rule have been approved by OMB under control number 0572–0107. Comments concerning these requirements should be directed to the Office of Information and Regulatory Affairs of OMB, Attention: Desk Officer for USDA, room 10102, New Executive Office Building, Washington, DC 20503.

National Environmental Policy Act Certification

The Administrator has determined that this rule will not significantly affect the quality of the human environment as defined by the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*). Therefore, this action does not require an environmental impact statement or assessment.

Catalog of Federal Domestic Assistance

The program described by this rule is listed in the Catalog of Federal Domestic Assistance programs under No. 10.850, Rural Electrification Loans and Loan Guarantees. This catalog is available on a subscription basis from the Superintendent of Documents, the United States Government Printing Office, Washington, DC 20402. Telephone (202) 783–3238.

Executive Order 12372

This rule is excluded from the scope of Executive Order 12372, Intergovernmental Consultation, which may require consultation with State and local officials. A Notice of Final Rule entitled Department Programs and Activities Excluded from Executive Order 12372 (50 FR 47034) exempts RUS loans and loan guarantees from coverage under this order.

Executive Order 12778

This rule has been reviewed under Executive Order 12778, Civil Justice Reform. This rule will not: (1) Preempt any State or local laws, regulations. or policies; (2) Have any retroactive effect; and (3) Require administrative proceedings before parties may file suit challenging the provisions of this rule.

Background

The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub. L. 103–354, 101 Stat. 3178), signed by President Clinton on October 13, 1994, provides for the establishment of RUS as successor to REA with respect to various programs, including the electric loan program established by the Rural Electrification Act of 1936, as amended, (the RE Act) (7 U.S.C. 901 *et seq.*). On October 20, 1994, the Secretary of Agriculture issued Secretary's Memorandum 1010–1, establishing RUS and abolishing REA. Therefore, RUS is publishing this final rule that was previously proposed by REA. Pursuant to the RE Act, RUS hereby amends 7 CFR chapter XVII, by revising Part 1726, Electric System Construction Policies and Procedures. This revised part contains the policies and the procedures applicable to RUS borrowers and contractors when purchasing materials and equipment and constructing electric system facilities by contract or force account (the RUS borrower's own construction crews).

These policies and the procedures implement certain provisions of the RUS standard form of loan documents regarding the borrower's purchase of materials and equipment and the construction of its electric system by contract or force account. In order to facilitate the programmatic interests of the RE Act, and, in order to assure that loans made or guaranteed by RUS are adequately secured, RUS, as a secured lender, has established certain standards and specifications for materials, equipment, and the construction of electric systems. The use of standard forms and procurement procedures helps assure RUS that: (1) appropriate standards and specifications are maintained; (2) RUS's loan security is not adversely affected; and (3) loan and loan guarantee funds are used effectively and for the intended purposes.

The previous policies and procedures were set forth in REA Bulletin 40–6, Construction Methods and Purchase of Materials and Equipment; REA Bulletin 40–8, Construction Specifications, Drawings and Contract Forms for Distribution, Transmission and Generation Facilities; REA Bulletin 81–6, Closeout Procedures and Documents for Contract Construction of Distribution and Transmission Facilities; REA Bulletin 85–1, Closeout Procedures and Documents for the Contract Construction of Generating Facilities and Associated Buildings; REA Bulletin 86–1, Closeout Procedures and Documents for the Construction of Buildings Other than Generating Plants; and REA Bulletin 86–3, Headquarters Facilities for Electric Borrowers. The previous policies and procedures are being changed and updated by this rule. When this rule is effective, Bulletins 40–6, 81–6, 85–1, 86–1, and 86–3 will be superseded in their entirety and rescinded, and Bulletin 40–8 will be superseded with respect to the contract forms listed in this rule.

Bulletin 40–8 will be superseded in its entirety and rescinded when all forms referenced therein have been promulgated.

Major Changes

The major substantive changes are as follows:

(a) This rule applies to procurement and construction for all projects which are financed, in whole or in part, with loans made or guaranteed by RUS, including reimbursable projects. REA Bulletin 40–6 contained the requirements for all procurement and construction, regardless of the source of funds.

(b) This rule eliminates the previous requirement that RUS approve subcontracts. (Subcontracts for generating projects were already exempt from RUS approval.)

(c) This rule changes the dollar thresholds that determine which procurement procedure is to be used for a project.

(d) This rule raises the dollar thresholds that determine whether RUS approval of a contract is required and eliminates the requirement of RUS approval of certain contract amendments.

(e) This rule eliminates the requirement of RUS approval of borrowers' contracts for headquarters facilities.

(f) This rule adds procedures for procurement of communication and control facilities.

(g) This rule simplifies the procedures for the closeout of construction contracts by reducing the number of forms to be submitted to RUS.

(h) This rule revises the RUS standard contract forms. The major changes in the contract forms are as follows:

(1) Change the forms to reflect the changes listed above.

(2) Change the insurance and bonding dollar limits as outlined in 7 CFR part 1788.

(3) Change the forms to require prequalification of all bidders.

(4) Change the interest rate on overdue accounts.

(5) Change the ''Buy American'' provision to include Mexico and Canada in accordance with the North American Free Trade Agreement Implementation Act of December 8, 1993, Pub. L. 103–182.

(6) Change the indemnification clause (also called ''hold harmless clause'') to reflect RUS's current policy.

(7) Incorporate certain technical changes relating to wood treating and right-of-way clearing chemicals. In order to reduce printing cost and volume, the forms included in this part are condensed, especially the tables. Also, several forms refer to guide drawings, which do not contain requirements, and, hence, will not be included. RUS intends to reformat these forms similar to their current configuration (including the tables and drawings) and make them available in that format either from RUS or for purchase from the Government Printing Office. See § 1726.300 for a list of the standard forms of electric contracts and where each may be obtained.

This rule was published as a proposed rule at 59 FR 28924, June 3, 1994. In addition, ''Permitted Contract Modifications—Indemnification,'' dealing with indemnification of the owner by the contractor in RUS's standard contract forms, was published as a proposed rule at 59 FR 4603, February 1, 1994. This rule incorporates the changes and addresses the comments resulting from the proposed rule ''Permitted Contract Modifications—Indemnification.''

Comments

A total of 45 organizations submitted comments on the proposed rule, including 27 borrowers, the National Rural Electric Cooperative Association, 6 engineers and engineering organizations, the Power and Communication Contractors Association, two insurance companies, two state borrower associations, and 6 others. RUS considered all comments received. The more significant and most commonly made comments are addressed herein.

Applicability

Many commenters suggested changes or clarification as to when this rule applies. This rule has been clarified to state that it applies when materials, equipment, and construction are financed, in whole or in part, with loans made or guaranteed by RUS, including reimbursable projects. A statement regarding jointly owned projects has also been added. Competitive bidding for new capacity resources, however, is outside the scope of this rule.

Threshold Limits

There were many comments suggesting changes in the various dollar limits regarding forms to be used, bidding procedures to be followed, RUS approvals, etc. Several comments also suggested making the dollar limits more consistent. RUS has increased the contract approval limit for transmission construction and for load control, communication, and SCADA systems for power supply borrowers. RUS believes that the limits, as revised, are a reasonable balance that allows the borrower reasonable flexibility while assuring RUS that loan funds are being used properly. A number of clarifications have been added to avoid potential ambiguities.

Several commenters expressed concern about using a calendar year limit, since one or two large procurements could consume the entire limit, and very small procurements thereafter would be subject to more stringent requirements. This situation is inherent in any calendar limit, and RUS expects each borrower to manage its procurement program by using the procurement procedure (e.g., formal competitive bidding) or the contract form not subject to the calendar year limit for large procurements and prudently utilizing the flexibility provided by this rule so that the calendar year limits are not exceeded.

Bidders Qualifications and Competition

Several commenters suggested that a bidder's performance record, safety record, and similar factors should be considered when evaluating bids. RUS strongly disagrees with this. RUS believes that such factors can and should be considered when determining the bidder's qualifications to be invited to bid, but it is inappropriate and unacceptable to evaluate these factors when evaluating a bid from a qualified and invited bidder. Language has been added to the rule clarifying this position.

Other comments concerned how to deal with a potential conflict of interest with a bidder. This rule places primary responsibility on the borrower's board of directors to determine if a potential conflict of interest is significant, and RUS believes this is appropriate.

A number of commenters suggested that fewer than three bidders could represent adequate competition. RUS believes that, for most procurement, three or more bidders are needed to assure adequate competition. We have, however, eliminated the requirement that RUS concurrence be obtained prior to awarding a contract based on fewer than three bids, providing that the borrower documents that all reasonable measures were taken to assure adequate competition.

Engineer

Many commenters noted that borrowers often utilize staff engineers, but the language of the rule generally implies that the engineer is an outside consultant. RUS agrees with this position and has revised the language accordingly.

One commenter noted that several engineering contract forms were not included in the list of RUS standard contract forms. Such forms are still available and in some cases mandatory, but are outside the scope of this rule and are contained in other RUS rules.

Definitions

Various commenters recommended clarifications and changes to the definitions as well as the addition of several more definitions. RUS has revised several definitions and added two new definitions. The other proposed definitions appear to be self-explanatory without modification.

Several commenters suggested that the contracting committee was not needed or should have a different make-up. RUS believes that this committee, required only under informal competitive bidding and multiparty negotiation, is needed as specified to insure the integrity of these procedures.

RUS Approvals

Some commenters suggested that RUS approval be automatic after a specified time period (30 or 60 days) without RUS action. Due to numerous factors which may affect RUS approval, including other agency priorities, human resources, and unresolved issues, this change was not made.

Other commenters felt that RUS approval should not be required to purchase used equipment and materials. Since most RUS loans are long-term, RUS must be satisfied that the physical security is adequate, so RUS will continue to require new equipment and materials unless specifically approved by RUS.

Many commenters objected to RUS reserving the right to require contract construction in lieu of force account construction (§ 1726.22). While RUS has rarely exercised this right in the past and does not expect to use it often in the future, there are circumstances where such authority has been and may again be needed, therefore, the language of the rule has not been changed.

Many commenters also objected to certain amendments being subject to RUS approval even if the original contract was not. The purpose of this requirement was to prevent changing the RUS approved form of contract by amendment where the borrower is not permitted to make such changes in the form without RUS approval. The language of the rule has been changed to indicate that the approved form of contract cannot be changed either prior to bidding or by amendment without prior RUS approval, but the actual amendment would not be subject to RUS approval.

Other commenters suggested that a RUS approved form of contract should only be required if RUS approval of the contract is required. RUS disagrees with this. RUS has eliminated many of the requirements for RUS approval of contracts based on the requirement that the borrower use certain forms and procedures for other contracts. This also applies to the amendment forms, although RUS has determined that special requirements for amendments for payment for material delivered are not necessary, so § 1726.26, along with RUS Form 800, have been deleted.

Documents Submitted to RUS

Many commenters suggested that certain of the documents submitted to RUS are unnecessary. With regard to ''Proof of Insurance,'' RUS agrees and has deleted this requirement. RUS believes that the remaining documents to be submitted are needed to assure that loan funds are being used properly.

Procurement Procedures

Several commenters requested clarification of the applicability of some of the procedures and changes to some of the details of the requirements. Several changes have been made in this area. Other commenters suggested that the informal bidding procedure and the multiparty negotiation procedure be changed to allow clarifying discussions or negotiations, respectively, with only the apparent low evaluated bidder. This change has not been made. RUS believes that meeting with at least the three apparent lowest evaluated bidders will insure adequate competition and fairness without undue burden on the borrower.

Forms

A number of commenters suggested that computer generated versions of RUS standard contract forms should be acceptable in addition to the preprinted versions. RUS agrees with this only for those forms which are primarily tables (Forms 251 and 254). For the remainder of the contract forms, RUS continues to believe that the most effective means of maintaining accurate and recognizable forms is to continue to use the preprinted version.

Commenters suggested that RUS Form 792 be modified to allow multi-year contracting and to allow RUS Form 786 to be modified to be a ''purchase only'' contract form. These changes have been made. One commenter suggested that all contract bonds use RUS Form 168c instead of RUS Form 168b. Form 168c is currently used when the contractor's surety has accepted a Small Business Administration guarantee and the contract is for one million dollars or less. RUS Form 168b has proved to be a satisfactory bond form for other contracts, so RUS has determined that it will require the RUS Form 168b where the Form 168c is not applicable.

A number of other suggestions were made regarding changes to the contract forms. Some minor changes have been made, but RUS intends to thoroughly review and revise these forms in the near future, so other comments will be considered at that time.

Two commenters suggested that RUS prepare a standard form for ''Engineer-Procure-Construct'' (EPC) or ''Turnkey'' type projects. RUS's experience with such projects indicate that each one tends to be unique and not well suited to a standard contract form, so therefore, no attempt has been made to develop such a standard form at this time.

Indemnification

RUS requires borrowers to use standard contract forms for certain construction, material supply, equipment supply, architectural services, and engineering services contracts. The construction contract forms contain a standard indemnification clause (also called ''hold harmless'') pursuant to which the contractor agrees to indemnify the owner against certain risks. Some borrowers have requested approval to incorporate an alternative indemnification clause in certain contracts. They believe that it provides them indemnification in addition to that afforded by the currently required clause. Some contractors have expressed concern about the extent of their potential liability under such a modified indemnification provision, particularly for certain actions of the owner. RUS has determined that it is in the Government's and the borrowers' best interest to have a reasonable and balanced indemnification provision: one that provides adequate protection for the borrower while not placing an unreasonable business risk on the contractor. An indemnification provision that does not adequately protect the borrower could expose the borrower to liability for damages which could endanger the Government's loan security. An indemnification provision which places an unreasonable business risk on the contractor could result in qualified, capable contractors declining to bid under such conditions, which could result in reduced competition and higher costs. It could even result in the borrower being exposed to increased liability if only financially weak contractors bid, since the contractor may be financially unable to meet its indemnification obligations. In response to these requests, ''Permitted Contract Modifications—Indemnification,'' was published as a proposed rule at 59 FR 4603, February 1, 1994. This final rule incorporates the changes concerning the

indemnification clause in the contract forms proposed by both of these rules.

In response to the proposed ''Permitted Contract Modifications—Indemnification,'' the issue which drew the most comments was whether to extend the indemnification to the borrower's engineer. Nine organizations (generally engineers or engineering organizations) are in favor of including the engineer, while two commenters opposed their inclusion. Since the engineer is independent of the borrower and has no direct contractual relationship with the contractor, RUS has determined that a clear separation should be maintained between the engineer and the contractor. Therefore, the indemnification clause does not extend to the engineer.

Many commenters expressed the view that the borrower (owner) should be named as Additional Insured on the contractor's liability insurance policies. Others felt that the engineer should also be named as Additional Insured. It appears that naming the borrower (but not the engineer) as Additional Insured will further RUS'S overall objective without adding significantly to the cost of the contract. RUS has decided, therefore, to add a requirement to name the owner as Additional Insured on the contractor's liability insurance policies.

Several commenters suggested minor wording changes under certain circumstances to insure that the language accomplishes its purpose. A section has been added under Section H allowing the borrower to make certain changes in the language if appropriate in its jurisdiction. One commenter found the indemnification language to be ''weak at best,'' while two commenters felt that it placed too much burden on the contractor. RUS believes that the final language included in this rule reasonably balances the interests of the borrower, the engineer, and the contractor.

Other Comments

A number of comments were received suggesting or requesting clarifications or corrections to the language of the rule. These have generally been made, although certain areas which appeared reasonably clear were not clarified further.

List of Subjects in 7 CFR Part 1726

Electric power, Loan programs—energy, Reporting and recordkeeping requirements, Rural areas.

In view of the above, RUS hereby amends 7 CFR chapter XVII by revising part 1726 to read as follows:

PART 1726—ELECTRIC SYSTEM CONSTRUCTION POLICIES AND PROCEDURES

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1726.12 Applicability.
1726.13 Waivers.
1726.14 Definitions.
1726.15 ''Buy American''.
1726.16 Debarment and suspension.
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1726.18 Preloan contracting.
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1726.20 Standards and specifications.
1726.21 New materials.
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Subpart B—Distribution Facilities

1726.50 Distribution line materials and equipment.
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Subpart C—Substation and Transmission Facilities

1726.75 General.
1726.76 Substation and transmission line materials and equipment.
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Subpart D—Generation Facilities

1726.125 Generating plant facilities.
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1726.150 Headquarters buildings.
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Subpart G—Procurement Procedures

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1726.201 Formal competitive bidding.
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1726.203 Multiparty negotiation.
1726.204 Multiparty unit price quotations.
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Subpart H—Modifications to RUS Standard Contract Forms

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1726.251 Prior approved contract modification related to price escalation on transmission equipment, generation equipment, and generation construction contracts.
1726.252 Prior approved contract modification related to liability for special and consequential damages.
1726.253 Prior approved contract modification related to alternative bid provision for payment to contractor for bulk purchase of materials.
1726.254 Prior approved contract modifications related to RUS approval of contracts and amendments and modified bidding requirements.
1726.255 Prior approved contract modifications related to indemnification.
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Subpart I—RUS Standard Forms

1726.300 List of RUS standard contracting forms for electric systems.
1726.301 Use of printed forms.
1726.302 RUS approved forms of contract.
1726.303 Interest on overdue accounts.
1726.304–1726.309 [Reserved]
1726.310 Contractor's bond, RUS Form 168b.
1726.311 Contractor's bond, RUS Form 168c.
1726.312 Construction contract amendment, RUS Form 180.
1726.313 Certificate of completion, contract construction for buildings, RUS Form 181.
1726.314 Certificate of completion, contract construction, RUS Form 187.
1726.315 Equipment contract, RUS Form 198.
1726.316–1726.319 [Reserved]
1726.320 Construction contract, generating, RUS Form 200.
1726.321 Right-of-way clearing contract, RUS Form 201.
1726.322 Transmission system right-of-way clearing contract, RUS Form 203.
1726.323 Certificate (Buy America), RUS Form 213.
1726.324 Waiver and release of lien, RUS Form 224.
1726.325 Certificate of contractor, RUS Form 231.
1726.326 Construction or equipment contract amendment, RUS Form 238.
1726.327 Material receipt, RUS Form 251.
1726.328 Construction inventory (for labor and material contract), RUS Form 254.
1726.329 Contract to construction buildings, RUS Form 257.
1726.330 [Reserved]
1726.331 Bid bond, RUS Form 307.
1726.332–1726.339 [Reserved]
1726.340 Substation and switching station erection contract, RUS Form 764.
1726.341 Electric system communications and control equipment contract, RUS Form 786.
1726.342 Distribution line extension construction contract (labor and materials), RUS Form 790.
1726.343 Distribution line extension construction contract (labor only), RUS Form 792.
1726.344 [Reserved]
1726.345 Certificate of contractor and indemnity agreement (line extensions), RUS Form 792b.
1726.346 Supplemental contract for additional project, RUS Form 792c.
1726.347–1726.350 [Reserved]

1726.351 Electric system construction contract (labor and materials), RUS Form 830.
1726.352 Electric transmission construction contract (labor and materials), RUS Form 831.
1726.353–1726.399 [Reserved]

Subpart J—Contract Closeout

1726.400 Final contract amendment.
1726.401 Material contract closeout.
1726.402 Equipment contract closeout.
1726.403 Project construction contract closeout.
1726.404 Non-site specific construction contract closeout.
1726.405 Inventory of work orders (RUS Form 219).

Authority: 7 U.S.C. 901 *et seq.*, 1921 *et seq.*; Pub. L. 103–354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

Subpart A—General

§§ 1726.1–1726.9 [Reserved]

§ 1726.10 Introduction.

The policies, procedures and requirements included in this part are intended to implement provisions of the standard form of loan documents between the Rural Utilities Service (RUS) and its electric borrowers. Unless prior written approval is received from RUS, borrowers are required to comply with RUS policies and procedures as a condition to RUS providing loans, loan guarantees, or reimbursement of general funds for the construction and improvement of electric facilities. Requirements relating to RUS approval of plans and specifications, duties and responsibilities of the engineer and architect, and engineering and architectural services contracts, are contained in other RUS regulations. The terms ''RUS form'', ''RUS standard form'', ''RUS specification'', ''and RUS bulletin'' have the same meanings as the terms ''REA form'', ''REA standard form'', ''REA specification'', ''and REA bulletin'', respectively, unless otherwise noted.

§ 1726.11 Purpose.

Each borrower is responsible for the planning, design, construction, operation and maintenance of its electric system. RUS, as a secured lender, has a legitimate interest in accomplishing RUS's programmatic objectives, and in assuring that the costs of construction, materials, and equipment are reasonable and economical and that the property securing the loans is constructed adequately to serve the purposes for which it is intended.

§ 1726.12 Applicability.

The requirements of this part apply to the procurement of materials and equipment for use by electric borrowers in their electric systems and to the construction of their electric systems if such materials, equipment, and construction are financed, in whole or in part, with loans made or guaranteed by RUS, including reimbursable projects. In order for general fund expenditures for procurement or construction to be eligible for reimbursement from loan funds, the borrower must comply with the procedures required by this part. In the case of jointly owned projects, RUS will determine on a case by case basis the applicability of the requirements of this part.

§ 1726.13 Waivers.

The Administrator may waive, for good cause on a case by case basis, certain requirements and procedures of this part. RUS reserves the right, as a condition of providing loans, loan guarantees, or other assistance, to require any borrower to make any specification, contract, or contract amendment subject to the approval of the Administrator.

§ 1726.14 Definitions.

Terms used in this part have the meanings set forth in 7 CFR 1710.2. References to specific RUS forms and other RUS documents, and to specific sections or lines of such forms and documents, shall include the corresponding forms, documents, sections and lines in any subsequent revisions of these forms and documents. In addition to the terms defined in 7 CFR 1710.2, the following terms have the following meanings for the purposes of this part:

Approval of proposed construction means RUS approval of a construction work plan or other appropriate engineering study and RUS approval, for purposes of system financing, of the completion of all appropriate requirements of part 1794 of this chapter.

Architect means a registered or licensed person employed by the borrower to provide architectural services for a project and duly authorized assistants and representatives.

Bona fide bid means a bid which is submitted by a contractor on the borrower's list of qualified bidders for the specific contract, prior to bid opening.

''Buy American'' certificate means a certification that the contractor has complied with the ''Buy American'' requirement (see § 1726.15).

Competitive procurement means procurement of goods or services based on lowest evaluated bid for similar products or services when three or more bids are received.

Construction unit means a specifically defined portion of a construction project containing materials, labor, or both, for purposes of bidding and payment.

Contracting committee means the committee consisting of three to five members representing the borrower's management and board of directors and the engineer. The contracting committee represents the borrower during contract clarifying discussions or negotiations under informal competitive bidding or multiparty negotiation, respectively.

Encumbrance means the process of approval for advance of loans funds by RUS.

Engineer means a registered or licensed person, who may be a staff employee or an outside consultant, to provide engineering services and duly authorized assistants and representatives.

Equipment means a major component of an electric system, e.g., a substation transformer, heat exchanger or a transmission structure.

Force account construction means construction performed by the borrower's employees.

Formal competitive bidding means the competitive procurement procedure wherein bidders submit sealed proposals for furnishing the goods or services stipulated in the specification. Bids are publicly opened and read at a predetermined time and place. If a contract is awarded, it must be to the lowest evaluated responsive bidder (see § 1726.201).

Goods or services means materials, equipment, or construction, or any combination thereof.

Informal competitive bidding means the competitive procurement procedure which provides for private opening of bids and allows clarifying discussions between the contracting committee and the bidders. During the clarifying discussions any exceptions to the bid documents must be eliminated, or the bid rejected, so that the contract is awarded to the lowest evaluated responsive bidder (see § 1726.202).

Material means miscellaneous hardware which is combined with equipment to form an electric system, e.g., poles, insulators, or conductors.

Minor error or irregularity means a defect or variation in a bid that is a matter of form and not of substance. Errors or irregularities are ''minor'' if they can be corrected or waived without being prejudicial to other bidders and when they do not affect the price, quantity, quality, or timeliness of construction. A minor error or

irregularity is not an exception for purposes of determining whether a bid is responsive.

Minor modification or improvement means a project where the cost is less than $50,000, exclusive of the cost of owner furnished materials.

Multiparty lump sum quotations means the procurement of goods or services on a lump sum basis, based on the lowest evaluated offering, when three or more offers are received. (See § 1726.205).

Multiparty negotiation means the procurement procedure where three or more bids are received and provides for negotiations between the contracting committee and each bidder to determine the bid which is in the borrower's best interest (see § 1726.203).

Multiparty unit price quotations means the procurement of goods or services on a unit price basis, based on the lowest evaluated offering, when three or more offers are received (See § 1726.204).

Net utility plant (NUP) means Part C, Line 5 of RUS Form 7 for distribution borrowers or Section B, Line 5 of RUS Form 12a for power supply borrowers for the immediately preceding calendar year.

Procurement method means a procedure, including, but not limited to, those in subpart G of this part, that a borrower uses to obtain goods and services.

Owner furnished materials means materials or equipment or both supplied by the borrower for installation by the contractor.

Responsive bid means a bid with no exceptions or non-minor errors or irregularities on any technical requirement or in the contract terms and conditions.

RUS approval means written approval by the Administrator or a representative with delegated authority. RUS approval must be in writing, except in emergency situations where RUS approval may be given over the telephone followed by a confirming letter.

Unit prices means individual prices for specific construction units defined in accordance with RUS approved units specified in RUS standard contract forms.

§ 1726.15 ''Buy American''.

The borrower must ensure that all materials and equipment financed with loans made or guaranteed by RUS complies with the ''Buy American'' provisions of the Rural Electrification Act of 1938 (7 U.S.C. 903 note), as amended by the North American Free Trade Agreement Implementation Act (107 Stat 2129). When a ''Buy American'' certificate is required by this part, this must be on RUS Form 213.

§ 1726.16 Debarment and suspension.

Borrowers are required to comply with certain requirements on debarment and suspension in connection with procurement activities as set forth in part 3017 of this title, particularly with respect to lower tier transactions, e.g., procurement contracts for goods or services.

§ 1726.17 Restrictions on lobbying.

Borrowers are required to comply with certain restrictions and requirements in connection with procurement activities as set forth in part 3018 of this title.

§ 1726.18 Preloan contracting.

Borrowers must consult with RUS prior to entering into any contract for material, equipment, or construction if a construction work plan, general funds, loan or loan guarantee for the proposed work has not been approved. While the RUS staff will work with the borrower in such circumstances, nothing contained in this part is to be construed as authorizing borrowers to enter into any contract before the availability of funds has been ascertained by the borrower and all the requirements of part 1794 of this chapter, Environmental Policies and Procedures for Electric and Telephone Borrowers, have been fulfilled.

§ 1726.19 Use of competitive procurement.

RUS borrowers' procurement is not subject to the provisions of the Federal Acquisition Regulation (48 CFR chapter 1); however, since borrowers receive the benefit of Federal financial assistance borrowers must use competitive procurement to the greatest extent practical. The borrower must use competitive procurement for obtaining all goods or services when a RUS loan or loan guarantee is involved except:

(a) As specifically provided for in subparts B through F of this part; or

(b) A waiver is granted.

§ 1726.20 Standards and specifications.

All materials, equipment, and construction must meet the minimum requirements of all applicable RUS standards and specifications. (See Part 1728, Electric Standards and Specifications for Materials and Construction, of this chapter, which is applicable regardless of the source of funding.)

§ 1726.21 New materials.

The borrower shall purchase only new materials and equipment unless otherwise approved by RUS, on a case by case basis, prior to the purchase.

§ 1726.22 Methods of construction.

The borrower is generally responsible for determining whether construction will be by contract or force account. If construction is by contract, the borrower must determine whether materials will be supplied by the contractor or will be furnished by the borrower. RUS reserves the right to require contract construction in lieu of force account construction on a case by case basis.

§ 1726.23 Qualification of bidders.

(a) *Qualified bidder list (QBL).* The borrower shall (acting through its engineer, if applicable) review the qualifications of prospective bidders for contract construction and for material and equipment procurement, and select firms qualified for inclusion on the borrower's list of qualified bidders for each contract. (See also § 1726.16 and § 1726.17.) A bid may not be solicited from a prospective bidder or opened by the borrower unless that bidder has been determined to be a qualified bidder for the contract. When preparing the QBL, in addition to the actual experience of the borrower, if any, in dealing with a prospective bidder, the borrower may solicit information from that bidder or from other parties with firsthand experience regarding the firm's capabilities and experience. It is also important to consider the firm's performance record, safety record, and similar factors in determining whether to include that firm on the QBL, since the borrower may not evaluate these factors when evaluating a bid from a qualified and invited bidder.

(b) *Conflict of interest.* If there is a relationship between the borrower or engineer and a prospective bidder which might cause the borrower or engineer to have or appear to have a conflict of interest, that prospective bidder shall not be included on the QBL unless the engineer discloses the nature of the relationship to the borrower. In the case of the borrower, if its employees or directors have a relationship with a prospective bidder, the prospective bidder shall not be included on the qualified bidders list unless the nature of the relationship is disclosed to the board of directors, and the board of directors specifically approves the inclusion of that bidder in light of the potential for a conflict of interest.

§ 1726.24 Written contracts.

(a) *General.* Procurement of goods or services must be by written contract or written purchase order. The borrower

shall use a RUS Approved Form of Contract for such contracts where required by subparts B through F of this part.

(b) *Amendments to contracts.*—(1) *Contract forms.* The borrower must use RUS Form 180, Construction Contract Amendment, for any change or addition in a distribution line construction contract. The borrower must use RUS Form 238, Construction or Equipment Contract Amendment, for any change or addition in any other contract for construction, or for materials or equipment.

(2) *Special considerations.* Each time an amendment to a construction contract is executed, the borrower must ensure that contractor's bond is adequate, that all necessary licenses and permits have been obtained, and that any environmental requirements associated with the proposed construction have been met.

(3) *Amendment approval requirements.* (i) If a RUS approved form of contract is required by this part, an amendment must not alter the terms and conditions of the RUS approved form of contract without prior RUS approval.

(ii) The borrower must make a contract amendment subject to RUS approval if the underlying contract was made subject to RUS approval and the total amended contract price exceeds 120 percent of the original contract price (excluding any escalation provision contained in the contract).

(iii) Contract amendments, except as provided in paragraph (b)(3)(ii) of this section, are not subject to RUS approval and need not be submitted to RUS unless specifically requested by RUS on a case by case basis.

§ 1726.25 Subcontracts.

The contractor or supplier may use RUS Form 282, Subcontract, for subcontracts on construction, material or equipment contracts. Subcontracts are not subject to RUS approval and need not be submitted to RUS unless specifically requested by RUS on a case by case basis.

§§ 1726.26–1726.34 [Reserved]

§ 1726.35 Submission of documents to RUS.

(a) *Where to send documents.* Documents required to be submitted to RUS under this part are to be sent to the office of the borrower's respective RUS Regional Director, the Power Supply Division Director, or such other office of RUS as designated by RUS (see part 1700 of this chapter.)

(b) *Borrower certification.* When a borrower certification is required by this part, it must be made by the borrower's manager unless the board of directors specifically authorizes another person to make the required certification. In such case, a certified copy of the specific authorizing resolution must accompany the document or be on file with RUS.

(c) *Contracts requiring RUS approval.* The borrower shall submit to RUS three copies of each contract that is subject to RUS approval under subparts B through F of this part. At least one copy of each contract must be an original signed in ink (i.e., no facsimile signature). Each contract submittal must be accompanied by:

(1) A bid tabulation and evaluation and, if applicable, a written recommendation of the architect or engineer.

(2) For awards made under the informal competitive bidding procedure or the multiparty negotiation procedure, a written recommendation of the contracting committee (See §§ 1726.202 and 1726.203).

(3) Three copies of an executed contractor's bond on RUS approved bond forms as required in the contract form (at least one copy of which must be an original signed in ink) and one copy of the bid bond or facsimile of the certified check.

(4) A certification by the borrower or chairperson of the contracting committee, as applicable, that the appropriate bidding procedures were followed as required by this part.

(5) A certified copy of the board resolution awarding the contract.

(6) Evidence of clear title to the site for substations and headquarters construction contracts, if not previously submitted.

(7) Documentation that all reasonable measures were taken to assure competition if fewer than three bids were received.

(d) *Contract amendments requiring RUS approval.* The borrower must submit to RUS three copies of each contract amendment (at least one copy of which must be an original signed in ink) which is subject to RUS approval under § 1726.24(b). Each contract amendment submittal to RUS must be accompanied by:

(1) A certified copy of the board resolution approving the amendment; and

(2) A bond extension, where necessary.

(e) *Encumbrance of loan or loan guarantee funds.* (1) For contracts subject to RUS approval, the submittals required under paragraph (c) of this section will initiate RUS action to encumber loan or loan guarantee funds for such contracts.

(2) For contracts not subject to RUS approval (except for generation projects), loan or loan guarantee funds will normally be encumbered using RUS Form 219, Inventory of Work Orders, after closeout of the contracts. In cases where the borrower can show good cause for a need for immediate cash, the borrower may request encumbrance of loan or loan guarantee funds based on submittal of a copy of the executed contract, provided it meets all applicable RUS requirements.

(3) For generation project contracts not subject to RUS approval, the borrower must submit to RUS the following documentation:

(i) A brief description of the scope of the contract, including contract identification (name, number, etc.);

(ii) Contract date;

(iii) Contractor's name;

(iv) Contract amount;

(v) Bidding procedure used;

(vi) Borrower certification that:

(A) The board of directors approved the contract;

(B) The bidding procedures and contract award for each contract were in conformance with the requirements of Part 1726, Electric System Construction Policies and Procedures;

(C) If a RUS approved form of contract is required by this part, the terms and conditions of the RUS approved form of contract have not been altered;

(D) If RUS has approved plans and specifications for the contract, the contract was awarded on the basis of those plans and specifications; and

(E) No restriction has been placed on the borrower's right to assign the contract to RUS or its successors.

(4) *Contract amendments.* (i) For amendments subject to RUS approval, the submittals required under paragraph (c) of this section will initiate RUS action to encumber loan or loan guarantee funds for contract amendments requiring RUS approval.

(ii) For amendments not subject to RUS approval (except generation projects), loan or loan guarantee funds will normally be encumbered using RUS Form 219, Inventory of Work Orders, after closeout of the contracts. In cases where the borrower can justify a need for immediate cash, the borrower may request encumbrance of loan or loan guarantee funds based on submittal of a copy of the executed amendment, providing it meets all applicable RUS requirements.

(iii) For each generation project contract amendment not subject to RUS approval, the borrower must submit to RUS the following information and documentation:

(A) The contract name and number;

(B) The amendment number;

(C) The amendment date;

(D) The dollar amount of the increase or the decrease of the amendment;

(E) Borrower certification that:

(*1*) The amendment was approved in accordance with the policy of the board of directors (the borrower must ensure that RUS has a certified copy of the board resolution establishing such policy);

(*2*) If a RUS approved form of contract is required by this part, the terms and conditions of the RUS approved form of contract has not been altered; and

(*3*) No restriction has been placed on the borrower's right to assign the contract to RUS or its successors.

§ 1726.36 Documents subject to RUS approval.

Unless otherwise indicated, the borrower shall make all contracts and amendments that are subject to RUS approval effective only upon RUS approval.

§ 1726.37 OMB control number.

The collection of information requirements in this part have been approved by the Office of Management and Budget and assigned OMB control number 0572–0107.

§§ 1726.38–1726.49 [Reserved]

Subpart B—Distribution Facilities

§ 1726.50 Distribution line materials and equipment.

(a) *Contract forms.* (1) The borrower shall use RUS Form 198, Equipment Contract, for purchases of equipment where the total cost of the contract is $500,000 or more.

(2) The borrower may, in its discretion, use RUS Form 173, Materials Contract, RUS Form 198, Equipment Contract, or a written purchase order for purchases of equipment of less than $500,000 and for all materials.

(b) *Standards and specifications.* Distribution line materials and equipment must meet the minimum requirements of RUS standards as determined in accordance with the provisions of part 1728 of this chapter, Electric Standards and Specifications for Materials and Construction. The borrower must obtain RUS approval prior to purchasing any unlisted distribution line material or equipment of the types listed in accordance with the provisions of part 1728 of this chapter.

(c) *Procurement procedures.* It is the responsibility of each borrower to determine the procurement method that best meets its needs for the purchase of material and equipment to be used in distribution line construction.

(d) *Contract approval.* Contracts for purchases of distribution line materials and equipment are not subject to RUS approval and need not be submitted to RUS unless specifically requested by RUS on a case by case basis.

§ 1726.51 Distribution line construction.

(a) *Contract forms.* The borrower must use RUS Form 201, 790, 792, or 830, as outlined in this paragraph (a), for distribution line construction, except for minor modifications or improvements.

(1) The borrower may use RUS Form 790, Distribution Line Extension Construction Contract (Labor and Materials), or RUS Form 792, Distribution Line Extension Construction Contract (Labor only) under the following circumstances:

(i) For contracts for which the borrower supplies all materials and equipment; or

(ii) For non-site specific construction contracts accounted for under the work order procedure; or

(iii) If neither paragraph (a)(1)(i) or (a)(1)(ii) of this section are applicable, the borrower may use RUS Form 790 or 792 for contracts, up to a cumulative total of $250,000 or one percent of NUP, whichever is greater, per calendar year of distribution line construction, exclusive of the cost of owner furnished materials and equipment

(2) The borrower must use RUS Form 830, Electric System Construction Contract (Labor and Materials), for all other distribution line construction. Where distribution lines are being constructed incidental to transmission line construction, the borrower must use RUS Form 831, Electric Transmission Construction Contract.

(3) The borrower must use RUS Form 201, Right-of-Way Clearing Contract, for new distribution line construction right-of-way clearing when done separately from work performed under RUS Form 830.

(b) *Procurement procedures.* (1) It is the responsibility of each borrower to determine the procurement method that best meets its needs to award contracts in amounts of up to a cumulative total of $250,000 or one percent of NUP, whichever is greater, per calendar year of distribution line construction (including minor modifications or improvements), exclusive of the cost of owner furnished materials and equipment.

(2) In addition to the cumulative total stipulated in paragraph (b)(1) of this section, a borrower may use Multiparty Unit Price Quotations to award contracts in amounts of up to a cumulative total of $350,000 or 1.5 percent of NUP, whichever is greater, per calendar year of distribution line construction (including minor modifications or improvements), exclusive of the cost of owner furnished materials and equipment.

(3) The borrower shall use formal competitive bidding for all other distribution line contract construction. The amount of contracts bid using the formal competitive bidding procedure do not apply to the cumulative total stipulated in paragraph (b)(1) of this section.

(4) An amendment which increases the scope of the contract by adding a project is not considered competitively bid, therefore, the amount of that amendment does apply to the cumulative total stipulated in paragraph (b)(1) of this section.

(c) *Contract approval.* Contracts for distribution line construction are not subject to RUS approval and need not be submitted to RUS unless specifically requested by RUS on a case by case basis.

§§ 1726.52–1726.74 [Reserved]

Subpart C—Substation and Transmission Facilities

§ 1726.75 General.

As used in this part, ''substations'' includes substations, switching stations, metering points, and similar facilities.

§ 1726.76 Substation and transmission line materials and equipment.

(a) *Contract forms.* (1) The borrower must use RUS Form 198, Equipment Contract, for purchases of equipment where the total cost of the contract is $500,000 or more.

(2) The borrower may, in its discretion, use RUS Form 173, Materials Contract, RUS Form 198, Equipment Contract, or a written purchase order for purchases of equipment of less than $500,000 and for all materials.

(b) *Standards and specifications.* Substation and transmission line materials and equipment must meet the minimum requirements of RUS standards as determined in accordance with the provisions of part 1728 of this chapter, Electric Standards and Specifications for Materials and Construction. The borrower must obtain RUS approval prior to purchasing of any unlisted substation or transmission line material or equipment of the types listed in accordance with the provisions of part 1728 of this chapter.

(c) *Procurement procedures.* It is the responsibility of each borrower to determine the procurement method that best meets its needs for purchase of material and equipment to be used in

substation and transmission line construction.

(d) *Contract approval.* Contracts for purchases of substation and transmission line materials and equipment are not subject to RUS approval and need not be submitted to RUS unless specifically requested by RUS on a case by case basis.

§ 1726.77 Substation and transmission line construction.

(a) *Contract forms.* (1) The borrower must use RUS Form 764, Substation Erection Contract, for construction of substations, except for minor modifications or improvements. The borrower must use RUS Form 831, Electric Transmission Construction Contract for projects where substations are incidental to transmission line construction and are to be constructed under the same contract.

(2) The borrower must use RUS Form 831, Electric Transmission Construction Contract, for construction of transmission lines (except for minor modifications or improvements).

(3) The borrower must use RUS Form 203, Transmission System Right-of-Way Clearing Contract, for new transmission line construction right-of-way clearing when right-of-way clearing is performed separately from work performed under RUS Form 831.

(b) *Procurement procedures.* (1) It is the responsibility of each borrower to determine the procurement method that best meets its needs to award contracts not requiring RUS approval in amounts of up to a cumulative total of $250,000 or one percent of NUP (not to exceed $2,000,000), whichever is greater, per calendar year of substation and transmission line construction (including minor modifications or improvements), exclusive of the cost of owner furnished materials and equipment.

(2) The borrower shall use formal competitive bidding for all other contract construction, including all contracts requiring RUS approval. The amount of contracts bid using the formal competitive bidding procedure do not apply to the cumulative total stipulated in paragraph (b)(1) of this section.

(3) An amendment which increases the scope of the contract by adding a project is not considered competitively bid, therefore, the amount of that amendment does apply to the cumulative total stipulated in paragraph (b)(1) of this section.

(c) *Contract approval.* Individual contracts in amounts of $250,000 or more or one percent of NUP (not to exceed $500,000 for distribution borrowers or $1,500,000 for power supply borrowers), whichever is greater, exclusive of the cost of owner furnished materials and equipment, are subject to RUS approval.

§§ 1726.78–1726.124 [Reserved]

Subpart D—Generation Facilities

§ 1726.125 Generating plant facilities.

This section covers the construction of all portions of a generating plant, including plant buildings and the generator step-up transformer. Generally, the transmission switchyard will be covered under this section during initial construction of the plant. Subpart C of this part covers subsequent modifications to transmission switchyards. Warehouses and equipment service type buildings are covered under subpart E of this part.

(a) *Contract forms.* (1) The borrower must use RUS Form 198, Equipment Contract, for the purchase of generating plant equipment in the amount of $1,500,000 or more and for any generating plant equipment contract requiring RUS approval.

(2) The borrower must use RUS Form 200, Construction Contract—Generating, for generating project construction contracts in the amount of $1,500,000 or more and for any generating project construction contract requiring RUS approval.

(3) The borrower may, in its discretion, use other contract or written purchase order forms for those contracts in amounts of less than $1,500,000 and that do not require RUS approval.

(b) *Plans and specifications.* The borrower shall obtain RUS approval of the plans and specifications for generating plant equipment prior to issuing invitations to bid for any contract subject to RUS approval as determined under this subpart and for any contract for generating plant equipment or construction which will cost $1,500,000 or more. Plans and specifications for other equipment and construction contracts do not require RUS approval and need not be submitted to RUS unless specifically requested by RUS on a case by case basis.

(c) *Procurement procedures.* (1) It is the responsibility of each borrower to determine the procurement method that best meets its needs to award contracts in amounts of less than $1,500,000 each.

(2) If the amount of the contract is $1,500,000 or more or if the contract requires RUS approval, the borrower must use formal or informal competitive bidding to award the contract.

(3) Where formal or informal competitive bidding is not applicable, or does not result in a responsive bid, multiparty negotiation may be used only after RUS approval is obtained.

(d) *Contract approval.* During the early stages of generating plant design or project design, RUS will, in consultation with the borrower and its consulting engineer, identify the specific contracts which require RUS approval based on information supplied in the plant design manual. The following are typical contracts for each type of generating project which will require RUS approval. Although engineering services are not covered by this part, they are listed in this paragraph (d) to emphasize that RUS approval is required for all major generating station engineering service contracts in accordance with applicable RUS rules. For types of projects not shown, such as nuclear and alternate energy projects, RUS will identify the specific contracts which will require RUS approval on a case by case basis.

(1) *Fossil generating stations.* Engineering services, steam generator, turbine generator, flue gas desulfurization system, particulate removal system, electric wiring and control systems, mechanical equipment installation (including turbine installation and plant piping), power plant building (foundation and superstructure), site preparation, coal unloading and handling facilities, main step-up substation, cooling towers, and dams or reservoirs.

(2) *Diesel and combustion turbine plants.* Engineering services, prime mover and generator, building (foundation and superstructure), and electrical control systems.

(3) *Hydro installations.* Engineering services, turbine/generator, civil works and powerhouse construction, electrical control system, and mechanical installation.

§§ 1726.126–1726.149 [Reserved]

Subpart E—Buildings

§ 1726.150 Headquarters buildings.

This section includes headquarters buildings such as warehouses and equipment service type buildings. Generating plant buildings are covered under subpart D of this part.

(a) *Contract forms.* The borrower must use RUS Form 257, Contract to Construct Buildings, for all contracts for construction of new headquarters facilities, and additions to, or modifications of existing headquarters facilities (except for minor modifications or improvements).

(b) *Procurement procedures.* A borrower may use Multiparty Lump

Sum Quotations to award contracts in amounts of up to a cumulative total of $250,000 or one percent of NUP (not to exceed $1,000,000), whichever is greater, per calendar year of headquarters construction (including minor modifications or improvements.) The borrower must use formal competitive bidding for all other headquarters contract construction.

(c) *Contract approval.* Contracts for headquarters construction are not subject to RUS approval and need not be submitted to RUS unless specifically requested by RUS on a case by case basis.

§§ 1726.151–1726.174 [Reserved]

Subpart F—General Plant

§ 1726.175 General plant materials.

This section covers items such as office furniture and equipment; transportation equipment and accessories, including mobile radio systems, stores and shop equipment, laboratory equipment, tools and test equipment.

(a) *Contract forms.* The borrower may, in its discretion, use RUS Form 173, Material Contract, RUS Form 198, Equipment Contract, or a written purchase order.

(b) *Procurement procedures.* It is the responsibility of each borrower to determine the procurement method that best meets its needs for purchase of general plant material and equipment.

(c) *Contract approval.* Contracts for the purchase of general plant items are not subject to RUS approval and need not be submitted to RUS unless specifically requested by RUS on a case by case basis.

§ 1726.176 Communications and control facilities.

This section covers the purchase of microwave and power line carrier communications systems, load control, and supervisory control and data acquisition (SCADA) systems. Mobile radio systems are covered as general plant materials in § 1726.175.

(a) *Power line carrier systems.* Power line carrier equipment will frequently be purchased as part of a substation and will be included in the complete substation plans and specifications. When purchased in this manner, the requirements of subpart C of this part, Substation and Transmission Facilities, will apply. If obtained under a contract for only a power line carrier system, the requirements of paragraph (b) of this section apply.

(b) *Load control systems, communications systems, and SCADA systems*—(1) *Contract forms.* The borrower must use RUS Form 786, Electric System Communication and Control Equipment Contract. This form may be modified to be a ''purchase only'' contract form.

(2) *Procurement procedures.* (i) It is the responsibility of each borrower to determine the procurement method that best meets its needs to award contracts not requiring RUS approval in amounts of up to a cumulative total of $250,000 or one percent of NUP (not to exceed $2,000,000), whichever is greater, per calendar year of communications and control facilities construction (including minor modifications or improvements.), exclusive of the cost of owner furnished materials and equipment.

(ii) The borrower must use multiparty negotiation for all other communications and control facilities contract construction, including all contracts requiring RUS approval. The amount of contracts bid using the multiparty negotiation procedure do not apply to the cumulative total stipulated in paragraph (b)(2)(i) of this section.

(iii) An amendment which increases the scope by adding a project is not considered competitively bid, therefore, the amount of that amendment does apply to the cumulative total stipulated in paragraph (b)(2)(i) of this section.

(3) *Contract approval.* Individual contracts in amounts of $250,000 or more or one percent of NUP (not to exceed $500,000 for distribution borrowers or $1,500,000 for power supply borrowers), whichever is greater, exclusive of the cost of owner furnished materials and equipment, are subject to RUS approval.

§§ 1726.177–1726.199 [Reserved]

Subpart G—Procurement Procedures

§ 1726.200 General requirements.

The borrower must use the procedures described in this subpart where such procedures are required under subparts B through F of this part. The borrower must ensure that arrangements prior to announcement of the award of the contract are such that all bidders are treated fairly and no bidder is given an unfair advantage over other bidders.

§ 1726.201 Formal competitive bidding.

Formal competitive bidding is used for distribution, transmission, and headquarters facilities, and may be used for generation facilities. The borrower must use the following procedure for formal competitive bidding:

(a) *Selection of qualified bidders.* The borrower (acting through its engineer, if applicable) will compile a list of qualified bidders for each proposed contract. The borrower will send invitations to bid only to persons or organizations on its QBL for the specific project (see § 1726.23).

(b) *Invitations to bid.* The borrower (acting through its engineer, if applicable) is responsible for sending out invitations to prospective bidders, informing them of scheduled bid openings and taking any other action necessary to procure full, free and competitive bidding. The borrower should send out a sufficient number of invitations in order to assure adequate competition and so that at least three bids will be received. Subject to the foregoing criteria, the determination of how many and which bidders will be permitted to bid will be the responsibility of the borrower.

(c) *Evaluation basis.* Any factors, other than lowest dollar amount of the bid, which are to be considered in evaluating the proposals of qualified bidders (e.g., power consumption, losses, etc.) must be stated in the ''Notice and Instructions to Bidders.'' The borrower will not evaluate a bidder's performance record, safety record, and similar factors when evaluating a bid from a qualified and invited bidder. Such factors are to be considered when determining whether to include a particular bidder on the qualified bidders list.

(d) *Handling of bids received.* The borrower or the engineer, as applicable, will indicate, in writing, the date and time of receipt by the borrower or the engineer on the outside envelope of each bid and all letters and other transmittals amending or modifying the bids. Any bid received at the designated location after the time specified must be returned to the bidder unopened.

(e) *Bid openings.* Bid openings are generally conducted by the engineer in the presence of bidders and a representative of the borrower and the borrower's attorney. Each bona fide bid must be opened publicly and reviewed for any irregularities, errors, or exceptions. It must be verified that any addendum or supplement to the specification has been acknowledged by the bidder. The adequacy of bid bonds or certified checks must be verified at this time.

(f) *Conditions affecting acceptability of bids.* The borrower must take the following specified action if any of the following exist:

(1) *Fewer than three bona fide bids received.* If fewer than three bona fide bids are received for the contract project, the borrower must determine that all reasonable measures have been taken to assure competition prior to awarding the contract. This

determination must be documented and such documentation submitted to RUS where required by subpart A of this part. The borrower may, however, elect to reject all bids, make changes in the specification or the qualified bidders list or both and invite new bids.

(2) *Significant error or ambiguity in the specification.* If a significant error or ambiguity in the specification is found which could result in the bidders having varying interpretations of the requirements of the bid, the borrower must either issue an addendum to each prospective bidder correcting the error or ambiguity before bids are received, or reject all bids and correct the specification. If a significant error or ambiguity in the specification is discovered after the bids are opened, the borrower must reject all bids, correct the specification and invite new bids.

(3) *Minor errors or omissions in the specification.* If minor errors or omissions in the specification are found, the borrower must issue an addendum to each prospective bidder correcting the error or omission prior to opening any bids. After bid opening, the error or omission must be corrected in the executed contract.

(4) *Minor errors or irregularities in bid.* The borrower may waive minor errors or irregularities in any bid, if the borrower determines that such minor errors or irregularities were made through inadvertence. Any such minor errors or irregularities so waived must be corrected on the bid in which they occur prior to the acceptance thereof by the borrower.

(5) *Non-minor error or irregularity in bid.* If a bid contains a non-minor error or irregularity, the bid must be rejected and the bid price must not be disclosed.

(6) *Unbalanced bid.* If a bid contains disproportionate prices between labor and materials or between various construction units, the borrower may reject the bid.

(7) *No acceptable price quoted.* If none of the bidders quote an acceptable price, the borrower may reject all bids.

(g) *Evaluating bids.* The borrower (acting through the engineer, if applicable) must conduct the evaluation of bids on the basis of the criteria set out in the ''Notice and Instructions to Bidders.'' The contract, if awarded, must be awarded to the bidder with the lowest evaluated responsive bid.

(h) *Announcement of bids.* If possible, the borrower will announce bids at the bid opening. However, where extensive evaluation is required, the borrower may elect to adjourn and make formal written announcement to all bidders at a later time. Any discrepancy in a rejected bid must be indicated in the bid announcement.

(i) *Award of contract.* Upon completion of the bid evaluations and based upon the findings and recommendations of the borrower's management and engineer, the borrower's board of directors will either:

(1) Resolve to award the contract to the lowest evaluated responsive bidder; or

(2) Reject all bids.

(j) *Certification by the borrower and its engineer.* The borrower shall certify and the engineer shall certify as follows: ''The procedures for formal competitive bidding, as described in 7 CFR 1726.201, were followed in awarding this contract.'' The certification executed by and on behalf of the borrower and its engineer shall be submitted to RUS in writing where required by subpart A of this part.

§ 1726.202 Informal competitive bidding.

Informal competitive bidding may be used for equipment purchases and generation construction. The borrower must use the following procedure for informal competitive bidding:

(a) *Selection of qualified bidders.* The borrower (acting through its engineer, if applicable) will compile a list of qualified bidders for each proposed contract. The borrower will send invitations to bid only to persons or organizations on its qualified bidder list for the specific project (see § 1726.23).

(b) *Invitations to bid.* The borrower (acting through its engineer, if applicable) is responsible for sending out invitations to prospective bidders, informing them of scheduled bid openings and any other action necessary to procure full, free and competitive bidding. In any event, however, sufficient invitations need to be sent out to assure competition and that at least three bids will be received. Subject to the criteria in the preceding sentence, the determination of how many and which bidders will be permitted to bid will be the responsibility of the borrower.

(c) *Notice and instructions to bidders.* The borrower must indicate in the ''Notice and Instructions to Bidders'' section of the bid documents that bids will be opened privately. The borrower may elect to conduct clarifying discussions with the bidders. If such clarifying discussions are held, at least the three apparent low evaluated bidders must be given an equal opportunity to resolve any questions related to the substance of the bidder's proposal and to arrive at a final price for a responsive bid.

(d) *Evaluation basis.* Any factors, other than lowest dollar amount of the bid, which are to be considered in evaluating the proposals of qualified bidders (e.g., power consumption, losses, etc.) must be stated in the ''Notice and Instructions to Bidders.'' The borrower will not evaluate a bidder's performance record, safety record, and similar factors when evaluating a bid from a qualified and invited bidder. Such factors are to be considered when determining whether to include a particular bidder on the qualified bidders list.

(e) *Handling of bids received.* The borrower or the engineer, as applicable, will indicate, in writing, the date and time of receipt by the borrower or the engineer on the outside envelope of each bid and all letters and other transmittals amending or modifying the bids. Any bid received at the designated location after the time specified must be returned to the bidder unopened.

(f) *Bid opening.* The contracting committee will conduct the bid opening in private. The contracting committee will open each bona fide bid which has been received prior to the deadline, and review it for any irregularities, errors, or exceptions. It must be verified that any addendum to the specification has been acknowledged by each bidder. The adequacy of bid bonds or certified checks must also be verified.

(g) *Conditions affecting acceptability of bids.* The borrower must take the following specified action if any of the following exist:

(1) *Fewer than three bona fide bids received.* If fewer than three bona fide bids are received for the contract project, the borrower must determine that all reasonable measures have been taken to assure competition prior to awarding the contract. This determination must be documented and such documentation submitted to RUS where required by subpart A of this part. The borrower may, however, elect to reject all bids, make changes in the specification or the qualified bidders list or both and invite new bids.

(2) *Significant error or ambiguity in the specification.* If a significant error or ambiguity in the specification is found which could result in the bidders having varying interpretations of the requirements of the bid, the borrower must either issue an addendum to each prospective bidder correcting the error or ambiguity before bids are received, or reject all bids and correct the specification. If a significant error or ambiguity in the specification is discovered after the bids are opened, the borrower must reject all bids, correct the specification and invite new bids.

(h) *Clarification of proposals.* The contracting committee may elect not to hold any clarifying discussions and recommend awarding the contract to the low responsive bidder. Otherwise, the contracting committee must give at least each of the three apparent lowest evaluated bidders an equal opportunity to participate in discussions for the purpose of resolving questions regarding the specification and contract terms and to arrive at a final price. Neither prices of other bids nor relative ranking of any bidder are to be revealed under any circumstances. Such discussions may be held by telephone or similar means provided at least each of the three apparent lowest evaluated bidders have an equal opportunity to participate. Upon completion of the clarifying discussions, the contracting committee will determine the lowest evaluated responsive bid. If no bids are responsive after the contracting committee has completed clarifying discussions, no contract award can be made under the informal bidding procedure.

(i) *Award of the contract.* Upon completion of the bid evaluations, the contracting committee will promptly report all findings and recommendations to the borrower's board of directors. The board will either:

(1) Resolve to award the contract to the lowest evaluated responsive bidder; or

(2) Reject all bids.

(j) *Certifications by the contracting committee.* The chairperson of the contracting committee shall certify as follows: ''The procedures for informal competitive bidding as described in 7 CFR 1726.202 were followed in awarding this contract.'' The certification executed by the chairperson of the contracting committee shall be submitted to RUS in writing where required by subpart A of this part.

§ 1726.203 Multiparty negotiation.

Multiparty negotiation may only be used where permitted under subpart F of this part or where prior RUS approval has been obtained. The borrower must use the following procedure for multiparty negotiation:

(a) *Selection of qualified bidders.* The borrower (acting through its engineer, if applicable) will compile a list of qualified bidders for each proposed contract. The borrower will send invitations to bid only to persons or organizations on its qualified bidder list for the specific project (see § 1726.23).

(b) *Invitations to bid.* The borrower (acting through its engineer, if applicable) is responsible for sending out invitations to prospective bidders, informing them of scheduled bid openings and any other action necessary to procure full, free and competitive bidding. In any event, however, sufficient invitations need to be sent out to assure competition and so that at least three bids will be received. Subject to the criteria in the preceding sentence, the determination of how many and which bidders will be permitted to bid will be the responsibility of the borrower.

(c) *Notice and instructions to bidders.* The borrower must indicate in the ''Notice and Instructions to Bidders'' section of the bid documents that bids will be opened privately. The borrower may elect to conduct negotiations with the bidders. If such negotiations are held, at least the three apparent low evaluated bidders must be given an equal opportunity to resolve any questions related to the substance of the bidder's proposal and to arrive at a final price.

(d) *Evaluation basis.* Any factors, other than lowest dollar amount of the bid, which are to be considered in evaluating the proposals of qualified bidders (e.g., power consumption, losses, etc.) must be stated in the ''Notice and Instructions to Bidders.'' The borrower will not evaluate a bidder's performance record, safety record, and similar factors when evaluating a bid from a qualified and invited bidder. Such factors are to be considered when determining whether to include a particular bidder on the qualified bidders list.

(e) *Handling of bids received.* The borrower or the engineer, as applicable, will indicate, in writing, the date and time of receipt by the borrower or the engineer on the outside envelope of each bid and all letters and other transmittals amending or modifying the bids. Any bid received at the designated location after the time specified must be returned to the bidder unopened.

(f) *Bid opening.* The contracting committee will conduct the bid opening in private. The contracting committee will open each bona fide bid which has been received prior to the deadline, and review it for any irregularities, errors, or exceptions. It must be verified that any addendum to the specification has been acknowledged by each bidder. The adequacy of bid bonds or certified checks must also be verified.

(g) *Conditions affecting acceptability of bids.* The borrower must take the following specified action if any of the following exist:

(1) *Fewer than three bona fide bids received.* If fewer than three bona fide bids are received for the contract project, the borrower must determine that all reasonable measures have been taken to assure competition prior to awarding the contract. This determination must be documented and such documentation submitted to RUS where required by subpart A of this part. The borrower may, however, elect to reject all bids, make changes in the specification or the qualified bidders list or both and invite new bids.

(2) *Significant error or ambiguity in the specification.* If a significant error or ambiguity in the specification is found which could result in the bidders having varying interpretations of the requirements of the bid, the borrower must either issue an addendum to each prospective bidder correcting the error or ambiguity before bids are received, or reject all bids and correct the specification. If a significant error or ambiguity in the specification is discovered after the bids are opened, the borrower must reject all bids, correct the specification and invite new bids.

(h) *Negotiations.* The contracting committee may elect not to hold any negotiations and recommend award of the contract. Otherwise, the contracting committee must give at least each of the three apparent lowest evaluated bidders an equal opportunity to participate in negotiations for the purpose of resolving questions regarding the specification and contract terms and to arrive at a final price. Neither prices of other bids nor relative ranking of any bidder are to be revealed under any circumstances. Such discussions may be held by telephone or similar means provided at least each of the three apparent lowest evaluated bidders have an equal opportunity to participate. Upon completion of the negotiations, the contracting committee will determine the bid that is in the borrower's best interest.

(i) *Award of the contract.* Upon completion of the bid evaluations, the contracting committee will promptly report all findings and recommendations to the borrower's board of directors. The board will either:

(1) Resolve to award the contract to the selected bidder; or

(2) Reject all bids.

(j) *Certifications by the contracting committee.* The chairperson of the contracting committee shall certify as follows: ''The procedures for multiparty negotiation as described in 7 CFR 1726.203 were followed in awarding this contract.'' The certification executed by the chairperson of the contracting committee shall be submitted to RUS in writing where required by subpart A of this part.

§ 1726.204 Multiparty unit price quotations.

The borrower or its engineer must contact a sufficient number of suppliers or contractors to assure competition and so that at least three bids will be received. On the basis of written unit price quotations, the borrower will select the supplier or contractor based on the lowest evaluated cost.

§ 1726.205 Multiparty lump sum quotations.

The borrower or its engineer must contact a sufficient number of suppliers or contractors to assure competition and so that at least three bids will be received. On the basis of written lump sum quotations, the borrower will select the supplier or contractor based on the lowest evaluated cost.

§§ 1726.206–1726.249 [Reserved]

Subpart H—Modifications to RUS Standard Contract Forms

§ 1726.250 General.

RUS provides standard contract forms for procurement of materials, equipment, and construction, for contract amendments and subcontracts, and various related forms for use by RUS borrowers. See § 1726.300 for a listing of these forms and how to obtain them. The standard contract forms shall be used by the borrowers in accordance with the provisions of this part. RUS will give prior approval to certain modifications to these forms without changing the applicable requirements for RUS approval. Such approved modifications are set forth in this subpart. These are the only modifications given prior RUS approval.

§ 1726.251 Prior approved contract modification related to price escalation on transmission equipment, generation equipment, and generation construction contracts.

(a) *General.* Where the borrower encounters reluctance among manufacturers, suppliers, and contractors to bid a firm price on transmission equipment or generation equipment, materials or construction, modifications may be made in the RUS standard form of contracts. These modifications, if applicable, may include, as an alternative to the standard form, provisions for adjusting a base price either upward or downward as determined by changes in specified indexes between the time of the bid and the time the work is performed or materials are procured by the contractor for such work. A large number of labor and materials indexes are published monthly by the Bureau of Labor Statistics (BLS). The borrower (acting through its engineer, if applicable) will select the indexes for the particular item to be used in the price adjustment clause. Suppliers' corporate indexes may not be used. Labor and materials indexes are reported in the BLS's monthly publications entitled ''Employment and Earnings'' and ''Producer Prices and Price Indexes.'' These publications may be ordered through the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or any of the BLS regional offices.

(b) *Material and equipment contracts.* The approved provisions needed to reflect the modifications to provide for price escalation in the material or equipment contract forms for generation facilities are as follows:

(1) Insert new paragraphs in the Notice and Instructions to Bidders as follows:

''Proposals are invited on the basis of firm prices (or prices with a stated maximum percentage escalation) or on the basis of nonfirm prices to be adjusted as provided for below or on both bases. The owner may award the contract on either basis.

Nonfirm prices. The prices are subject to adjustment upward or downward based on change in the Bureau of Labor Statistics labor and material indexes.

A proportion of ____ percent [the borrower will enter the appropriate percentage amount] of the contract price shall be deemed to represent labor cost and shall be adjusted based on changes in the Bureau of Labor Statistics, Average Hourly Earnings Rate____ [the borrower will enter the appropriate BLS index] from the month in which the bids are opened to the month in which the labor is incorporated in the equipment or materials. The adjustment for labor costs shall be obtained by applying the percentage of increase or decrease in such index, calculated to the nearest one-tenth of one percent, to the percentage of the contract prices deemed to represent labor costs. A portion of ____ percent [the borrower will enter the appropriate percentage amount] of the contract price shall be deemed to represent material costs and shall be adjusted based on changes in the Bureau of Labor Statistics, material index ____ [the borrower will enter the appropriate BLS index] for the period and in a manner similar to the labor cost adjustment.''

(2) Insert the following in the contract documents under the ''Proposal'' section:

''Firm Price $_____
Nonfirm Price $_____''

(3) For equipment that uses a large quantity of insulating oil, the borrower may insert the following in the contract documents under the ''Proposal'' section:

''The price for insulating oil shall be adjusted upward or downward based on the change in the Bureau of Labor Statistics Refined Petroleum Rate (057) from the month in which the bids are opened to the month in which the oil is purchased by the equipment supplier. Contracts shall be evaluated based on an estimated cost of ____ cents per gallon [the borrower will enter the appropriate cost] for oil. Such adjustment, if any, shall not change the contract amount for purpose of applying any other adjustments to the contract prices.''

(c) *Construction contracts.* The approved provisions needed to reflect the modifications to provide for price escalation in the construction contract forms for generation facilities are as follows:

(1) Insert new paragraphs in the ''Notice and Instructions'' to Bidders as follows:

''Proposals are invited on the basis of firm prices (or prices with a stated maximum percentage escalation) or on the basis of nonfirm prices to be adjusted as provided for below or on both bases. The owner may award the contract on either basis.

Nonfirm Prices—The prices are subject to adjustment upward or downward based on changes in the Bureau of Labor Statistics labor and material indexes.

A proportion of ____ percent [the borrower will enter the appropriate percentage amount] of the contract price shall be deemed to represent shop labor costs and shall be adjusted based on changes in the Bureau of Labor Statistics, Average Hourly Earnings Rate ____ [the borrower will enter the appropriate BLS index] from the month in which bids are opened to the month in which the work is accomplished. The adjustment for shop labor costs shall be obtained by applying the percentage increase or decrease in such index, to the percentage of each partial payment deemed to represent shop labor costs. A portion of ____ percent [the borrower will enter the appropriate percentage amount] of the contract prices shall be deemed to represent material costs and shall be adjusted based on changes in the Bureau of Labor Statistics, Producer Price Index, ____ [the borrower will enter the appropriate BLS index] for the period and in a manner similar to the shop labor costs adjustment. A portion of ____ percent [the borrower will enter the appropriate percentage amount] of the contract price shall be deemed to represent field labor costs and shall be adjusted based on changes in the Bureau of Labor Statistics, Average Hourly Earnings Rate ____ [the borrower will enter the appropriate BLS index], for the period and in a manner similar to the shop labor costs adjustment.''

(2) Insert the following in the contract documents under the ''Proposal'' section:

''Firm Price $_____
Nonfirm Price $_____''

§ 1726.252 Prior approved contract modification related to liability for special and consequential damages.

This section applies only to transmission equipment purchases and

generation contracts. Where the borrower anticipates difficulty in obtaining responsive bids on RUS standard contract forms due to a lack of limitation with respect to special and consequential damages, and where the borrower believes that such a modification will encourage competition through the receipt of an alternative bid which limits the bidder's liability for special and consequential damages, the borrower may make the following approved phrase modifications in the RUS standard contract form on which the borrower solicits bids:

(a) Insert new paragraphs in the ''Notice and Instructions to Bidders'' as follows:

''Proposals are invited on the basis of alternative Liability Clauses Numbers 1 and 2. The Owner will determine on which Liability Clause basis the award will be made. Any other liability clauses in the proposal or any other modifications will be considered not responsive and unacceptable. These Liability Clauses are defined as follows:

Liability Clause Number 1. This will include unmodified all of the standard terms and conditions of the form of contract furnished by the Owner and attached hereto.

Liability Clause Number 2. This will include the following paragraph, in addition to all of the standard terms and conditions, otherwise unmodified, of the form of contract furnished by the Owner and attached hereto:

'Except for the Seller's willful delay or refusal to perform the contract in accordance with its terms, the Seller's liability to the Owner for special or consequential damages on account of breach of this contract shall not exceed in total an amount equal to ____ percent [the borrower will insert an appropriate percentage between 0 and 100 percent, inclusive] of the contract price.'''

(b) Insert the following in the contract documents under the ''Proposal'' section:

''Price $ (Based on Liability Clause 1)_____
Price $ (Based on Liability Clause 2)_____''

(c) Insert the following in the acceptance section of the standard contract form:

''This contract is based on Liability Clause Number_____.''

(d) In RUS Form 200, the word ''Bidder'' would replace the word ''Seller'' in the Liability Clause in paragraph (a) of this section.

§ 1726.253 Prior approved contract modification related to alternative bid provision for payment to contractor for bulk purchase of materials.

When construction is to be performed over an extended period of time, but large quantities of material are to be purchased by the contractor at the beginning of the project (e.g., cable for URD installations), the borrower may allow alternative bids providing for payment to the contractor of 90 percent of the cost of such materials within 30 days of delivery of those materials at the job site. The borrower will retain the right to award the contract with or without the alternative payment provision, however, the contract still must be awarded on the basis of the lowest evaluated responsive bid for the alternative accepted.

§ 1726.254 Prior approved contract modifications related to RUS approval of contracts and amendments and modified bidding requirements.

It will be necessary for borrowers to make certain modifications to various RUS contract forms to implement the provisions of this part. If a RUS approved form of contract is required to be used by this part and private bid opening is permitted by this part, the ''Notice and Instructions to Bidders'' of the contract form may be modified accordingly. Other modifications are needed to indicate that certain provisions related to RUS approval are not applicable under specified circumstances. These modifications are as follows:

(a) *RUS Form 173 Materials Contract.* No modifications.

(b) *RUS Form 180 Construction Contract Amendment.* No modifications.

(c) *RUS Form 198 Equipment Contract.* For contracts NOT requiring approval of the Administrator (in accordance with subparts B through F of this part) the applicable modifications are as follows:

(1) Change Section 5(e) of the ''Equipment Contract'' to read as follows:

''(e) Each and all of the covenants and agreements herein contained shall extend to and be binding upon the successors and assigns of the parties hereto provided, however, the Seller shall not assign this contract or any part hereof without approval in writing of the Purchaser, and further the Seller shall not enter into any contract with any person, firm or corporation for the performance of the Seller's obligations hereunder, or any part thereof, without the approval in writing of the Purchaser.''

(2) Delete Section 5(f) of the ''Equipment Contract.''

(d) *RUS Form 200 Construction Contract—Generating.* For contracts Not requiring approval of the Administrator (in accordance with subparts B through F of this part) the applicable modifications are as follows:

(1) *Contractor's Proposal, Article II, Section 3(a), Sentence 2.* Delete the words ''and the Administrator.''

(2) *Contractor's Proposal, Article II, Section 3(d), Sentence 2.* Delete the words ''and approved by the Administrator [1]'' and the associated footnote.

(3) *Contractor's Proposal, Article VI, Section 7.* Change to read as follows:

''Nonassignment of Contract. Except as provided in Section 8 of this Article, the Bidder will not assign this Contract, or any interest in any funds that may become due hereunder, or enter into any contract with any person, firm or corporation, for the performance of the Bidder's obligations hereunder, or any part hereof without the approval in writing of the Owner and the Surety or Sureties, if any.''

(4) *Contractor's Proposal, Article VI.* Delete Section 10.

(5) *Acceptance.* Delete the words ''Subject to the approval of the Administrator.''

(e) *RUS Form 201 Right-of-Way Clearing Contract.* No modifications.

(f) *RUS Form 203 Transmission System Right-of-Way Clearing Contract.* For contracts Not requiring approval of the Administrator (in accordance with subparts B through F of this part) the applicable modifications are as follows.

(1) *Notice and Instructions to Bidders, Section 8.* Delete the words ''and such acceptance has been approved by the Administrator.''

(2) *Contractor's Proposal, Article II, Section 1(a).* Replace the word ''Administrator'' with the word ''Owner'' in two places in the referenced section.

(3) *Contractor's Proposal, Article II, Section 3(d), Sentence 1.* Delete the words ''and with the approval of the Administrator [1]'' and the associated footnote.

(4) *Contractor's Proposal, Article II, Section 3(d), Sentence 3.* Delete the words ''and approved by the Administrator [2]'' and the associated footnote.

(5) *Contractor's Proposal, Article III, Section 1.* Delete the words ''and the Administrator'' in five places in the referenced section.

(6) *Contractor's Proposal, Article III, Section 1(b).* Replace the word ''Administrator'' with the word ''Owner.''

(7) *Contractor's Proposal, Article III, Section 1(e).* Replace the word ''Administrator'' with the word ''Owner.''

(8) *Contractor's Proposal, Article VI, Section 1(d).* Delete the words ''and the Administrator.''

(9) *Contractor's Proposal, Article VI.* Delete Section 10.

(10) *Acceptance.* Delete the words ''Subject to the approval of the Administrator.''

(g) *RUS Form 238 Construction or Equipment Contract Amendment.* If the contract amendment does not require RUS approval, in accordance with § 1726.24(b), the borrower may delete from RUS Form 238 the following sentence:

''(The Administrator of RUS is hereby authorized to approve this amendment either in whole or in part and to delete such items as do not meet his approval.)''

(h) *RUS Form 257 Contract to Construct Buildings.* No modifications.

(i) *RUS Form 282 Subcontracts.* The applicable modifications are as follows:

(1) *Section 6, line 3.* Delete the words ''and the Administrator of the Rural Utilities Service (hereinafter called the Administrator).''

(2) *Section 7, line 2.* Change Section 7, line 2 to read as follows:

''approved in writing by the Owner and the Surety, if any; provided, * * *''

(3) *Section 7, line 3.* Delete the words ''and the Administrator.''

(j) *RUS Form 764 Substation and Switching Station Erection Contract.* For contracts NOT requiring approval of the Administrator (in accordance with subparts B through F of this part) the applicable modifications are as follows:

(1) *Notice and Instructions to Bidders, Section 10.* Delete the words ''and such acceptance has been approved by the Administrator.''

(2) *Contractor's Proposal, Article II, Section 1.a.* Replace the word ''Administrator'' with the word ''Owner'' in two places in the referenced section.

(3) *Contractor's Proposal, Article II, Section 1.d, Sentence 1.* Delete the words ''and with the approval of the Administrator [1]'' and the associated footnote.

(4) *Contractor's Proposal, Article II, Section 1.d, Sentence 2.* Delete the words ''and approved by the Administrator [2]'' and the associated footnote.

(5) *Contractor's Proposal, Article III, Section 1.* Delete the words ''and the Administrator'' in five places in the referenced section.

(6) *Contractor's Proposal, Article III, Section 1.b.* Replace the word ''Administrator'' with the word ''Owner.''

(7) *Contractor's Proposal, Article III, Section 1.e.* Replace the word ''Administrator'' with the word ''Owner.''

(8) *Contractor's Proposal, Article VI, Section 1.e.* Delete the words ''and the Administrator.''

(9) *Contractor's Proposal, Article VI.* Delete Section 10.

(10) *Acceptance.* Delete the words ''Subject to the approval of the Administrator.''

(k) *RUS Form 786 Electric System Communications and Control Equipment Contract (including installation).* For contracts NOT requiring approval of the Administrator (in accordance with subparts B through F of this part) the applicable modifications are as follows:

(1) *Article I, Section 2.* Delete the words ''subject to the approval of the Administrator [1]'' and ''and approved by the Administrator [2]'' and the associated footnotes.

(2) *Article II, Section 1, Sentence 2.* Replace the word ''Administrator'' with ''Purchaser.''

(3) *Article II, Section 5.* Delete the words ''subject to the approval of the Administrator [3]'' and ''subject to the approval of the Administrator [4]'' and the associated footnotes.

(4) *Article III, Section 2, Sentence 3.* Replace the words ''if the Administrator shall so approve'' with the words ''if the Purchaser shall so approve.''

(5) *Article VI.* Delete Section 7.

(6) *Acceptance.* Delete the words ''Subject to the approval of the Administrator.''

(l) *RUS Form 790 Distribution Line Extension Construction Contract (Labor and Materials).* No modifications.

(m) *RUS Form 792 Distribution Line Extension Construction Contract (Labor Only).* No modifications.

(n) *RUS Form 830 Electric System Construction Contract.* No modifications.

(o) *RUS Form 831 Electric Transmission Construction Contract.* For contracts NOT requiring approval of the Administrator (in accordance with subparts B through F of this part) the applicable modifications are as follows:

(1) *Notice and Instructions to Bidders, Section 10.* Delete the words ''and such acceptance has been approved by the Administrator.''

(2) *Contractor's Proposal, Article II, Section 1.d.* Delete the words ''with the approval of the Administrator [1]'' and ''and approved by the Administrator [2]'' and the associated footnotes.

(3) *Contractor's Proposal, Article II, Section 4.a.* Delete the words ''and approved by the Administrator [3]'' and the associated footnote.

(4) *Contractor's Proposal, Article III, Section 1.a. Sentence 4.* Delete the words ''and the Administrator.''

(5) *Contractor's Proposal, Article III, Section 1.b.* Replace the word ''Administrator'' with the word ''Owner.''

(6) *Contractor's Proposal, Article III, Section 1.c.* Delete the words ''and the Administrator'' in four places in the referenced section.

(7) *Contractor's Proposal, Article III, Section 1.e.* Replace the word ''Administrator'' with the word ''Owner.''

(8) *Contractor's Proposal, Article VI, Section 1.e.* Delete the words ''and the Administrator.''

(9) *Contractor's Proposal, Article VI.* Delete Section 11.

(10) *Acceptance.* Delete the words ''Subject to the approval of the Administrator.''

§ 1726.255 Prior approved contract modifications related to indemnification.

(a) As an alternative to the indemnification provision required in RUS standard construction contract forms in those jurisdictions requiring specific language concerning the requirement that the indemnitor indemnify the indemnitee for the indemnitee's own negligence, the borrower may add the words ''otherwise this provision shall apply to any alleged negligence or condition caused by the Owner'' so that the first paragraph reads as follows:

''i. To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Bidder's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Bidder's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner, otherwise this provision shall apply to any negligence or condition caused by the Owner.''

(b) As an alternative to the indemnification provision required in RUS standard construction contract forms in those jurisdictions that have a legal prohibition against one party indemnifying another for the other's negligence, the borrower may replace the words ''defend, indemnify, and hold harmless'' with the words '' shall pay on behalf of'' so that the first paragraph reads as follows:

''i. To the maximum extent permitted by law, Bidder shall pay on behalf of Owner and Owner's directors, officers, and employees from all claims, causes of action, losses,

liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Bidder's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Bidder's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner, otherwise this provision shall apply to any negligence or condition caused by the Owner.''

(c) If the alternative indemnification provision in paragraph (a) or (b) of this section is chosen by the borrower, the language of paragraph (a) or (b) of this section would be inserted in lieu of subsection (i) of the section indicated in the RUS standard construction contract forms as follows:

RUS form No.	Title	Desiganted section
200	Construction Contract—Generating	Article IV, Section 1(c).
201	Right-of-Way Clearing Contract	Article IV, Section 1(e).
203	Transmission System Right-of-Way Clearing Contract	Article IV, Section 1(f).
257	Contract to Construct Buildings	Article IV, Section 1(b).
764	Substation and Switching Station Erection Contract	Article IV, Section 1(f).
786	Electric System Communications and Control Equipment Line	Article IV, Section 1(c).
790	Distribution Line Extension Construction Contract (labor & materials)	Article IV, Section 1(f).
792	Distribution Line Extension Construction Contract (labor only)	Article IV, Section 1(f).
830	Electric System Construction Contract (labor & material)	Article IV, Section 1(f).
831	Electric Transmission Construction Contract (labor & material)	Article IV, Section 1(f).

(d) In RUS Forms 201, 790, and 792, the word ''Contractor'' would replace the word ''Bidder'' in the alternative indemnification clause in paragraph (a) or (b) of this section.

(e) In RUS Form 786, the word ''Seller'' would replace the word ''Bidder'' and the word ''Purchaser'' would replace the word ''Owner'' in the alternative indemnification clause in paragraph (a) or (b) of this section.

§§ 1726.256–1726.299 [Reserved]

Subpart I—RUS Standard Forms

§ 1726.300 List of RUS standard contracting forms for electric systems.

The following is a list of the current RUS standard contracting forms that RUS has prepared for use by electric borrowers when purchasing materials and equipment and constructing facilities with a RUS loan or loan guarantee. Copies of the contract forms are available from the sources indicated in the listing. A notice of any change in these contract forms will be published in the Federal Register.

RUS ELECTRIC PROGRAM STANDARD CONTRACT FORMS

RUS form No.	Issue date	Title	Purpose	Source of copies [1]
168b	2–95	Contractor's bond	Used in RUS Forms 200, 201, 203, 257, 764, 786, 790, 792, 830 & 831.	In respective contract form.
168c	2–95	Contractor's bond (less than $1 million).	In lieu of RUS Form 168b, used when contractor's surety has accepted a Small Business.	RUS.
172	9–58	Certificate of Inspection Contract Construction.	Administration guarantee—Used to notify RUS that construction is ready for inspection.	RUS.
173	3–55	Materials contract	Used for distribution, transmission, and general plant material purchases.	RUS.
180	2–95	Construction Contract Amendment	Used to amend distribution line construction contracts	RUS.
181	2–95	Certificate of Completion Contract Construction for Buildings.	Used for the closeout of RUS Form 257	RUS.
187	2–95	Certificate of Completion Contract Construction.	Used in RUS Forms 200, 203, 764, 786, 830, and 831.	In respective contract form.
198	2–95	Equipment Contract Construction Contract—Generating.	Used for equipment purchases	RUS.
200	2–95	Construction Contract Generating	Used for generating plant construction or for the furnishing and installation of major items of equipment.	RUS.
201	2–95	Right-of-Way Clearing Contract	Used for distribution right-of-way clearing work which is to be performed separate from line construction.	RUS.
203	2–95	Transmission System Right-of-Way Clearing Contract.	Used for transmission line right-of-way clearing work which is to be performed separate from line construction.	RUS.
213	2–95	Certificate (''Buy American'')	Used to document compliance with the ''Buy American'' requirement.	RUS.
219	10–88	Inventory of Work Orders	Used to encumber funds	RUS.
224	2–95	Waiver and Release of Lien	Used in RUS Forms 200, 203, 764, 786, 830, and 831.	In respective contract form.
231	2–95	Certificate of Contractor	Used in RUS Forms 200, 203, 764, 786, 830, and 831.	In respective contract form.
238	2–95	Construction or Equipment Contract Amendment.	Used to amend contracts except for distribution line construction contracts.	RUS.
251	2–95	Material Receipt	Used in RUS Forms 764, 830, and 831	In respective contract form.

RUS ELECTRIC PROGRAM STANDARD CONTRACT FORMS—Continued

RUS form No.	Issue date	Title	Purpose	Source of copies [1]
254	2–95	Construction Inventory	Used with the closeout of RUS Forms 203, 764, 830, and 831.	RUS.
257	2–95	Contract to Construct Buildings	Used to construct headquarters buildings and other structure construction.	GPO.[2]
270	7–70	Equal Opportunity Addendum	Addendum to contracts not having current equal opportunity provisions.	RUS
274	6–81	Bidder's Qualifications	Used to document Bidder's Qualifications	RUS.
282	11–53	Subcontract	Used for subcontracting	RUS.
307	2–95	Bid Bond	Used In RUS Forms 200, 203, 257, 764, 830 and 831.	In respective contract form.
458	3–55	Material Contract	Used to obtain generating plant material and equipment purchases over $10,000, not requiring acceptance tests at the project site.	RUS.
764	2–95	Substation and Switching Station Erection Contract.	Used to construct substations and switching stations	RUS.
786	2–95	Electric System Communications and Control Equipment Contract.	Used for delivery and installation of equipment for system communications.	RUS.
790	2–95	Distribution Line Extension Construction Contract (labor & materials).	Used for limited distribution construction accounted for under work order procedure.	GPO.[2]
792	2–95	Distribution Line Extension Construction Contract (labor only).	Used for limited distribution construction accounted for under work order procedure.	GPO.[2]
792b	2–95	Certificate of Construction and Indemnity Agreement.	Used in RUS Forms 201, 790, and 792	In respective contract form.
792c	2–95	Supplemental Contract for Additional Project.	Used in RUS Forms 201, 790, and 792	In respective contract form.
830	2–95	Electric System Construction Contract (labor & material).	Used for distribution and/or transmission project construction.	GPO.[2]
831	2–95	Electric Transmission Construction Contract (labor & material).	Used for transmission project construction	GPO.[2]

Notes:

[1] A single copy of the form will be furnished by RUS upon request. Additional copies may be duplicated or reproduced. Requests for copies should be sent to: Director, Administrative Services Division, U.S. Department of Agriculture, Rural Utilities Service, Washington, DC 20250.

[2] Requests for copies should be submitted to the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. Telephone orders may also be placed, using Mastercard or Visa, by calling (202) 512–1800.

§ 1726.301 Use of printed forms.

If a RUS contract form is required by this part, the borrower shall use the form in the format available from RUS or GPO (photocopying or other exact reproduction is acceptable.) The contract forms are not to be retyped, changed, modified or altered in any manner not specifically authorized in this part or approved by RUS in writing. Any modifications approved by RUS must be clearly shown so to indicate that such are different from the standard form. Electronic reproduction is acceptable for RUS Forms 251 and 254 only.

§ 1726.302 RUS approved forms of contract.

If a specific RUS contract form is required by a particular section of this part, the borrower shall use that form without changes or modifications or alterations unless, prior to issuing the bid package to bidders, RUS has specifically approved any such changes to that form for that borrower, nor shall any change be made to the form by amendment of an executed contract without prior RUS approval. Any proposed changes shall not relieve the contractor or the borrower of the basic responsibilities required by the standard RUS contract form, and, shall not alter any terms and conditions required by law. Changes permitted or required by subpart H of this part or by part 1788, RUS Fidelity and Insurance Requirements for Electric and Telephone Borrowers, of this chapter are approved by RUS under the circumstances indicated.

§ 1726.303 Interest on overdue accounts.

Certain RUS contract forms contain a provision concerning payment of interest on overdue accounts. Prior to issuing the invitation to bidders, the borrower must insert an interest rate equal to the lowest ''Prime Rate'' listed in the ''Money Rates'' section of the Wall Street Journal on the date such invitation to bid is issued. If no prime rate is published on that date, the last such rate published prior to that date must be used. The rate must not, however, exceed the maximum rate allowed by any applicable state law.

§§ 1726.304–1726.309 [Reserved]

§ 1726.310 Contractor's bond, RUS Form 168b.

The bond form in this section shall be used when a Contractor's Bond is required by RUS Forms 200, 201, 203, 257, 764, 786, 790, 792, 830, or 831 unless the contractor's surety has accepted a Small Business Administration guarantee and the contract is for one million dollars or less.

Contractor's Bond

1. Know all men that we, _____, as Principal, and _____, as Surety, are held and firmly bound unto _____ (hereinafter called the ''Owner'') and unto the United States of America (hereinafter called the ''Government'') and unto all persons, firms and corporations who or which may furnish materials for or perform labor on a Rural Utilities Service Project known as Project _____ and to their successors and assigns, in the penal sum of _____ dollars ($_____), as hereinafter set forth and for the payment of which sum well and truly to be made we bind ourselves, our executors, administrators, successors and assigns jointly and severally by these presents. Said Project is described in a certain construction contract (hereinafter called the ''Construction

Contract'') between the Owner and the Principal, dated _____, 19____, pursuant and subject to a certain loan contract (hereinafter called the ''Loan Contract'') between the Owner and the Government, acting through the Administrator of the Rural Utilities Service (hereinafter called the ''Administrator'').

2. The condition of this obligation is such that if the Principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions and agreements of the Construction Contract and any amendments thereto, whether such amendments are for additions, decreases, or changes in materials, their quantity, kind or price, labor costs, mileage, routing or any other purpose whatsoever, and whether such amendments are made with or without notice to the Surety, and shall fully indemnify and save harmless the Owner and the Government from all costs and damages which they, or either of them, shall suffer or incur by reason of any failure so to do, and shall fully reimburse and repay the Owner and the Government for all outlay and expense which they, or either of them shall incur in making good any such failure of performance on the part of the Principal, and shall promptly make payment to all persons working on or supplying labor or materials for use in the construction of the Project contemplated in the Construction Contract and any amendments thereto, in respect of such labor or materials furnished and used therein, to the full extent thereof, and in respect of such labor or materials furnished but not so used, to the extent of the quantities estimated in the Construction Contract and any amendments thereto to be required for the construction of the Project, and shall well and truly reimburse the Owner and the Government, as their respective interests may appear, for any excess in cost of construction of said Project over the cost of such construction as provided in the Construction Contract and any amendments thereto, occasioned by any default of the Principal under the Construction Contract and any amendments thereto, then this obligation shall be null and void, but otherwise shall remain in full force and effect.

3. It is expressly agreed that this bond shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon any amendment to the Construction Contract, so as to bind the Principal and the Surety to the full and faithful performance of the Construction Contract as so amended, provided only that the total amount of all increases in the cost of construction shall not exceed 20 percent of the amount of the maximum price set forth in the Construction Contract. The term ''Amendment,'' wherever used in this bond, and whether referring to this bond, the Construction Contract or the Loan Contract shall include any alteration, addition, extension, modification, amendment, rescission, waiver, release or annulment, of any character whatsoever.

4. It is expressly agreed that any amendment which may be made by agreement or otherwise between the Principal and the Owner in the terms, provisions, covenants and conditions of the Construction Contract, or in the terms, provisions, covenants and conditions of the Loan Contract (including, without limitation, the granting by the Administrator to the Owner of any extension of time for the performance of the obligations of the Owner under the Loan Contract or the granting by the Administrator or the Owner to the Principal of any extension of time for the performance of the obligations of the Principal under the Construction Contract, or the failure or refusal of the Administrator or the Owner to take any action, proceeding or step to enforce any remedy or exercise any right under either the Construction Contract or the Loan Contract, or the taking of any action, proceeding or step by the Administrator or the Owner, acting in good faith upon the belief that the same is permitted by the provisions of the Construction Contract or the Loan Contract) shall not in any way release the Principal and the Surety, or either of them or their respective executors, administrators, successors or assigns, from liability hereunder. The Surety hereby acknowledges receipt of notice of any amendment, indulgence or forbearance, made, granted or permitted.

5. This bond is made for the benefit of all persons, firms and corporations who or which may furnish any materials or perform any labor for or on account of the construction to be performed under the Construction Contract and any amendments thereto, and they, and each of them, are hereby made obligees hereunder with the same force and effect as if their names were written herein as such, and they and each of them may sue hereon.

In witness whereof, the undersigned have caused this instrument to be executed and their respective corporate seals to be affixed and attested by their duly authorized representatives this _____ day of _____, 19____.

Principal _____ (Seal)
By _____
Attest: _____ Secretary
Surety_____ (Seal)
By _____
Attest: _____ Secretary
_____ Address of Surety's Home Office
By _____ Resident Agent of Surety

Signatures: The Contractor's Bond must be signed with the full name of the Contractor. If the Contractor is a partnership the Contractor's Bond must be signed in the partnership name by a partner. If the Contractor is a corporation the Contractor's Bond must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the corporation. A typewritten copy of all such names and signatures shall be appended.

Power of Attorney: The Contractor's Bond must be accompanied by a power of attorney authorizing execution on behalf of the Surety and, in jurisdictions so requiring should be countersigned by a duly authorized resident agent of the Surety.

[End of clause]

§ 1726.311 Contractor's bond, RUS Form 168c.

The bond form in this section shall be used when a Contractor's Bond is required by RUS Form 200, 201, 203, 257, 764, 786, 790, 792, 830, or 831 and the contractor's surety has accepted a Small Business Administration guarantee and the contract is for one million dollars or less.

Contractor's Bond

(Use only when contract is less than $1 million and Surety has accepted an SBA (Small Business Administration) Guarantee)

1. Know all men that we, _____, as Principal, and _____, as Surety, are held and firmly bound unto _____ (hereinafter called the ''Owner'') and unto the United States of America (hereinafter called the ''Government'') and unto all persons, firms and corporations who or which may furnish materials for or perform labor on a Rural Utilities Service Project known as Project _____ and to their successors and assigns, in the penal sum of _____ dollars ($_____), as hereinafter set forth and for the payment of which sum well and truly to be made we bind ourselves, our executors, administrators, successors and assigns jointly and severally by these presents. Said Project is described in a certain construction contract (hereinafter called the ''Construction Contract'') between the Owner and the Principal, dated _____, 19____, pursuant and subject to a certain loan contract (hereinafter called the ''Loan Contract'') between the Owner and the Government, acting through the Administrator of the Rural Utilities Service (hereinafter called the ''Administrator'').

2. The condition of this obligation is such that if the Principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions and agreements of the Construction Contract and any amendments thereto, whether such amendments are for additions, decreases, or changes in materials, their quantity, kind or price, labor costs, mileage, routing or any other purpose whatsoever, and whether such amendments are made with or without notice to the Surety, and shall fully indemnify and save harmless the Owner and the Government from all costs and damages which they, or either of them, shall suffer or incur by reason of any failure so to do, and shall fully reimburse and repay the Owner and the Government for all outlay and expense which they, or either of them shall incur in making good any such failure of performance on the part of the Principal, and shall promptly make payment to all persons working on or supplying labor or materials for use in the construction of the Project contemplated in the Construction Contract and any amendments thereto, in respect of such labor or materials furnished and used therein, to the full extent thereof, and in respect of such labor or materials furnished but not so used, to the extent of the quantities estimated in the Construction Contract and any amendments thereto to be required for

the construction of the Project, and shall well and truly reimburse the Owner and the Government, as their respective interests may appear, for any excess in cost of construction of said Project over the cost of such construction as provided in the Construction Contract and any amendments thereto, occasioned by any default of the Principal under the Construction Contract and any amendments thereto, then this obligation shall be null and void, but otherwise shall remain in full force and effect.

3. Provided, that the liability of the Principal and Surety hereunder to the Government shall be subject to the same limitations and defenses as may be available to them against a claim hereunder by the Owner, provided, however, that the Government may, at its option, perform any obligations of the Owner required by the contract.

4. It is expressly agreed that this bond shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon any amendment to the Construction Contract, so as to bind the Principal and the Surety to the full and faithful performance of the Construction Contract as so amended, provided only that the total amount of all increases in the cost of construction shall not exceed 20 percent of the amount of the maximum price set forth in the Construction Contract. The term ''Amendment,'' wherever used in this bond, and whether referring to this bond, the Construction Contract or the Loan Contract shall include any alteration, addition, extension, modification, amendment, rescission, waiver, release or annulment, of any character whatsoever.

5. It is expressly agreed that any amendment which may be made by agreement or otherwise between the Principal and the Owner in the terms, provisions, covenants and conditions of the Construction Contract, or in the terms, provisions, covenants and conditions of the Loan Contract (including, without limitation, the granting by the Administrator to the Owner of any extension of time for the performance of the obligations of the Owner under the Loan Contract or the granting by the Administrator or the Owner to the Principal of any extension of time for the performance of the obligations of the Principal under the Construction Contract, or the failure or refusal of the Administrator or the Owner to take any action, proceeding or step to enforce any remedy or exercise any right under either the Construction Contract or the Loan Contract, or the taking of any action, proceeding or step by the Administrator or the Owner, acting in good faith upon the belief that the same is permitted by the provisions of the Construction Contract or the Loan Contract) shall not in any way release the Principal and the Surety, or either of them or their respective executors, administrators, successors or assigns, from liability hereunder. The Surety hereby acknowledges receipt of notice of any amendment, indulgence or forbearance, made, granted or permitted.

6. This bond is made for the benefit of all persons, firms and corporations who or which may furnish any materials or perform any labor for or on account of the construction to be performed under the Construction Contract and any amendments thereto. Provided, that beneficiaries or claimants hereunder shall be limited to the subcontractors, and persons, firms and corporations having a direct contract with the Principal or its subcontractors.

7. Provided, further, that no suit or action shall be commenced hereunder by any person, firm, or corporation who performed work or labor or who furnished materials for the project: (a) Unless such person, firm, or corporation, other one having a direct contract with the Principal (or with the Government in the event the Government is performing the obligation of the Owner), shall have given detailed written notice of claim to: The Principal, and the Owner, within ninety (90) days after such person, firm, or corporation did or performed the last of the work or labor, or furnished the last of the materials for which such claim is made. (b) After the expiration of one (1) year following the date on which Principal ceased work on said contract, it being understood, however, that if any limitation embodied in the Bond is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal to the minimum period of limitation permitted by such law.

In witness whereof, the undersigned have caused this instrument to be executed and their respective corporate seals to be affixed and attested by their duly authorized representatives this _____ day of _____, 19____.

Principal _____ (Seal)
By _____
Attest: _____ Secretary
Surety _____ (Seal)
By _____
Attest: _____ Secretary
_____ Address of Surety's Home Office
By _____ Resident Agent of Surety

Signatures: The Contractor's Bond must be signed with the full name of the Contractor. If the Contractor is a partnership the Contractor's Bond must be signed in the partnership name by a partner. If the Contractor is a corporation the Contractor's Bond must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the corporation. A typewritten copy of all such names and signatures shall be appended.

Power of Attorney: The Contractor's Bond must be accompanied by a power of attorney authorizing execution on behalf of the Surety and, in jurisdictions so requiring should be countersigned by a duly authorized resident agent of the Surety.

[End of clause]

§ 1726.312 Construction contract amendment, RUS Form 180.

The amendment form in this section shall be used when required by this part.

Construction Contract Amendment

Instructions—Submit 3 copies of this form & 3 copies of all attachments to Administrator, Rural Utilities Service, U.S. Department of Agriculture, Washington, DC 20250.

1. Project Designation _____
2. Amendment No. _____
3. Date _____
4. Details of changes are tabulated on sheet _____ to _____ attached and are part of this amendment.
5. The following changes in Construction Contract Number _____ dated _____, 19____ are hereby submitted for your approval.
6. Data pertinent to the original contract and amendments including this amendment are as follows (decrease to be preceded by (−) minus sign):

	Miles	Consumers		Price
		Signed	Potential	
Original Contract Amendment No. 1 Amendment No. 2 Amendment No. 3 Amendment No. 4 Amendment No. 5 Amendment No. 6				
Total with this Amendment				

7. Changes in materials furnished by Owner: This amendment provides for an increase/decrease of $_____ in the amount of materials furnished by Owner. The details of changes in items, quantities, or prices

are tabulated on sheet _____ to _____ attached and made a part hereof.
8. Bond extension attached ____ Yes ____ No
9. The construction period will be changed _____ days.
10. New counties (if any) _____
11. Description and reason for change: _____ This amendment providing for an increase/decrease of $_____ in the amount of said construction contract is submitted pursuant to the provisions thereof and pursuant to the loan contract between the United States of America and the undersigned borrower. You are hereby authorized to approve this amendment either in whole or in part and to delete such items as do not meet with your approval. To the extent the items hereof are approved by you the construction contract shall be amended.

Accepted
_____ Contractor
By _____ President-Owner-Partner (Strike out inapplicable title. If signed by other than above, power of attorney should be attached or on file with RUS.)
_____ Date
_____ Owner
By _____ President-Board of Directors
_____ Date
Approved
_____ Date
_____ Engineer for the Borrower
Details of Contract Amendment
Item No. _____
Assembly Unit Designation _____
Quantity Previously Approved _____
Net Change Number Of Units _____
Contract Amended To Read (Show quantities and prices as revised by this amendment):
Number of Units _____
Unit Price:
Labor _____
Material _____
Total _____
Total Price _____
Total Increase Price _____
Total Decrease _____
Totals _____
Net Total _____

[End of clause]

§ 1726.313 Certificate of completion, contract construction for buildings, RUS Form 181.

The closeout form in this section shall be used when required by this part.

Certificate of Completion; Contract Construction for Buildings

_____ (Project Designation)

I, the undersigned Architect of the above-designated Rural Utilities Service Project, hereby certify that:

1. The construction provided for pursuant to Construction Contract No. _____ dated _____ 19____, including all approved amendments, (hereinafter called the ''Project'') between _____(''Owner'') and _____ (''Contractor'') has been completed as of _____ 19____, and is in all respects in strict compliance with the provisions of the Loan Contract and the Construction Contract, including the Plans and Specifications and all modifications thereto.

2. To the best of my knowledge, payment in full has been made to all persons who have furnished labor for the Project.

3. The Contractor has, to the best of my knowledge, obtained valid releases of lien from all Manufacturers, materialmen, and subcontractors that furnished materials or services or both which were employed by the Contractor in the performance of the Construction Contract, and that such releases have been delivered to the Owner.

4. All defects in workmanship and materials reported during the period of construction of the Project have been corrected.

5. The final Contract Price of the Project as completed is _____ dollars ($_____).

_____Date
_____Representative of Architect
_____Title
Acceptance
_____Date
_____Representative of Contractor
_____Title
_____Date
_____Name of Owner
_____President, Board of Directors

[End of clause]

§ 1726.314 Certificate of completion, contract construction, RUS Form 187.

The closeout form in this section shall be used when required by this part.

Certificate of Completion; Contract Construction

To: Administrator
Rural Utilities Service
U.S. Department of Agriculture Washington, D.C. 20250
_____ (Project Designation)

I, the undersigned Engineer of the above-designated Rural Utilities Service Project do hereby certify that:

1. The construction provided for pursuant to Construction Contract No. _____ dated _____ 19____ including all approved amendments, (hereinafter called the ''Project'') between _____ (''Owner'') and _____ (''Contractor'') has been completed as of _____ 19____, and is in all respects in strict compliance with the provisions of the Loan Contract and the Construction Contract, including all Plans, specifications, maps, and drawings and all modifications thereto.

2. Payment in full has been made to all persons who have furnished labor for the Project.

3. The Contractor has obtained valid releases of lien from all persons, firms and/or corporations furnishing materials, supplies, and appliances which were employed by the Contractor in the performance of the Construction Contract, and that such releases have been delivered by the Contractor to the Owner.

4. If applicable, the Final Inventory attached hereto and made a part hereof is a complete and accurate summary of all units of construction in the Project and of all work performed in accordance with the Construction Contract.

5. If applicable, the staking sheets and tabulation of staking sheets upon which the Final Inventory is based show the accurate location, number, and kind of all units of construction of the project and show all work performed in accordance with the Construction Contract.

6. All defects in workmanship and materials reported during the period of construction of the Project have been corrected.

7. The total cost of the Project as completed is _____ dollars ($_____). The Project consists of facilities shown on the Statement of Construction which is true and correct and which is attached hereto and made a part hereof.

Dated this _____ day of _____, 19____.
_____ Name of Engineer
By _____
_____ Title
_____ Date
Approved as to Items 1 and 6 above:
_____ RUS Field Engineer

We, the undersigned Owner and Contractor, do hereby certify that:

1. The Project has been completed in accordance with the provisions of the Construction Contract, dated _____ 19____, provided, however, that acceptance of the Project by the Owner shall not be deemed to relieve the Contractor of its obligations contained in the Construction Contract with respect to defective workmanship or, materials discovered within one year after the date of completion.

2. If applicable, the Final Inventory attached hereto and made a part hereof is a complete and accurate summary of all units of construction in the Project and of work performed in accordance with the Construction Contract.

_____ Owner
By _____ President
_____ Date
_____ Name of Contractor
By _____
_____ Title
_____ Date

[End of clause]

§ 1726.315 Equipment contract, RUS Form 198.

The contract form in this section shall be used when required by this part.

Equipment Contract

Notice and Instructions to Bidders

1. Sealed proposals for the furnishing and delivery f.o.b. _____ of equipment for the _____ (hereinafter called the ''Owner'') which is to be part of the project known as _____ will be received by the Owner on or before _____ o'clock, ____ M., _____ 19____, at _____ at which time and place the proposals will be publicly opened and read. Any proposal received subsequent to the time specified will be promptly returned to the Bidder unopened.

2. The Plans and Specifications, together with all necessary forms and other documents for bidders may be obtained from the Owner or from the Engineer, _____ at the latter's office at _____. The Plans and Specifications may be examined at the office of the Owner or at the office of the Engineer.

A copy of the loan contract (if the Project is to be financed in whole or in part, pursuant to a loan contract) between the Owner and the United States of America acting through the Administrator of the Rural Utilities Service (hereinafter called the ''Administrator'') and of the loan contract between the Owner and any other lender, may be examined at the office of the Owner.

3. Proposals and all supporting instruments must be submitted on the forms furnished by the Owner and must be delivered in a sealed envelope addressed to the Owner. The name and address of the Bidder and the date and hour of the opening of bids must appear on the envelope in which the Proposal is submitted. Proposals must be filled in in ink or typewriter. No alterations or interlineations will be permitted, unless made before submission and initialed and dated.

4. Prior to the submission of the Proposal, the Bidder shall make and shall be deemed to have made a careful examination of the Plans and Specifications and forms of Equipment Contract on file with the Secretary of the Owner and with the Engineer, and all other matters, including transportation facilities, that may affect the cost and the time of completion of the work.

5. Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.

6. In estimating the lowest cost to the Owner as one of the factors in deciding the award of the Contract, the Owner will consider, in addition to the price quoted in the Proposals, the following: _____.

7. The Contract, when executed, shall be deemed to include the entire agreement between the parties thereto, and the Bidder shall not claim any modification thereof resulting from any representation or promise made at any time by any officer, agent, or employee of the Owner or by any other person.

8. The Owner reserves the right to waive minor irregularities or minor errors in any Proposal if it appears to the Owner that such irregularities or errors were made through inadvertence. Any such irregularities or errors so waived must be corrected on the Proposal in which they occur prior to the execution of any contract which may be awarded thereon.

9. The Owner reserves the right to reject any or all Proposals.

_____ Owner

By _____

_____ Date

Proposal

To: _____ (hereinafter called the ''Owner''.)

1. The undersigned (hereinafter called the ''Bidder'') hereby proposes to furnish and deliver the equipment (hereinafter called the ''Equipment'') described in the Plans and Specifications attached hereto and made a part hereof for the following prices: Item _____.

2. The prices of Equipment set forth herein shall include the cost of delivery to _____. Such delivery shall be made within _____ days after the receipt of the written order of the Owner.

3. This Proposal is made pursuant to the provisions of the Notice and Instructions to Bidders, if any shall be attached hereto, and the Bidder agrees to the terms and conditions thereof.

4. The Bidder warrants the accuracy of all statements contained in the Bidder's Qualifications, if any shall be submitted, and agrees that the Owner shall rely upon such accuracy as a condition of the Contract in the event that this Proposal is accepted.

5. The Bidder warrants that this Proposal is made in good faith and without collusion or connection with any other person or persons bidding for the same work.

6. The Bidder agrees that, in the event this Proposal is accepted, it will execute a Contract in the form attached hereto.

7. The Bidder warrants that the Equipment will conform to the performance data and guarantees which are attached hereto and by this reference made a part hereof.

8. If, in submitting this Proposal, the Bidder has made any change in the form of Proposal or Contract furnished by the Owner, the Bidder understands that the Owner and the Administrator may evaluate the effect of such change as they see fit or they may exclude the Proposal from consideration in determining the award of the Contract.

9. The Bidder represents that:

It has _____, does not have _____, 100 or more employees, and if it has, that it has _____, has not _____, furnished the Equal Employment Opportunity-Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Bidder agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Bidder agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this contract will amount to more than $10,000, the Bidder will file such report, as required by law, and notify the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

10. The Bidder certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

_____ Name of Bidder

_____ Address of Bidder

By _____

_____ Title of Officer

_____ Date

Equipment Contract

Agreement made _____ 19____, between _____ (hereinafter called the ''Purchaser'') and _____ (hereinafter called the ''Seller''), a corporation organized and existing under the laws of the State of _____.

Whereas, the Purchaser desires to purchase and the Seller desires to sell the equipment described herein for the project financed in part or whole by a loan to the Purchaser from the United States of America, acting through the Administrator of the Rural Utilities Service (hereinafter called the ''Administrator'') which project is designated _____.

Now therefore, in consideration of the mutual undertakings herein contained, the parties hereto agree as follows:

Section 1—Acceptance of Proposal

(a) The Purchaser accepts the Proposal which is attached hereto and by this reference made a part hereof, and the parties hereto agree that the Seller shall sell and deliver to the Purchaser and the Purchaser shall purchase and receive from the Seller the equipment (hereinafter called the ''Equipment'') described in the Proposal upon the terms and conditions herein stated.

(b) The prices set forth in the Proposal include the cost of delivery to _____.

(c) The prices set forth in the Proposal do not include any sums which are or may be payable by the Seller on account of taxes imposed by any taxing authority upon the sale, purchase or use of the Equipment. If any such tax is applicable to the sale, purchase or use of the Equipment hereunder, the amount thereof shall be added to the purchase price and paid by the Purchaser.

Section 2—Delivery

The Seller shall deliver the Equipment within _____ days after receipt of the written order or orders of the Purchaser. The time for delivery shall be extended for the period of any reasonable delay due exclusively to causes beyond the control and without the fault of the Seller, including, but not limited to, acts of God, fires, strikes, and floods.

Section 3—Payment

Upon the shipment of any Equipment hereunder, the Seller shall submit to the

Purchaser a detailed statement of the Equipment shipped. The Purchaser shall, upon receipt of the Equipment, pay the Seller ninety percent (90%) of the contract price of the Equipment. When the Equipment has been installed, placed in satisfactory operation, tested and accepted by the Purchaser, the Purchaser shall make final payments therefor to the Seller; provided, however, such final payment shall be made not later than one-hundred eighty (180) days after delivery of the Equipment, unless such acceptance by the Purchaser shall be withheld because of the fault of the Seller.

Section 4—Defective Material and Workmanship

(a) All Equipment furnished hereunder shall be subject to the inspection, tests, and approval of the Purchaser and the Administrator and the Seller shall furnish all information required concerning the nature of source of any Equipment and provide adequate facilities for testing and inspecting the Equipment at the plant of the Seller.

(b) The Equipment furnished hereunder shall become the property of the Purchaser upon delivery, provided, however, that the Purchaser or the Administrator, within one year after delivery or within the period for which the Equipment is guaranteed, whichever is longer, may reject any Equipment which does not comply with the Specifications attached hereto and made a part hereof or with the guarantees, if any, of the Seller and the manufacturer. Upon any such rejection, the Seller shall repair or replace such defective Equipment within a reasonable time after notice in writing from the Purchaser and in the event of failure by the Seller so to do, the Purchaser may make such replacement and the cost and expense thereof shall be paid by and recoverable from the Seller.

Section 5—Miscellaneous

(a) All manufacturers' guarantees of Equipment, if any, shall be transferred and assigned to the Purchaser upon delivery of any Equipment and before final payment is made for such Equipment. Such guarantees shall be in addition to those required of the Seller by other provisions of this Contract.

(b) The Seller shall hold harmless and indemnify the Purchaser from any and all claims, suits, and proceedings for infringement of any patent or patents covering Equipment purchased hereunder.

(c) In the performance of this contract there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, Mexico, or Canada, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States, Mexico, or Canada; provided that other articles, materials, or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. The Seller agrees to submit to the Purchaser such certificates with respect to compliance with the foregoing provision as the Administrator from time to time may require.

(d) During the performance of this contract, the Seller agrees as follows:

(1) The Seller will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Seller will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Seller agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(2) The Seller will, in all solicitations or advertisements for employees placed by or on behalf of the Seller, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The Seller will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representative of the Seller's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Seller will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

(5) The Seller will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(6) In the event of the Seller's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the Seller may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Seller will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Seller will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a Seller becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Seller may request the United States to enter into such litigation to protect the interest of the United States.

(e) Each and all of the covenants and agreements herein contained shall extend to and be binding upon the successors and assigns of the parties hereto provided, however, that the Seller shall not assign this contract or any part hereof without approval in writing of the Purchaser and the Administrator, and further that the Seller shall not enter into any contract with any person, firm or corporation for the performance of the Seller's obligations hereunder, or any part thereof, without the approval in writing of the Purchaser.

(f) This contract shall become effective only upon approval by the Administrator. Neither this contract nor any provision thereof shall be modified, amended, rescinded, waived, or terminated without the approval in writing of the Administrator. Amendments executed on RUS Form 238 are not subject to approval of the Administrator, except that when a contract amendment along with all previous amendments to this contract cause the total amended contract price to exceed 120 percent of the original contract price, as stated in the Seller's proposal and accepted by the Owner, that amendment and all subsequent amendments to this contract shall be made subject to the approval of the Administrator.

[1] In Witness Whereof, the parties hereto have caused this contract to be signed in their respective corporate names by their presidents and their corporate seals to be hereunto affixed and attested by their secretaries, all as of the day and year first above written.

_____ Purchaser
By _____ President
Attest: _____ Secretary
_____ Seller
By _____ President
Attest: _____ Secretary

[2] In Witness Whereof, the Purchaser has caused this contract to be signed in its corporate name by its President and its corporate seal to be hereunto affixed and attested by its Secretary, and the Seller has (have) set his (their) hand(s), all as of the day and year first above written.

_____ Purchaser
By _____ President
Attest: _____ Secretary

[1] When Seller is a corporation this section of agreement to be used.

[2] When Seller is an individual or partnership this section of agreement to be used. If a partnership—all partners shall sign.

_____ Seller
_____ Name
_____ Title

[End of clause]

§§ 1726.316–1726.319 [Reserved]

§ 1726.320 Construction contract, generating, RUS Form 200.

The contract form in this section shall be used when required by this part.

Construction Contract—Generating

Notice and Instructions to Bidders

1. Sealed proposals for the furnishing, delivery and installation of equipment and materials for the electric generating plant of _____ (hereinafter called the ''Owner'') which is to be part of the system known as _____ will be received by the Owner on or before ____ o'clock __.M.,____, 19__, at ____, at which time and place the proposals will be publicly opened and read. Any proposal received subsequent to the time specified will be promptly returned to the Bidder unopened.

2. Obtaining Documents. The Plans and Specifications together with all necessary forms and other documents for bidders may be obtained from the Owner or from the Engineer, _____, at the latter's office at _____ upon the payment of $_____, all of which will be refunded to each bona fide bidder within ten days after the bid opening. The Plans and Specifications may be examined at the office of the Owner or at the office of the Engineer. A copy of the Loan Contract (if the Project is to be financed, in whole or in part, pursuant to a loan contract) between the Owner and the United States of America acting through The Administrator of the Rural Utilities Service (hereinafter called the ''Administrator''), and of the Loan Contract between the Owner and any other lender may be examined at the office of the Owner. Each set of documents will have a serial number, given by the Engineer, and the number of each set with the name of the purchaser will be recorded by the Engineers. Bids will be accepted only from the original purchasers.

3. Manner of Submitting Proposals. Proposals and all supporting instruments must be submitted on the forms furnished by the Owner and must be delivered in a sealed envelope addressed to the Owner. The name and address of the Bidder, its license number, if a license is required by the State, and the date and hour of the opening of bids must appear on the envelope in which the Proposal is submitted. Proposals must be filled in in ink or typewritten. No alterations of interlineations will be permitted, unless made before submission and initiated and dated.

4. Familiarity with Conditions. Prior to the submission of the Proposal, the Bidder shall make and shall be deemed to have made a careful examination of the site of the Project and of the Plans and Specifications, Construction Drawings and forms of Contractor's Proposal and Acceptance, and Contractor's Bond on file with the Owner and with the Engineer, and shall become informed as to the location and nature of the proposed construction, the ecological and environmental criteria to be followed, the transportation facilities, the kind and character of soil and terrain to be encountered, the kind of facilities required before and during the construction of the Project, general local conditions and all other matters that may affect the cost and the time of completion of the Project. Bidders will be required to comply with all applicable statutes, regulations, etc., including those pertaining to the licensing of contractors, and the so-called ''Kick-Back'' Statute (48 Stat. 948) and regulations issued pursuant thereto.

5. Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.

6. The Time for Completion of the Project shall be as specified by the Engineer in the Proposal.

7. Bid Bond. Each Proposal must be accompanied by a Bid Bond in the form attached or a certified check on a bank that is a member of the Federal Deposit Insurance Corporation, payable to the order of the Owner, in an amount equal to ten percent (10%) of the maximum bid price. Each Bidder agrees, provided its Proposal is one of the three low Proposals, that, by filing its Proposal together with such Bid Bond or check in consideration of the Owner's receiving and considering such Proposal, said Proposal shall be firm and binding upon each such Bidder and such Bid Bond or check shall be held by the Owner until a Proposal is accepted and a satisfactory Contractor's Bond is furnished (where required) by the successful Bidder and such acceptance has been approved by the Administrator, or for a period not to exceed sixty (60) days from the date hereinbefore set for the opening of Proposals, whichever period shall be the shorter. If such Proposal is not one of the three low Proposals, the Bid Bond or check will be returned in each instance within a period of ten (10) days to the Bidder furnishing same.

8. Contractor's Bond. The successful Bidder will be required to execute two additional counterparts of the Proposal and, for a Contract in excess of $100,000, to furnish a Contractor's Bond in triplicate in the form attached hereto with sureties listed by the United States Treasury Department as Acceptable Sureties in a penal sum not less than the Contract price.

9. Failure to Furnish Contractor's Bond. Should the successful Bidder fail or refuse to execute such counterparts of the Proposal or to furnish a Contractor's Bond (where required) within ten (10) days after written notification of the acceptance of the Proposal by the Owner, the Bidder will be considered to have abandoned the Proposal. In such event, the Owner shall be entitled (a) to enforce the Bid Bond in accordance with its terms, or (b) if a certified check has been delivered with the Proposal, to retain from the proceeds of the certified check the difference (not exceeding the amount of the certified check) between the amount of the Proposal and such larger amount for which the Owner may in good faith contract with another party to construct the Project. The term ''successful Bidder'' shall be deemed to include any Bidder whose proposal is accepted after another Bidder has previously refused or has been unable to execute the counterparts of the proposal or to furnish a satisfactory Contractor's Bond (where required.)

10. Factors in Deciding the Award of the Contract. In estimating the lowest cost to the Owner as one of the factors in deciding the award of the Contract, the Owner will consider, in addition to the prices quoted in the Proposals, the following: _____.

11. Contract is Entire Agreement. The Contract to be effected by the acceptance of the Proposal shall be deemed to include the entire agreement between the parties thereto, and the Bidder shall not claim any modification thereof resulting from any representation or promise made at any time by any officer, agent or employee of the Owner or by any other person.

12. Minor Irregularities. The Owner reserves the right to waive minor irregularities or minor errors in any Proposal, if it appears to the Owner that such irregularities or errors were made through inadvertence. Any such irregularities or errors so waived must be corrected on the Proposal prior to the acceptance thereof by the Owner.

13. Bid Rejection. The Owner reserves the right to reject any or all Proposals.

14. Definition of Terms. The terms ''Administrator'', ''Engineer'', ''Supervisor'', ''Project'', ''Completion of Construction'' and ''Completion of the Project,'' as used throughout this Contract, shall be as defined in Article VI, Section 1 of the Contractor's Proposal.

15. The Owner Represents:

(a) If by provisions of the Contractor's Proposal the Owner shall have undertaken to furnish any materials for the construction of the Project, such materials are on hand at locations specified or if such materials are not on hand they will be made available to the successful Bidder at the locations specified before the time such materials are required for construction.

(b) All funds necessary for prompt payment for the construction of the Project will be available. If the Owner shall fail to comply with any of the undertakings contained in the foregoing representations or if any of such representations shall be incorrect, the Bidder will be entitled to an extension of time of completion for a period equal to the delay, if any, caused by the failure of the Owner to comply with such undertakings or by any such incorrect representations, provided the Bidder shall have promptly notified the Owner in writing of its desire to extend the time of completion, and provided, further, that such extension, if any, of the time of the completion shall be the sole remedy of the Bidder for the Owner's failure, because of conditions beyond the control and without the fault of the Owner, to furnish materials in accordance with subparagraph a, hereof.

_____ Owner
By _____
____, 19__

Contractor's Proposal

To Furnish, Deliver and Install Equipment and Materials

To: _____ (hereinafter called the ''Owner'')

Article I—General

Section 1. Offer to Furnish, Deliver and Install. The undersigned (hereinafter called the ''Bidder'') hereby proposes to furnish, deliver and install the materials, supplies and equipment (hereinafter called the ''Project'') described in the plans, specifications and drawings (hereinafter called the ''Specifications'') attached hereto and made a part hereof, financed in part or whole by a loan to the Owner by the United States of America, acting through the Administrator of the Rural Utilities Service (hereinafter called the ''Administrator'') and designated _____.

Section 2. Familiarity with Conditions. The Bidder has made a careful examination of the site of the Project and of the Plans and Specifications, Construction Drawings, and form of Contractor's Bond attached hereto, and has become informed as to the location and nature of the proposed construction, the transportation facilities and the kind of facilities required before and during the construction of the Project, and has become acquainted with the labor conditions, the ecological and environmental criteria to be followed, state and local laws and regulations which would affect work on the proposed construction.

Section 3. License. The Bidder warrants that a Contractor's License is ____, is not ____, required, and if required, it possesses Contractor's License No. ____ of the State of ____, in which the Project is located and said license expires on ____, 19__.

Section 4. The Bidder warrants that this Proposal is made in good faith and without collusion or connection with any person or persons bidding for the same work.

Section 5. The Bidder warrants that it possesses adequate financial resources and agrees that in the event this Proposal is accepted and a Contractor's Bond is required, it will furnish a Contractor's Bond in the form attached hereto, in a penal sum not less than the maximum Contract Price, with a surety or sureties listed by the United States Treasury Department as Acceptable Sureties.

In the event that the surety or sureties on the performance bond delivered to the Owner contemporaneously with the execution of the Contract or on any bond or bonds delivered in substitution thereof or in addition thereto shall at any time become unsatisfactory to the Owner or the Administrator, the Bidder agrees to deliver to the Owner another or an additional bond.

The Bidder understands, that, if in submitting this Proposal, the Bidder has made any change in the form of Proposal furnished by the Owner, that the Owner and the Administrator may evaluate the effect of such change as they see fit or they may exclude the Proposal from consideration in determining the award of the contract.

Article II—Construction

Section 1. Bid Price. The Bidder will construct the Project for the following sum:

Base Bid _____ Dollars ($_____)
Alternate No. 1 _____ Dollars ($_____)
Alternate No. 2 _____ Dollars ($_____)

Section 2. Taxes. The price quoted herein includes all amounts which the Bidder estimates will be payable by the Bidder or the Owner on account of taxes imposed by any taxing authority upon the sale, purchase or use of materials, supplies or equipment or services or labor of installation to be incorporated in the Project. The Bidder will pay all such taxes and will furnish to appropriate taxing authorities any required information and reports pertaining thereto.

Section 3. Time and Manner of Construction.

(a) The time of Completion of Construction of the Project is of the essence of this Contract. The Bidder will commence the work within ____ calendar days after the Owner shall have given the Bidder written notice to commence construction, will prosecute diligently and complete such construction to the satisfaction of the Owner and the Administrator within ____ calendar days after giving of such notice.

(b) The time of Completion of Construction shall be extended for the period of any reasonable delay due exclusively to causes beyond the control and without fault of the Bidder, including Acts of God, fires, strikes, floods, inability to obtain materials, changes in the Specifications as herein provided and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however, that no such extension of time for completion shall be granted the Bidder unless within ten (10) days after the happening of any event relied upon by the Bidder for such an extension of time the Bidder shall have made a request therefor in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

(c) In the sequence of construction, the Owner, acting through the Engineer, shall have the right to direct the Bidder to perform any part or parts of the work which is to be performed at the site of the Project before any other part or parts, of such work and the Bidder agrees to comply with all such directions. The Bidder shall comply with all other reasonable directions of the Owner.

(d) The Owner, acting through the Engineer, may from time to time during the progress of the construction of the Project make such changes, additions to or subtractions from the Plans and Specifications and sequence of construction provided for in the previous paragraph which are part of the Contractor's Proposal as conditions may warrant: Provided, however, that if any change in the construction to be done shall require an extension of time, a reasonable extension will be granted if the Bidder shall make a written request therefor to the Owner within ten (10) days after any such change is made. If the cost of the Project to the Bidder to make the change shall be increased or decreased, the contract price shall be amended by an amount equal to the reasonable cost hereof in accordance with a construction amendment signed by the Owner and the Bidder and approved by the Administrator [1], but no claim for additional compensation for any such change or addition will be considered unless the Bidder shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition. The reasonable cost of any increase or decrease in the contract price covered by contract amendment as outlined above, in the absence of other mutual agreement, shall be computed on the basis of the direct cost of materials, f.o.b. the site of the Project, plus the direct cost of labor necessary to incorporate such materials into the Project (including actual cost of payroll taxes and insurance), plus ____ percent of the direct cost of materials and labor. Labor costs shall be limited to the direct costs for workmen and foremen. Costs for profit and overhead for subcontractors, if any, Bidder's main office overhead, job office overhead and superintendence shall not be included.

Section 4. The Bidder agrees that in the event this Proposal is accepted it will make available for use in connection with the proposed construction all necessary tools and equipment and qualified superintendents and foremen.

Section 5. Supervision and Inspection.

a. The Bidder will give sufficient supervision to the work, using its best skill and attention. The Bidder will carefully study and compare all drawings, specifications and other instructions and will at once report to the Owner any error, inconsistency or omission which it may discover. The Bidder shall cause the construction work on the Project to receive constant supervision by a competent superintendent (hereinafter called the ''Superintendent'') who shall be present at all times during working hours where construction is being carried on. The Bidder shall also employ, in connection with the construction of the Project, capable, experienced and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent shall be binding upon the Bidder.

b. The Owner reserves the right to require the removal from the Project of any employee of the Bidder if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner or the Supervisor, if any, shall have the right to require the Bidder to increase the number of its employees and to increase or change the amount or kinds of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner or Supervisor; but the failure of the Owner or Supervisor to give any such directions shall not relieve the Bidder of its obligations to complete the work within the time and in the manner specified in this Proposal.

c. The manner of construction of the Project, and all materials and equipment

[1] As long as the total price of this contract including all amendments is less than 120 percent of the original contract price as stated in the acceptance hereto, amendments executed on RUS Form 238 are not subject to the approval of the Administrator. Whenever an amendment to this contract causes the total amended contract to exceed 120 percent of the original contract price, that amendment and all subsequent amendments to this contract shall be made subject to the approval of the Administrator.

used therein, shall be subject to the inspection, tests and approval of the Owner and the Administrator, and the Bidder shall furnish all information required by the Owner or by the Administrator concerning the nature or source of any materials incorporated or to be incorporated in the Project. The Owner and the Administrator shall have the right to inspect all payrolls, invoices of materials, and other data and records of the Bidder and of any subcontractor, relevant to the construction of the Project. The Bidder shall provide all reasonable facilities necessary for such inspection and tests and shall maintain an office at the site of the Project, with telephone service where obtainable and at least one office employee to whom directions and instructions of the Owner may be delivered. Delivery of such directions or instructions in writing to the employee of the Bidder at such office shall constitute delivery to the Bidder. The Bidder shall have an authorized agent accompany the Engineer when final inspection is made and, if requested by the Owner, when any other inspection is made.

d. In the event that the Owner through its Engineer, or the Administrator, shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Bidder and the Bidder's Surety or Sureties, if any, to have an inspection made by an engineer approved by the Owner and the Administrator for the purpose of determining the exact nature, extent and location of such defects.

e. The Engineer may recommend to the Owner that the Bidder suspend the work wholly or in part for such period or periods as the Engineer may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for the satisfactory prosecution of the work or because of the failure of the Bidder to comply with any of the provisions of the Contract: Provided, however, that the Bidder shall not suspend work pursuant to this provision without written authority from the Owner to do so. The time of completion hereinabove set forth shall be increased by the number of days of any such suspension, except when such suspension is due to the failure of the Bidder to comply with any of the provisions of this Contract. In the event that work is suspended by the Bidder with the consent of the Owner, the Bidder before resuming work shall give the Owner at least twenty-four (24) hours notice thereof in writing.

Section 6. Defective Materials and Workmanship.

a. The acceptance of any materials, equipment or any workmanship by the Owner or the Engineer shall not preclude the subsequent rejection thereof if such materials, equipment, or workmanship shall be found to be defective after delivery or installation, and any such materials, equipment or workmanship found defective before final acceptance of the construction shall be replaced or remedied, as the case may be, including the installation and removal thereof, by and at the expense of the Bidder. Any such condemned material or equipment shall be immediately removed from the site of the Project by the Bidder at the Bidder's expense. The Bidder shall not be entitled to any payment hereunder so long as any defective materials, equipment, or workmanship in respect to the Project, of which the Bidder shall have had notice, shall not have been replaced or remedied, as the case may be.

b. Notwithstanding the acceptance of workmanship, materials, supplies or equipment, or the giving of any certificate with respect to the completion of the work, if during the construction or within one year after such completion, or within such longer period as the Project or any part thereof may be guaranteed by other provisions of the Contract or the Specifications, the workmanship, materials, supplies or equipment shall be found to be defective or not in conformity with the requirements of the Specifications, the Bidder shall replace such defective materials or equipment or remedy any such defective workmanship within thirty (30) days after notice of the existence thereof shall have been given to the Bidder by the Owner. In event of failure by the Bidder to do so, the Owner may replace such defective materials or equipment or remedy such defective workmanship, as the case may be, and in such event the Bidder shall pay to the Owner the cost and expense thereof.

Article III—Payments and Release of Liens

Section 1. Payments to Bidder.

a. Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Bidder for construction accomplished during the preceding calendar month on the basis of estimates thereof certified to by the Bidder, and approved by the Engineer and by the Owner solely for the purpose of payment: Provided, however, that such approval shall not be deemed approval of the workmanship or materials; and provided further, that in estimating the amount of construction accomplished, consideration shall be given only to equipment and materials incorporated into the Project and equipment and materials delivered to the site in accordance with approved shipping schedule. Only ninety percent (90%) of each such estimate approved during the construction of the Project shall be paid by the Owner to the Bidder prior to Completion of the Project. Upon completion by the Bidder of the construction of the Project, the Engineer shall inspect the work performed hereunder and if he shall find the work acceptable and all provisions hereunder fully performed, he shall so certify to the Owner and shall certify the balance found to be due the Bidder.

The Certificate of Completion, Contract Construction, RUS Form 187, a copy of which is attached hereto, after it has been signed by the Engineer and certified to by the Owner and the Bidder shall thereupon be submitted to the Administrator for his approval and when such approval has been given, the Owner shall make payment to the Bidder of all unpaid amounts to which the Bidder shall be entitled hereunder unless withheld because of the fault of the Bidder.

b. Interest at the rate of _____ percent[2] (____%) per annum shall be paid by the Owner to the Bidder on all unpaid balances due the Bidder commencing fifteen (15) days after the due date: Provided that the delay in payment beyond the due date is not caused by any condition within the control of the Bidder. The due date for purposes of such monthly payment shall be the fifteenth day of each calendar month provided (1) the Bidder on or before the fifth day of such month shall have submitted its certification of construction completed during the preceding month, and (2) the Owner on or before the fifteenth day of such month shall have approved such certification. If, for any reasons not due to the Bidder's fault, such approval shall not have been given on or before the fifteenth day of such month, the due date for purposes of this subsection ''b'' shall be the fifteenth day of such month notwithstanding the absence of the approval of the certification.

c. No payments shall be due while the Bidder is in default in respect of any of the provisions of this Proposal and the Owner may withhold from the Bidder the amount of any claim by a third party against either the Bidder or the Owner based upon an alleged failure of the Bidder to perform the work hereunder in accordance with the provisions of this Proposal.

Section 2. Release of Liens and Certificate of Contractor. (See Sample RUS Form 224, Waiver and Release of Lien, and sample RUS Form 231, Certificate of Contractor.) Upon the completion by the Bidder of the construction of the Project but prior to the payment to the Bidder of any amount in excess of ninety percent (90%) of the total cost of construction, the Bidder shall deliver to the Owner, in duplicate, releases of all liens and of rights to claim any lien, in the form attached hereto, from all manufacturers, materialmen, and subcontractors furnishing services or materials for the Project and a certificate in the form attached hereto to the effect that all labor used on or for the project has been paid and that all such releases have been submitted to the Owner for approval.

Section 3. Payments to Materialmen and Subcontractors. The Bidder shall pay each materialman, and each subcontractor, if any, within five (5) days after receipt of any payment from the Owner, the amount thereof allowed the Bidder for and on account of materials furnished or construction performed by each materialman or each subcontractor.

Article IV—Particular Undertakings of the Bidder

Section 1. Protection to Persons and Property. The Bidder shall at all times exercise reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, State and Municipal safety laws and building and construction codes. All machinery and equipment and other physical hazards shall be guarded in accordance with the ''Manual of Accident

[2] The Owner shall insert a rate equal to the lowest ''Prime Rate'' listed in the ''Money Rates'' section of the Wall Street Journal on the date such invitation to bid is issued.

Prevention in Construction'' of the Associated General Contractors of America, unless such instructions are incompatible with Federal, State or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

(a) The Bidder shall at all times keep the premises free from accumulations of waste materials or rubbish caused by his employees or work, and at the completion of the work he shall remove all rubbish from and about the Project and all his tools, scaffolding and surplus materials and shall leave his work ''broom clean''. The Bidder shall dispose of waste material by burying it on the work site or in a manner approved by local authorities, but shall not dispose of any waste materials or rubbish by open burning. The Bidder shall provide chemical sanitary facilities which may be required in compliance with applicable local, State and Federal laws or regulations.

(b) The Bidder will perform the work in such a manner as to maximize preservation of aesthetics and conservation of natural resources, and minimize marring and scarring of the landscape, erosion of soils and oil spillage. There will be no depositing of trash in streams or waterways. Herbicides, other chemicals or their containers will not be deposited in or near streams or waterways.

(c) The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control, in whole or in part as hereinafter provided, shall be under the charge and control of the Bidder and during such period of control by the Bidder all risks in connection therewith and the materials, supplies and equipment to be used therein shall be borne by the Bidder, except risk of loss or of damage to materials or equipment furnished for or used in connection with the Project by the Owner, Bidder or any subcontractor, caused by fire, lightning, wind damage, explosion, riot or civil commotion, aircraft and other vehicles, and smoke damage (against which perils the Owner will maintain insurance, hereinafter called ''Builder's Risk Insurance''). The Bidder will make good and fully repair all injuries and damages to the Project, or any portion thereof under the control of the Bidder by reason of any act of God, or any other casualty or cause whether or not the same shall have occurred by reason of the Bidder's negligence, except damage covered by the Owner's Builder's Risk Insurance.

(i) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Bidder's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Bidder's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.

(ii) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Bidder, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Bidder shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Bidder does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Bidder.

(iii) Bidder shall provide to Owner's satisfaction evidence of Bidder's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

(d) The Bidder shall submit to the Owner monthly reports in duplicate of all accidents giving such data as may be prescribed by the Engineer.

(e) Upon violation by the Bidder of any of the provisions of this section, after written notice of such violation given to the Bidder by the Engineer or the Owner, the Bidder shall immediately correct such violation. Upon failure of the Bidder so to do the Owner may correct such violation at the Bidder's expense: Provided, however, that the Owner may, if it deems it necessary or advisable, correct such violation at the Bidder's expense without such prior notice to the Bidder.

Section 2. Insurance. The Bidder shall take out and maintain throughout the contract period insurance of the following types and minimum amounts:

(a) Workers' compensation and employers' liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employer or employee is not subject to the workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

(b) Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(c) Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million per occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsections ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3. Assignment of Guarantees. All guarantees of materials and workmanship running in favor of the Bidder shall be transferred and assigned to the Owner prior to the time the Bidder receives final payment.

Section 4. Delivery of Possession and Control to Owner. Upon written request of the Owner, the Bidder shall deliver to the Owner full possession and control of any portion of the Project provided the Bidder shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of the possession and control of any portion of the Project to the Owner, the risks and obligations of the Bidder as set forth in Article IV, Section 1 c hereof with respect to such portion so delivered to the Owner shall be terminated; Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials and workmanship as contained in Article II, Section 6 hereof.

Article V—Remedies

Section 1. Completion on Bidder's Default. If default shall be made by the Bidder or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Bidder and the Surety or Sureties, if any, upon the Contractor's Bond or Bonds a written notice requiring the Bidder to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Bidder such default shall be corrected or arrangements for the correction thereof satisfactory to both the Owner and the Administrator shall be made by the Bidder or its Surety or Sureties, if any, the Owner may take over the construction of the Project and

prosecute the same to completion by Contract or otherwise for the account and at the expense of the Bidder, and the Bidder and its Surety or Sureties, if any, shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliances, and plant belonging to the Bidder or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims or demands which the Bidder may have against third parties in connection with this Contract and for such purpose the Bidder does hereby assign, transfer and set over unto the Owner all such rights, claims and demands.

Section 2. Enforcement of Remedies by Administrator. The Administrator may on behalf of the Owner exercise any right or enforce any remedy which the Owner may exercise hereunder.

Section 3. Cumulative Remedies. Every right or remedy herein conferred upon or reserved to the Owner or the Administrator shall be cumulative and shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election.

Article VI—Miscellaneous

Section 1. Definitions.

a. The term ''Administrator'' shall mean the Administrator of the Rural Utilities Service of the United States of America and his duly authorized representatives or any other person in whom or authority in which may be vested the duties and functions which the Administrator is now authorized by law to perform.

b. The term ''Engineer'' shall mean the engineer employed by the Owner, with the approval of the Administrator, to provide engineering services for the Project, and said Engineer's duly authorized assistants and representatives.

c. The term ''Supervisor'' shall mean the person, if any, appointed by the Administrator as the representative of the Government under the provisions of the Loan Contract providing for such appointment in special cases. The term is limited to such special representative of the Government, if any, who is responsible exclusively to the Administrator and does not refer to the Manager or any other person employed by the Owner and responsible to it.

d. The term ''Completion of Construction'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof except the Bidder's obligations in respect of Releases of Liens and Certificate of Contractor under Article III, Section 2 hereof. The term ''Completion of the Project'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof. The Certificate of Completion, signed by the Engineer and approved in writing by the Owner and the Administrator, shall be the sole and conclusive evidence as to the date of Completion of Construction and as to the fact of Completion of the Project.

Section 2. Purchase of Materials. The Bidder shall purchase all materials, supplies, and equipment outright and not subject to any conditional sales agreements, bailment lease or other agreement reserving unto the seller any right, title or interest therein. All materials, supplies and equipment shall be new and shall become the property of the Owner when erected in place, or when the Owner shall have made any payment to the Bidder in respect of such materials; whichever shall occur first.

Section 3. Materials and Supplies. In the performance of this contract there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, Mexico, or Canada, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States, Mexico, or Canada; provided that other articles, materials, or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. The Bidder agrees to submit to the Purchaser such certificates with respect to compliance with the foregoing provision as the Administrator from time to time may require.

Section 4. Patent Infringement. The Bidder shall save harmless and indemnify the Owner from any and all claims, suits and proceedings for the infringement of any patent or patents covering any materials or equipment used in construction of the Project.

Section 5. Compliance with Statutes and Regulations. The Bidder shall comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. Section 287 and 1001, as amended. The Bidder understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental Agencies having jurisdiction in the premises.

Section 6. Equal Opportunity Provisions.

(a) Bidder's Representations.

The Bidder represents that:

It has ____, does not have ____, 100 or more employees, and if it has, that it has ____, has not ____ furnished the Equal Employment Opportunity-Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Bidder agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Bidder agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000, the Bidder will file such report, as required by law, and notify the owner in writing of such filing prior to the Owner's acceptance of this Proposal.

(b) Equal Opportunity Clause. During the performance of this Contract, the Bidder agrees as follows:

(1) The Bidder will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Bidder will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotions or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection of training, including apprenticeship. The Bidder agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Bidder will, in all solicitations or advertisements for employees placed by or on behalf of the Bidder, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) The Bidder will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representative of the Bidder's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Bidder will comply with all provisions of Executive Order 11246 of September 24, 1965, and the rules, regulations and relevant orders of the Secretary of Labor.

(5) The Bidder will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Bidder's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part, and the Bidder may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.

(7) The Bidder will include this Equal Opportunity Clause in every subcontract or

purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Bidder will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; Provided, however, that in the event Bidder becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Bidder may request the United States to enter into such litigation to protect the interests of the United States.

(c) Certificate of Nonsegregated Facilities. The Bidder certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 7. Nonassignment of Contract. Except as provided in Section 8 of this Article, the Bidder will not assign this Contract, or any interest in any funds that may become due hereunder, or enter into any contract with any person, firm or corporation, for the performance of the Bidder's obligations hereunder, or any part hereof without the approval in writing of the Owner, the Surety or Sureties, if any, and the Administrator.

Section 8. Subcontracts. The Bidder shall not enter into any subcontract or subcontracts with any person, firm or corporation for the performance of the Bidder's obligation hereunder in any aggregate amount in excess of 40% of The Bidder's obligations (to be calculated on the basis of the total contract price) nor shall the Bidder enter into any subcontract in excess of $20,000, without the approval in writing of the Owner and of the Surety or Sureties, if any, on any bond furnished by the Bidder for the faithful performance of the Bidder's obligations hereunder. If the Bidder shall enter into a subcontract with any subcontractor for the performance of any part of this Contract, the Bidder shall be as fully responsible to the Owner and the Administrator for the acts and omissions of such subcontractor and of persons employed by such subcontractor as the Bidder would be for its own acts and omissions and those of persons directly employed by it.

Section 9. Contractor. Upon acceptance of this Proposal, the successful Bidder shall be the Contractor and all references in the Proposal to the Bidder shall apply to the Contractor.

Section 10. Approval of the Administrator. The acceptance of this Proposal by the Owner shall not create a contract unless such acceptance shall be approved in writing by the Administrator within sixty (60) days after the date set for the opening of proposals.

_____ (Bidder)
By _____ (President)
_____ (Title)
_____ (Address)
Attest:
_____ (Secretary)
Date _____

The Proposal must be signed with the full name of the Bidder. If the Bidder is a partnership, the Proposal must be signed in the partnership name by a partner. If the Bidder is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

Acceptance

Subject to the approval of the Administrator, the Owner, _____, hereby accepts the Proposal of the above-named Bidder for the construction of the Project therein described for the Base Bid of $ _____ and

Alternate No. 1 $_____
Alternate No. 2 $_____
The total contract price is $_____
_____ (Owner)
By _____ President
Attest:
_____ (Secretary)
_____ Date of Contract

[End of clause]

§ 1726.321 Right-of-way clearing contract, RUS Form 201.

The contract form in this section shall be used when required by this part. This form refers to guide drawings, which do not contain requirements, and, hence, are not included in this part. The guide drawings are included in the printed form available from RUS (see § 1726.300.).

Right-of-Way Clearing Contract

Contractor's Proposal

(Proposal shall be submitted in ink or typewritten)

To: _____ (Hereinafter called the ''Owner'')

Article I—General

Section 1. Offer to Clear. The undersigned (hereinafter called the ''Contractor'') hereby proposes to furnish all materials, equipment, machinery, tools, labor, transportation and other means required to clear rights-of-way for the rural electric system bearing the RUS Designation _____ in strict accordance with the Specifications and Drawings therefor, attached hereto and made a part hereof, for the prices hereinafter stated.

Section 2. Description of Project. The Project will consist of approximately _____ miles of right-of-way clearing. The Project is located in _____ counties in the State of _____.

Section 3. Description of Contract. The Description of Units, Specifications, Drawings and Plans attached hereto and made a part hereof, together with the Proposal and Acceptance constitute the Contract. The Plans consisting of maps and plan and profile sheets if transmission clearing is included, showing the number and types of right-of-way units that are to be cleared, along with other special drawings are identified as follows:

Section 4. Familiarity with Conditions. The Contractor warrants that it has made careful examination of the site of the Project and of the Specifications, Drawings, and form of Contractors' Bond attached hereto, and has become informed as to the location and nature of the proposed work, the transportation facilities, the kind and character of soil and terrain to be encountered, and the kind of facilities required for undertaking and completing the Project, and has become acquainted with the labor conditions, state and local laws and regulations which would affect the proposed work.

Section 5. License. The Contractor warrants that a Contractor's License is ____, is not ____, required, and if required, it possesses Contractor's license number ____ for the State of _____ in which the Project is located and said license expires on _____, 19___.

Section 6. Contractor's Bond. If the estimated cost of the clearing of a Section shall exceed $100,000, the Contractor agrees to furnish, prior to the commencement of work on such Section, a bond in the penal sum of not less than the estimated cost of the Section in the form attached hereto with a Surety or Sureties listed by the United States Treasury Department as acceptable sureties. In the event that the Surety or Sureties on the performance bond delivered to the Owner shall at any time become unsatisfactory to the Owner, the Contractor agrees to deliver to the Owner another or an additional bond.

Section 7. Taxes. The unit prices for Right-of-Way Clearing Units in this Proposal include any sums which are or may be payable by the Contractor on account of taxes imposed by any taxing authority on payments for materials furnished or services

performed by the Contractor under the terms of this Contract.

Article II—Construction

Section 1. Time and Manner of Work.

(a) The Contractor agrees to commence work on the Project on a date (hereinafter called the ''Commencement Date'') which shall be determined by the Owner after its acceptance of this Proposal, but in no event will the Commencement Date be later than ____ calendar days after date of acceptance of this Proposal. The Contractor further agrees to prosecute diligently and to complete clearing in strict accordance with the Specifications and Drawings within ____ (____) calendar days (excluding Sundays) after Commencement Date.

(b) The time for Completion of Clearing shall be extended for the period of any reasonable delay which is due exclusively to causes beyond the control and without the fault of the Contractor, including acts of God, fires, floods, inability to obtain materials and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however, that no such extension of time for completion shall be granted the Contractor unless within ten (10) days after the happening of any event relied upon by the Contractor for such an extension of time the Contractor shall have made a request therefor in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

(c) The sequence of construction shall be as set forth below, the numbers or names being the designations of extensions or areas (hereinafter called the ''Sections'') corresponding to the numbers or names shown on the maps attached hereto, or if no Sections are set forth below, the sequence of construction shall be as determined by the Contractor subject to the approval of the Owner.

(d) The Owner may from time to time during the progress of the work on the Project make such changes in, additions to or subtractions from the Specifications, Drawings and sequence of work provided for in the previous paragraph which are part of the Contractor's Proposal as conditions may warrant: Provided, however, that if any change in the work to be done shall require an extension of time, a reasonable extension will be granted if the Contractor shall make a written request therefor to the Owner within ten (10) days after any such change is made. And provided further, that if the cost to the Contractor of completion of the Project shall be materially increased by any such change or addition, the Owner shall pay the Contractor for the reasonable cost thereof in accordance with a Contract Amendment signed by the Owner and the Contractor, but no claim for additional compensation for any such change or addition will be considered unless the Contractor shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.

(e) The Contractor will not perform any work hereunder on Sundays unless there is urgent need for such Sunday work and the Owner consents thereto in writing. The time for completion specified in subsection (a) of this Section 1 shall not be affected in any way by inclusion of this subsection by the Owner's consent or lack of consent to Sunday work hereunder.

Section 2. Environmental Protection. The Contractor shall perform work in such a manner as to maximize preservation of beauty, conservation of natural resources, and minimize marring and scarring of the landscape and silting of streams. The Contractor shall not deposit trash in streams or waterways, and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures. The Contractor shall follow, under the general direction of the Engineer, the criteria relating to environmental protection as specified herein by the Engineer.

Section 3. Supervision and Inspection.

(a) The Contractor shall cause the work on the Project to receive constant supervision by a competent superintendent (hereinafter called the ''Superintendent'') who shall be present at all times during working hours where work is being carried on. The Contractor shall also employ in connection with the Project, capable, experienced and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent shall be binding upon the Contractor.

(b) The Owner reserves the right to require the removal from the Project of any employee of the Contractor if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner shall have the right to require the Contractor to increase the number of its employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Contractor of its obligations to complete the work within the time and in the manner specified in this Proposal.

(c) The manner of performance of the work, and all equipment used therein, shall be subject to the inspection and approval of the Owner. The Owner shall have the right to inspect all payrolls and other data and records of the Contractor relevant to the work. The Contractor will provide all reasonable facilities necessary for such inspection. The Contractor shall have an authorized agent accompany the inspector when final inspection is made and, if requested by the Owner, when any other inspection is made.

(d) In the event that the Owner shall determine that the work contains or may contain numerous defects, it shall be the duty of the Contractor and the Contractor's Surety or Sureties to have an inspection made by an engineer approved by the Owner for the purpose of determining the exact nature, extent and location of such defects.

(e) The Engineer may recommend to the Owner that the Contractor suspend the work wholly or in part for such period or periods as the Engineer may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for the satisfactory prosecution of the work or because of the failure of the Contractor to comply with any of the provisions of the Contract: Provided, however, that the Contractor shall not suspend work pursuant to this provision without written authority from the Owner so to do. The time of completion hereinabove set forth shall be increased by the number of days of any such suspension, except when such suspension is due to the failure of the Contractor to comply with any of the provisions of this Contract. In the event that work is suspended by the Contractor with the consent of the Owner, the Contractor before resuming work shall give the Owner at least twenty-four (24) hours' notice thereof in writing.

Section 4. Unsuitable Workmanship. The acceptance of any workmanship by the Owner or the Engineer shall not preclude the subsequent rejection thereof if such workmanship shall be found to be unsuitable. Workmanship found unsuitable before final acceptance of the work shall be remedied, by and at the expense of the Contractor. The Contractor shall not be entitled to any payment hereunder so long as any unsuitable workmanship in respect to the Project, of which the Contractor shall have had notice, shall not have been remedied.

Article III—Payment

Section 1. Payments to Contractor.

(a) Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Contractor for work accomplished during the preceding calendar month on the basis of a statement of completed clearing units furnished and certified to by the Contractor and approved by the Owner solely for the purposes of payment: Provided, however, that such approval by the Owner shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such statement approved during the clearing of a Section shall be paid by the Owner to the Contractor prior to completion of the Section. Upon completion by the Contractor of the clearing of a Section, the Contractor shall prepare a Final Inventory of the Section showing the total number and character of clearing units and shall deliver to the Owner a Certificate of Contractor and Indemnity Agreement in the form attached hereto, showing the total cost of the work performed and stating (1) that all persons who have furnished labor in connection with the Project and subcontractors who have furnished services for the Project have been paid in full and (2) that the Contractor shall hold the Owner harmless against any liens arising out of the Contractor's performance hereunder which may have been or may be filed against the Owner. Upon the approval of such certificate, the Owner shall make payment to the Contractor of all amounts to which the Contractor shall be entitled thereunder which shall not have been paid.

(b) The Contractor shall be paid on the basis of the number of clearing units actually completed at the direction of the Owner shown by the Final Inventory: Provided, however, that the total cost shall not exceed

the total contract price for the Project as set forth in the Acceptance, unless such excess shall have been approved in writing by the Owner.

(c) No payment shall be due while the Contractor is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Contractor the amount of any claim by a third party against either the Contractor or the Owner based upon an alleged failure of the Contractor to perform the work hereunder in accordance with the provisions of the Contract.

(d) If no Sections are designated in Article II, Section 1 (c) the term ''Section'' shall mean for purposes of this subsection (a) and Article IV, Section 3 (b) only, a part of the Project as designated by the Owner which represents at least twenty-five percent (25%) of the total contract price as stated in the Acceptance.

(e) Interest at the rate of ____ percent [1] (____%) per annum shall be paid by the Owner to the Contractor on all unpaid balances due on monthly statements, commencing fifteen (15) days after the due date; provided the delay in payment beyond the due date is not caused by any condition within the control of the Contractor. The due date for purposes of such monthly payment shall be the fifteenth day of each calendar month provided (1) the Contractor on or before the fifth day of such month shall have submitted its certification of right-of-way clearing units completed during the preceding month and (2) the Owner on or before the fifteenth day of such month shall have approved such certification. If for reasons not due to the Contractor's fault, such approval shall not have been given on or before the fifteenth day of such month, the due date for purposes of this subsection (e) shall be the fifteenth day of such month notwithstanding the absence of the approval of the certification.

(f) Interest at the rate of ____ percent [2] (____%) per annum shall be paid by the Owner to the Contractor on the final payment for the Project or any completed Section thereof, commencing fifteen (15) days after the due date. The due date for purposes of such final payment shall be the date of approval by the Owner of the Final Inventory and receipt of the Certificate of Contractor and Indemnity Agreement as conditions precedent to the making of final payment.

Section 2. Payments to Subcontractors. The Contractor shall pay each subcontractor, if any, within five (5) days after receipt of any payment from the Owner, the amount thereof allowed the Contractor for and on account of services performed by each subcontractor.

Article IV—Particular Undertakings of the Contractor

Section 1. Protection to Persons and Property. The Contractor shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, state, and municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the ''Manual of Accident Prevention in Construction'' of the Associated General Contractors of America unless such instructions are incompatible with Federal, state, or municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

(a) The Contractor shall so conduct work on the Project as to cause the least possible obstruction of public highways.

(b) The Contractor shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances, and regulations or by local conditions.

(c) The Contractor shall do all things necessary or expedient to properly protect any and all parallel, converging, and intersecting lines, joint line poles, highways, and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways, or other property are damaged in the course of work on the Project the Contractor shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.

(d) Where the right-of-way of the Project traverses cultivated lands, the Contractor shall limit the movement of his crews and equipment so as to cause as little damage as possible to crops, orchards, or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during work on the project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. The Contractor shall not be responsible for loss of or damage to crops, orchards, or property (other than livestock) on the right-of-way necessarily incident to work on the Project and not caused by negligence or inefficient operation of the Contractor. The Contractor shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by work on the Project. The right-of-way for purposes of this said section shall consist of an area extending ____ feet on both sides of the center line of the poles along the route of the Project lines, plus such area reasonably required by the Contractor for access to the route of the Project lines from public roads to carry on the work.

(e) The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided, shall be under the charge and control of the Contractor and during such period of control by the Contractor all risks in connection with the work on the Project and the materials to be used therein shall be borne by the Contractor. The Contractor shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Contractor by reason of an act of God or other casualty or cause whether or not the same shall have occurred by reason of the Contractor's negligence.

(i) To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Contractor's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Contractor's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Contractor, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Contractor liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.

(ii) To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Contractor, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Contractor shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Contractor does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Contractor.

(iii) Contractor shall provide to Owner's satisfaction evidence of Contractor's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

(f) Any and all excess earth, rock, debris, underbrush, and other useless material shall be removed by the Contractor from the site of the Project as rapidly as practicable as the work progresses. The Contractor shall not deposit trash in streams or waterways, and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures.

(g) Upon violation by the Contractor of any provisions of this section, after written notice of such violation given to the Contractor by the Owner, the Contractor shall immediately correct such violation. Upon failure of the Contractor so to do the Owner may correct such violation at the Contractor's expense.

(h) The Contractor shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.

(i) The Contractor shall not proceed with the cutting of trees or clearing of right-of-way

[1] The Owner shall insert a rate equal to the lowest ''Prime Rate'' listed in the ''Money Rates'' section of the Wall Street Journal on the date such invitation to bid is issued.

[2] See Footnote 1.

without written notification from the Owner that proper authorization has been received from the owner of the property and the Contractor shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on his land in connection with the Project and shall obtain the consent in writing of the Owner before proceeding in any such case.

Section 2. Insurance. The Contractor shall take out and maintain throughout the period of this Agreement the following minimum amounts of insurance:

(a) Worker's compensation and employer's liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employer or employee is not subject to workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

(b) Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(c) Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million each occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3. Delivery of Possession and Control to the Owner.

(a) Upon written request of the Owner, the Contractor shall deliver to the Owner full possession and control of any portion of the Project provided the Contractor shall have been paid at least ninety percent (90%) of the cost of the work of such portion. Upon such delivery of possession and control to the Owner, the risks and obligations of the Contractor as set forth in Section 1(e) of this Article IV with respect to such portion so delivered to the Owner, shall be terminated: Provided, however, that nothing herein contained shall relieve the Contractor of any liability with respect to unsuitable workmanship as specified in Article II, Section 4.

(b) Where the construction of a Section as hereinbefore defined in Article II, Section 1 (c) and Article III, Section 1 (d) shall have been completed by the Contractor, the Owner agrees, after receipt of a written request from the Contractor, to accept delivery of possession and control of such Section upon having inspected the Section and having found the work acceptable. Upon such delivery of the possession and control of any such Section to the Owner, the risk and obligations of the Contractor as set forth in Article IV, Section 1 (e) hereof with respect to such Section so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Contractor of any liability with respect to unsuitable workmanship as specified in Article II, Section 4 hereof.

Section 4. Assignment of Guarantees. All guarantees of materials and workmanship running in favor of the Contractor shall be transferred and assigned to the Owner prior to the time the Contractor receives final payment for any Section.

Article V—Remedies

Section 1. Completion on Contractor's Default. If default shall be made by the Contractor or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Contractor and the Surety, if any, a written notice requiring the Contractor to cause such default to be corrected forthwith.

Unless within twenty (20) days after the service of such notice upon the Contractor and the Surety, if any, such default shall be corrected or arrangements for the correction thereof satisfactory to the Owner shall be made, the Owner may take over the work on the Project and prosecute the same to completion by contract or otherwise for the account and at the expense of the Contractor, and the Contractor shall be liable to the Owner for any cost or expense in excess of the contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the Project, any materials, tools, supplies, equipment, appliance, and plant belonging to the Contractor or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims, or demands which the Contractor may have against third persons in connection with this Proposal and for such purpose the Contractor does hereby assign, transfer, and set over unto the Owner all such rights, claims, and demands.

Section 2. Liquidated Damages. The time of the Completion of Clearing is of the essence of the Contract. Should the Contractor neglect, refuse or fail to complete the clearing within the time herein agreed upon, after giving effect to extensions of time, if any, herein provided, then, in that event and in view of the difficulty of estimating with exactness damages caused by such delay, the Owner shall have the right to deduct from and retain out of such monies which may be then due, or which may become due and payable to the Contractor the sum of ____ dollars (____) per day for each and every day that such work is delayed in its completion beyond the specified time, as liquidated damages and not as a penalty; if the amount due and to become due from the Owner to the Contractor is insufficient to pay in full any such liquidated damages, the Contractor shall pay to the Owner the amount necessary to effect such payment in full: Provided, however, that the Owner shall promptly notify the Contractor in writing of the manner in which the amount retained, deducted or claimed as liquidated damages was computed.

Section 3. Cumulative Remedies. Every right or remedy herein conferred upon or reserved to the Owner shall be cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election: Provided, however, that the provision of Section 2 of this Article shall be the exclusive measure of damages for failure by the Contractor to complete the clearing within the time herein agreed upon.

Article VI—Miscellaneous

Section 1. Definitions.

(a) The term ''Engineer'' shall mean the engineer employed by the Owner to provide engineering services for the Project and said Engineer's duly authorized assistants and representatives. The term ''Engineer'' will mean ''Owner'' if no engineer is employed by the Owner to provide engineering services.

(b) The term ''Completion of Clearing'' shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof except the Contractor's obligations in respect of furnishing (1) the ''Certificate of Contractor and Indemnity Agreement'' and (2) the Final Inventory both referred to in Article III, Section 1 hereof.

(c) The term ''Completion'' shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof relating to any Section of the Project or to the Project.

Section 2. Patent Infringement. The Contractor shall save harmless and indemnify the owner from any and all claims, suits and proceedings for the infringement of any patent or patents covering any materials or equipment used in construction of the Project.

Section 3. Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Contractor.

Section 4. Compliance with Statutes and Regulations. The Contractor will comply with all applicable statutes, ordinances,

rules, and regulations pertaining to the work. The Contractor acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. §§ 286, 287, 1001, as amended. The Contractor understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of governmental agencies having jurisdiction in the premises.

Section 5. Equal Opportunity Provisions.

(a) Contractor's Representations.

The Contractor represents that:

It has __, does not have __, 100 or more employees, and if it has, that it has __, has not __, furnished the Equal Employment Opportunity—-Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Contractor agrees that it will obtain, prior to the award of any subcontractor for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100. The Contractor agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000, the Contractor will file such report, as required by law, and notify, the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

(b) Equal Opportunity Clause. During the performance of this Contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or worker's representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(6) In the event of the Contractor's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations or orders, this Contract may be cancelled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

(c) Certificate of Nonsegregated Facilities. The Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Contractor agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 6. Franchises and Rights-of-way. The Contractor will be under no obligation to obtain or assist in obtaining any franchises, authorizations, permits, or approvals required to be obtained by the Owner from Federal, state, county, municipal or other authority; any rights-of-way over private lands; or any agreements between the Owner and third parties with respect to the construction and operation of the Project.

Section 7. Nonassignment of Contract. The Contractor shall not assign the Contract effected by an acceptance of this Proposal or any part thereof or enter into any contract with any person, firm or corporation for the performance of the Contractor's obligations thereunder, or any part thereof, without the approval in writing of the Owner.

Section 8. Extension to Successors and Assigns. Each and all of the covenants and agreements contained in the Contract effected by the acceptance of the Proposal shall extend to and be binding upon the successors and assigns of the parties thereto.

_____ (Contractor)
By _____ (President)
_____ (Address)
Attest: _____ (Secretary)
Date of Proposal _____

This Proposal must be signed with the full name of the Contractor. If the Contractor is a partnership, the Proposal must be signed in the partnership name by a partner. If the Contractor is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

Description of Units

Right-of-Way Clearing Units:

R1–10. The unit is 1,000 feet in length and 10 feet in width (to be measured on one side of the pole line) of actual clearing of right-of-way. This includes clearing of underbrush, tree removal, and such tree trimming as is required so that the right-of-way, except for tree stumps which shall not exceed _____ in height, shall be clear from the ground up of the width specified on one side of the line of poles carrying primary conductors. This unit does not include clearing or trimming associated with secondaries or services which is included with conductor units. The length of actual clearing shall be measured in a straight line parallel to the horizontal line between stakes and across the maximum dimension of foliage cleared projected to the

ground line. All trees and underbrush across the width of the right-of-way, as designated by the Engineer shall be considered to be grouped together as a single length in measuring the total length of clearing. Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement. All length thus arrived at, added together and divided by 1,000, shall give the number of 1,000-foot R1–10 units of clearing. This unit includes the removal or topping, at the option of the Contractor; of danger trees outside of the right-of-way when so designated by the Engineer. (Danger trees are defined as dead or leaning trees which, in falling, will affect the operation of the line.) The Contractor shall not remove or trim shade, fruit or ornamental trees unless so directed by the Engineer.

R1–20. This unit is identical with R1–10 except that width is 20 feet (to be measured 10 feet on each side of the pole line).

R1–30. This unit is identical with R1–10 except that width is 30 feet (to be measured 15 feet on each side of the pole line).

R1–40. This unit is identical with R1–10 except that width is 40 feet (to be measured 20 feet on each side of the pole line).

RC1–10, RC1–20, RC1–30, RC1–40. These units are identical to the respective R1 units except that chemical treatment of stumps is required in addition to the clearing of underbrush, tree removal and tree trimming.

TM–12. The unit is 1,000 feet in length and ____ (____) feet in width (to be measured ____ (____) feet on one side of pole line or centerline of structures) of actual clearing of right-of-way. This includes clearing of underbrush, tree removal, and such tree trimming as is required so that the right-of-way, except for tree stumps which shall not exceed ____ in height, shall be clear from the ground up on one side of the line poles carrying conductors. (See Detail A, Drawing TM–12–2A). The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or centerline of structures and across the maximum dimension of foliage cleared projected to the ground line (See Detail B, Drawing TM–12–2A). All trees and underbrush across the width of the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A). Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement. All length thus arrived at, added together and divided by 1,000 shall give the number of TM–12 units of clearing. The Contractor shall not remove or trim shade, fruit or ornamental trees unless so directed by the Engineer in writing.

TM–12 (1). This unit is identical with TM–12, except the full width of the right-of-way to be cleared shall be ____ (____) feet wide (to be measured ____ (____) feet on each side of the pole line or centerline of structures) (See Detail D, Drawing TM–12–2A.)

TMC–12, TMC–12(1). These units are identical to the respective TM units except that chemical treatment of stumps is required in addition to the clearing of underbrush, tree removal and tree trimming.

TM–13. The unit, for purpose of quoting, is 1,000 feet in length of clearing off the right-of-way. The Engineer will select those trees of the right-of-way that he deems to be a hazard to the line and will designate them to the Contractor in writing as danger trees. When so designated, the Contractor shall remove or top such trees at his option except that the Contractor shall trim and not remove shade, fruit or ornamental trees unless otherwise directed by the Engineer in writing (See Drawings TM–12–2A and TM–13 for examples of danger trees).

The measurement of length of right-of-way to be cleared shall be considered as a straight line parallel to the horizontal line between poles or centerline of structures, such measurement of length to be based on maximum dimension of foliage (not trunk) projected to the ground line (See Details E, F, G, and H, Drawing TM–12–2A). Dead trees having no foliage shall be measured across the maximum dimension and multiplied by two. (See Detail F, Drawing TM–12–2A). Each tree so removed shall be added together to determine the total length of clearing. All length thus arrived at, added together and divided by 1,000 shall give the number of TM–13 units (Example: Details E, F, G, and H, Drawing TM–12–2A, total .1 of a TM–13 unit).

TM–14. The unit is 1,000 feet in length and ____ (____) feet in width (to be measured ____ (____) feet on one side of right-of-way center line) of actual clearing of right-of-way. Trees and underbrush should be cleared from the ground up within 10 feet of any structure location. The Engineer will mark the trees and brush to be cleared to provide ''undulating'' boundaries. Low growing trees and brush are to be left in the right-of-way to the extent it will not be hazardous to the line or will not interfere with the access road. The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or center line of structures and across the maximum dimension of foliage cleared projected to the ground line (See Detail B, Drawing TM–12–2A). All trees and underbrush cleared across the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A). Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement.

TM–14 (1). This unit is identical with TM–14 except the full width of the right-of-way to be cleared shall be ____ (____) feet wide (See Detail D, Drawing TM–12–2A).

TM–15. The unit is 1,000 feet in length and ____ (____) feet in width (to be measured ____ (____) feet on one side of the right-of-way center line) of actual clearing of the right-of-way. Trees and underbrush should be cleared from ground up within 10 feet of any structure location. The Engineer will mark the trees and brush to be cleared to provide a ''feathered'' appearance in the right-of-way. Low growing trees and brush are to be left in the right-of-way to the extent it will not be hazardous to the line or will not interfere with the access road.

The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or center line of structures and across the maximum dimension of foliage cleared projected to ground line. (See Detail B, Drawing TM–12–2A). All trees and underbrush cleared across the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A). Spaces along the right-of-way, in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement.

TM–15 (1). This unit is identical to TM–15 except the full width of the right-of-way to be cleared shall be ____ (____) feet wide (See Detail D, Drawing TM–12–2A).

Additional Requirements. (When specifying units denote type of disposal A or B).

A. Trees, brush, branches and refuse shall, without delay be disposed of by such of the following methods as the Engineer will direct (Engineer to strike out methods not to be used).

1. Burned
2. Piled on one side of right-of-way
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (Describe)

B. Trees that are felled shall be cut to commercial wood lengths, stacked neatly, and left on the right-of-way for the landowner. Commercial wood length means the length designated by the Engineer but in no case shall it be required to be less than ____ (____) feet. Brush, branches and refuse shall, without delay, be disposed of by such of the following methods as the Engineer will direct (Engineer to strike out methods not to be used).

1. Burned
2. Piled on one side of right-of-way
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (Describe)

Specifications

In preparing the right-of-way, trees shall be removed, underbrush cleared, and trees trimmed so that the right-of-way shall be clear from the ground up or as specified. Trees fronting each side of the right-of-way shall be trimmed symmetrically unless otherwise directed by the Engineer. Dead trees beyond the right-of-way which would strike the line in falling shall be removed. Leaning trees beyond the right-of-way which would strike the line in falling and which would require topping if not removed may be removed or topped at the direction of the Engineer.

Where RC or TMC units are specified, the right-of-way shall be cleared in accordance with the instructions in the preceding paragraph and in addition, all stumps one-half inch in diameter and larger shall be sprayed as specified by the Engineer.

Right-of-Way Units

DISTRIBUTION CLEARING UNITS

Unit No.	No. of units	Unit price	Extended price
.....			

Total _____

TRANSMISSION CLEARING UNITS

Unit No.	No. of units	Unit price	Extended price

Total _____
Total Distribution and Transmission _____

Acceptance

The Owner hereby accepts the foregoing Proposal of the Contractor, _____ for the following:

Total Distribution Clearing: $_____
Total Transmission Clearing: $_____
The total contract price is $_____
_____ Owner

By _____ President
_____ Secretary
_____ Date of Contract

[End of clause]

§ 1726.322 Transmission system right-of-way clearing contract, RUS Form 203.

The contract form in this section shall be used when required by this part. This form refers to guide drawings, which do not contain requirements, and, hence, are not included in this part. The guide drawings are included in the printed form available from RUS (See § 1726.300.).

Transmission System Right-of-Way Clearing Contract

Notice and Instructions to Bidders

1. Sealed proposals for the clearing of underbrush and trees from right-of-way, including the supply of necessary labor and equipment, of a rural electric system of ____ (hereinafter called the ''Owner'') bearing the RUS Designation ____ will be received by the Owner on or before ____ o'clock __M., ____ 19____, at its office at ____ at which time and place the proposals will be publicly opened and read. Any proposal received subsequent to the time specified will be promptly returned to the Bidder unopened.

2. Description of Project. The Project will consist of approximately: ____ miles of right-of-way clearing. The Project is located in ____ Counties in the State of ____.

3. Obtaining Documents. All necessary forms and other documents for bidders may be obtained from the Owner, or from the Engineer ____ at the latter's office at ____. A copy of the Loan Contract (if the Project is to be financed in whole or in part, pursuant to a Loan Contract) between the Owner and the United States of America acting through the Administrator of the Rural Utilities Service (hereinafter called the Administrator), and any other lender's contract may be examined at the office of the Owner. Each set of documents will have a serial number, given by the Engineer, and the number of each set with the name of the recipient will be recorded by the Engineer. Bids will be accepted only from the original recipient.

4. Manner of Submitting Proposals. Proposals and all supporting instruments must be submitted on the forms furnished by the Owner and must be delivered in a sealed envelope addressed to the Owner. The name and address of the Bidder, its license number if a license is required by the State, and the date and hour of the opening of bids must appear on the envelope in which the Proposal is submitted. Proposals must be filled in in ink or typewritten. No alterations or interlineations will be permitted, unless made before submission, and initialed and dated.

5. Familiarity with Conditions. Prior to the submission of the Proposal the Bidder shall make and shall be deemed to have made a careful examination of the site of the Project and of the Specifications, Drawings, and forms of Contractor's Proposal and Contractor's Bond on file with the Secretary of the Owner and with the Engineer, and shall become informed as to the location and nature of the proposed work, the transportation facilities, the kind and character of soil and terrain to be encountered, the kind of facilities required before and during the construction of the Project. Bidders will be required to comply with all applicable statutes, regulations, etc., including those pertaining to the licensing of contractors, and the so-called ''Kick-back Statute'' (48 Stat. 948) and regulations issued pursuant thereto.

6. Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.

7. The time for Completion of the Project shall be as specified by the Engineer in the Proposal.

8. Bid Bond. Each Proposal must be accompanied by a bid bond in the form attached or a certified check on a bank that is a member of the Federal Deposit Insurance Corporation, payable to the order of the Owner, in an amount equal to ten percent (10%) of the maximum bid price. Each Bidder agrees, provided its Proposal is one of the three low Proposals, that, by filing its Proposal together with such bid bond or check in consideration of the Owner's receiving and considering such Proposals, said Proposal shall be firm and binding upon each such Bidder and such bid bond or check shall be held by the Owner until a Proposal is accepted and a satisfactory Contractor's Bond is furnished (where required) by the successful Bidder and such acceptance has been approved by the Administrator, or for a period not to exceed sixty (60) days from the date hereinbefore set for the opening of Proposals, whichever period shall be the shorter. If such Proposals is not one of the three low Proposals, the bid bond or check will be returned in each instance within a period of ten (10) days to the Bidder furnishing same.

9. Contractor's Bond. The successful Bidder will be required to execute two additional counterparts of the Proposal and, for a Contract in excess of $100,000, to furnish a Contractor's Bond in triplicate in the form attached hereto with sureties listed by the United States Treasury Department as Acceptable Sureties, in a penal sum not less than the contract price.

10. Failure to Furnish Contractor's Bond. Should the successful Bidder fail or refuse to execute such counterparts or to furnish a Contractor's Bond (where required) within ten (10) days after written notification of the acceptance of the Proposal by the Owner, the Bidder will be considered to have abandoned the Proposal. In such event, the Owner shall be entitled (a) to enforce the bid bond in accordance with its terms, or (b) if a certified check has been delivered with the Proposal, to retain from the proceeds of the certified check, the difference (not exceeding the amount of the certified check) between the amount of the Proposal and such larger amount for which the Owner may in good faith contract with another party to construct the Project. The term ''successful Bidder'' shall be deemed to include any Bidder whose Proposal is accepted after another Bidder has previously refused or has been unable to execute the counterparts or to furnish a satisfactory Contractor's Bond (where required.)

11. Contract is Entire Agreement. The Contract to be effected by the acceptance of the Proposal shall be deemed to include the entire agreement between the parties thereto, and the Bidder shall not claim any modification thereof resulting from any representation or promise made at any time by any officer, agent or employee of the Owner or by any other person.

12. Minor Irregularities. The Owner reserves the right to waive minor irregularities or minor errors in any Proposal, if it appears to the Owner that such irregularities or errors were made through inadvertence. Any such irregularities or errors so waived must be corrected on the Proposal in which they occur prior to the acceptance thereof by the Owner.

13. Bid Rejection. The Owner reserves the right to reject any or all Proposals.

14. Definition of Terms. The terms ''Administrator,'' ''Engineer,'' ''Supervisor,'' ''Project,'' ''Completion of Construction'' and ''Completion of the Project'' as used throughout this Contract shall be as defined in Article VI, Section 1, of the Contractor's Proposal.

15. The Owner represents:

a. All easements and rights-of-way, except as shown on maps included in the Specifications, have been obtained from the Owners of the properties across which the project is to be carried out (including tenants who may reasonably be expected to object to such clearing). The remaining easements and rights-of-way, if any, will be obtained as required to avoid delay in construction.

b. Prompt payment for the work to be done will be made with funds pursuant to the Loan Contract, or with funds otherwise available to the Owner.

If the Owner shall fail to comply with any of the undertakings contained in the

foregoing representations or if any such representations shall be incorrect, the Bidder will be entitled to extension of time of completion for a period equal to the delay, if any, caused by the failure of the Owner to comply with such undertakings or by any such incorrect representation; provided the Bidder shall have promptly notified the Owner in writing of its desire to extend the time of completion in accordance with the foregoing.

_____ Owner

By _____

_____, 19____

Contractor's Proposal

(Proposal shall be submitted in ink or typewritten)

To: _____ (Hereinafter called the ''Owner'')

Article I—General

Section 1. Offer to Clear. The undersigned (hereinafter called the ''Bidder'') hereby proposes to furnish all materials, equipment, machinery, tools, labor, transportation and other means required to clear rights-of-way for rural electric system bearing the RUS Designation ____ in strict accordance with the Specifications and Drawings therefore, attached hereto and made a part hereof, for the prices hereinafter stated.

Section 2. Description of Contract. The Notice and Instructions to Bidders and Specifications attached hereto and made a part hereof, together with the Proposal and Acceptance constitute the contract. The Specifications consisting of maps, plan and profile sheets showing the number and types of right-of-way units that are to be cleared for each parcel, along with other special drawings are identified as follows: ____.

Section 3. Familiarity with Conditions. The Bidder has made a careful examination of the site of the Project and of the Specifications, Drawings, and form of Contractor's Bond attached hereto, and has become informed as to the location and nature of the proposed work, the transportation facilities, the kind and character of soil and terrain to be encountered, and the kind of facilities required for undertaking and completing the Project, and has become acquainted with the labor conditions, state and local laws and regulations which would affect the proposed work.

Section 4. License. The Bidder warrants that a Contractor's License is ____, is not ____, required, and if required, it possesses Contractor's license number _____ for the State of _____ in which the Project is located and said license expires on _____, 19____.

Section 5. The Bidder warrants that this Proposal is made in good faith and without collusion or connection with any person or persons bidding for the same work.

Section 6. The Bidder warrants that it possesses adequate financial resources and agrees that in the event this Proposal is accepted and a Contractor's Bond is required, it will furnish a Contractor's Bond in the form attached hereto, in a penal sum not less than the maximum Contractor price, with a surety or sureties listed by the United States Treasury Department as Acceptable Sureties.

In the event that the surety or sureties on the performance bond delivered to the Owner contemporaneously with the execution of the Contract or on any bond or bonds delivered in substitution therefore or in addition thereto shall at any time become unsatisfactory to the Owner or the Administrator, the Bidder agrees to deliver to the Owner another or an additional bond.

Article II—Construction

Section 1. Time and Manner of Work.

(a) Bidder agrees to commence work on the Project on a date (hereinafter called the ''Commencement Date'') which shall be determined by the Engineer after notice in writing of approval of the Contract by the Administrator, but in no event will the Commencement Date be later than _____ calendar days after date of approval of the Contract by the Administrator. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Specifications and Drawings within _____ (_____) calendar days (excluding Sundays) after Commencement Date.

(b) The time for Completion of Clearing shall be extended for the period of any reasonable delay which is due exclusively to causes beyond the control and without the fault of the Bidder, including Acts of God, fires, floods, inability to obtain materials and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided however, that no such extension of time for completion shall be granted the Bidder unless within ten (10) days after the happening of any event relied upon by the Bidder for such an extension of time the Bidder shall have made a request therefore in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omission of the Owner, shall result in any liability on the part of the Owner.

(c) The sequence of construction shall be as set forth below, the numbers or names being the designations of extensions or areas (hereinafter called the ''Sections'') corresponding to the numbers or names shown on the maps attached hereto, or if no Sections are set forth below, the sequence of construction shall be as determined by the Bidder, subject to the approval of the Engineer _____.

(d) The Owner, acting through the Engineer and with the approval of the Administrator [1], may from time to time during the progress of the work on the Project make such changes in additions to or subtractions from the Specifications, Drawings, and sequence of construction provided for in the previous paragraph which are part of the Contractor's Proposal as conditions may warrant: Provided, however, that if any change in the construction to be done shall require an extension of time, a reasonable extension will be granted if the Bidder shall make a written request therefore to the Owner within ten (10) days after any such change is made. And provided further, that if the cost to the Bidder of construction of the Project shall be materially increase by any such change or addition, the Owner shall pay the Bidder for the reasonable cost thereof in accordance with a Contract Amendment signed by the Owner and the Bidder and approved by the Administrator [2], but no claim for additional compensation for any such change or addition will be considered unless the Bidder shall have made a written request therefore to the Owner prior to the commencement of work in connection with such change or addition.

(e) The Bidder will not perform any work hereunder on Sundays unless there is urgent need for such Sunday work and the Owner consents thereto in writing. The time for completion specified in subsection (a) of this Section 1 shall not be affected in any way by inclusion of this subsection nor by the Owner's consent or lack of consent to Sunday work hereunder.

Section 2. Environmental Protection. The Bidder shall perform work in such a manner as to maximize preservation of beauty, conservation of natural resources, and minimize marring and scarring of the landscape and silting of streams. There should be no deposition of trash in streams or waterways. Herbicides, other chemicals or their containers should not be deposited in or near streams, waterways or pastures. The Bidder will be required to follow, under the general direction of the engineer, the criteria relating to environmental protection as specified herein by the engineer.

Section 3. Supervision and Inspection.

(a) The Bidder shall cause the work on the Project to receive constant supervision by a competent superintendent (hereinafter called the ''Superintendent'') who shall be present at all times during working hours where work is being carried on. The Bidder shall also employ in connection with the Project, capable, experienced and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent shall be binding upon the Bidder.

(b) The Owner reserves the right to require the removal from the Project of any employee of the Bidder if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner or the Supervisor, if any, shall have the right to require the Bidder to increase the number of its employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner or Supervisor; but the failure of the Owner or Supervisor to give any such directions shall not relieve the Bidder of its obligations to complete the work within the time and in the manner specified in this proposal.

(c) The manner of carrying out the Project, and all materials and equipment used therein, shall be subject to the inspection,

[1] As long as the total price of this contract including all amendments is less than 120 percent of the original contract price as stated in the acceptance hereto, amendments executed on RUS Form 238 are not subject to the approval of the Administrator. Whenever an amendment to this contract causes the total amended contract to exceed 120 percent of the original contract price, that amendment and all subsequent amendments to this contract shall be made subject to the approval of the Administrator.

[2] See Footnote 1.

tests and approval of the Owner and the Administrator, and the Bidder shall furnish all information required by the Owner or by the Administrator concerning the nature or source of any materials incorporated or to be incorporated in the Project. The Owner and the Administrator shall have the right to inspect all payrolls, invoices of materials, and other data and records of the Bidder and of any subcontractor, relevant to the Project. The Bidder shall provide all reasonable facilities necessary for such inspection and tests and shall maintain an office at the site of the Project, with telephone service where obtainable and at least one office employee to whom directions and instructions of the Owner may be delivered. Delivery of such directions or instructions in writing to the employee of the Bidder at such office shall constitute delivery to the Bidder. The Bidder shall have an authorized agent accompany the Engineer when final inspection is made and, if requested by the Owner, when any other inspection is made.

(d) In the event that the Owner, or the Administrator, shall determine that the work contains or may contain numerous defects, it shall be the duty of the Bidder and the Bidder's Surety or Sureties, if any, to have an inspection made by an engineer approved by the Owner and the Administrator for the purpose of determining the exact nature, extent and location of such defects.

(e) The Engineer may recommend to the Owner that the Bidder suspend the work wholly or in part for such period or periods as the Engineer may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for the satisfactory prosecution of the work or because of the failure of the Bidder to comply with any of the provisions of the Contract: Provided, however, that the Bidder shall not suspend work pursuant to this provision without written authority from the Owner to do so. The time of completion hereinabove set forth shall be increased by the number of days of any such suspension, except when such suspension is due to the failure of the Bidder to comply with any of the provisions of this Contract. In the event that work is suspended by the Bidder with the consent of the Owner, the Bidder before resuming work shall give the Owner at least twenty-four (24) hours notice thereof in writing

Section 4. Unsuitable Workmanship. The acceptance of any workmanship by the Owner or the Engineer shall not preclude the subsequent rejection thereof if such workmanship shall be found to be unsuitable. Workmanship found unsuitable before final acceptance of the work shall be remedied, by and at the expense of the Bidder. The Bidder shall not be entitled to any payment hereunder so long as any unsuitable workmanship in respect to the Project, of which the Bidder shall have had notice, shall not have been remedied.

Article III—Payments and Release of Liens

Section 1. Payments to Bidder.

(a) Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Bidder for work accomplished during the preceding calendar month on the basis of completed rights-of-way clearing units furnished and certified to by the Bidder, recommended by the Engineer and approved by the Owner solely for the purposes of payment: Provided, however, that such approval shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such estimate shall be paid by the Owner to the Bidder prior to Completion of the Project: Provided, however, that at any time after work, which, in the sole determination of the Engineer, amounts to fifty percent (50%) of the maximum contract price has been completed, the Owner may elect, in lieu of paying ninety percent (90%) of each such subsequent estimate, to pay each such subsequent estimate in full. Upon completion by the Bidder of the Project, the Engineer will prepare a Final Inventory of the Project showing the total number and character of rights-of-way clearing units and, after checking such inventory with the Bidder, will certify it to the Owner, together with a certificate of the total cost of the construction performed. Upon the approval of such certificates by the Owner and the Administrator, the Owner shall make payment to the Bidder of all amounts to which the Bidder shall be entitled thereunder which shall not have been paid: Provided, however, that such final payments shall be made not later than ninety (90) days after the date of Completion of Construction of the Project, as specified in the Certificate of Completion, unless withheld because of the fault of the Bidder.

(b) The Bidder shall be paid on the basis of the number of rights-of-way clearing units actually completed at the direction of the Owner shown by the inventory based on the staking sheets or structure lists; Provided, however, that the total cost shall not exceed the maximum contract price for the construction of the Project as set forth in the Acceptance, unless such excess shall have been approved in writing by the Administrator.

(c) Notwithstanding the provisions of Section 1 (a) above, the Bidder may, by giving written notice thereof to the Owner elect to receive payment in full for any Section of the Project upon:

(1) completion of such Section as certified by the Engineer and approved by the Owner and the Administrator;

(2) submission to the Owner and the Administrator of the releases of lien and the certificate referred to in Section 2 hereof;

(3) approval by the Owner and the Administrator of the inventory in respect of such Section; and

(4) submission to the Owner and the Administrator of the consent in writing by the Surety or Sureties, if any, on the Contractor's Bond to payment in full for such Section prior to Completion of Project.

If no Sections are designated in Article II, Section 1 (c), the term ''Section'' shall mean for purposes of this subsection (a) and Article IV, Section 3 (b) only, a part of the Project as designated by the Owner which represents at least twenty-five percent (25%) of the maximum Contract price as stated in Article III, Section 1.

(d) Interest at the rate of ____ percent[3] (____%) per annum shall be paid by the Owner to the Bidder on all unpaid balances due on monthly estimates, commencing fifteen (15) days after the due date; provided the delay in payment beyond the due date is not caused by any condition within the control of the Bidder. The due date for purposes of such monthly payment shall be the fifteenth day of each calendar month provided (1) the Bidder on or before the fifth day of such month shall have submitted its certification of rights-of-way clearing units completed during the preceding month and (2) the Owner on or before the fifteenth day of such month shall have approved such certification. If, for reasons not due to the Bidder's fault, such approval shall not have been given on or before the fifteenth day of such month, the due date for purposes of this subsection (d) shall be the fifteenth day of such month notwithstanding the absence of the approval of the certification.

(e) Interest at the rate of ____ percent[4] (____%) per annum shall be paid by the Owner to the Bidder on the final payment for the Project or any completed Section thereof, commencing fifteen (15) days after the due date. The due date for purposes of such final payment shall be the date of approval by the Administrator of all of the documents requiring such approval, as a condition precedent to the making of final payment, or ninety (90) days after the date of Completion of Construction of the Project, as specified in the Certificate of Completion, whichever date is earlier.

(f) No payment shall be due while the Bidder is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Bidder the amount of any claim by a third party against either the Bidder or the Owner based upon an alleged failure of the Bidder to perform the work hereunder in accordance with the provisions of this Contract.

Section 2. Release of Liens and Certificate of Contractor. (See sample RUS Form 224, Waiver and Release of Lien and sample RUS Form 231, Certificate of Contractor.) Upon the Completion of Clearing by the Bidder (or any Section thereof if the Bidder shall elect to receive payment in full for any section when completed as provided above) but prior to final payment to the Bidder the Bidder shall deliver to the Owner, in duplicate, releases of all liens and of rights to claim any lien, in the form attached hereto from all manufacturers, materialmen, and subcontractors furnishing services or materials for the Project or such Section and a certificate in the form attached hereto to the effect that all labor used on or for the Project or such Section has been paid and that all such releases have been submitted to the Owner for approval.

Section 3. Payments to Subcontractors. The Bidder shall pay each subcontractor, if any, within five (5) days after receipt of any payment from the Owner, the amount thereof

[3] The Owner shall insert a rate equal to the lowest ''Prime Rate'' listed in the ''Money Rates'' section of the Wall Street Journal on the date such invitation to bid is issued.

[4] See Footnote 3.

allowed the Bidder for and on account of work performed by each subcontractor.

Article IV—Particular Undertakings of the Bidder

Section 1. Protection to Persons and Property. The Bidder shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the ''Manual of Accident Prevention in Construction'' of the Associated General Contractors of America unless such instructions are incompatible with Federal, State, or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

(a) The Bidder shall at no time and under no circumstances cause or permit any employee of the Bidder to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in the Notice and Instructions to Bidders.

(b) The Bidder shall so conduct the construction of the Project as to cause the least possible obstruction of Public highways.

(c) The Bidder shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances and regulations or by local conditions.

(d) The Bidder shall do all things necessary or expedient to properly protect any and all parallel, converging and intersecting lines, joint line poles, highways and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways or other property are damaged in the course of the construction of the Project, the Bidder shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.

(e) Where the right-of-way of the Project traverses cultivated lands, the Bidder shall limit the movement of its crews and equipment so as to cause as little damage as possible to crops, orchards or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during the construction of the Project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. The Bidder shall not be responsible for loss of or damage to crops, orchards or property (other than livestock) on the right-of-way necessarily incident to the construction of the Project and not caused by negligence or inefficient operation of the Bidder. The Bidder shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by the construction of the Project. The right-of-way for purposes of this said section shall consist of area extending _____ feet on both sides of the center line of the poles along the route of the Project lines, plus such area reasonably required by the Bidder for access to the route of the Project lines from Public roads to carry on construction activities.

(f) The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control in whole or in part as hereinafter provided shall be under the charge and control of the Bidder and during such period of control by the Bidder all risks in connection with the construction of the Project and the materials to be used therein shall be borne by the Bidder. The Bidder shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Bidder by reason of any Act of God or other casualty or cause whether or not the same shall have occurred by reason of the Bidder's negligence.

(i) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Bidder's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Bidder's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.

(ii) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Bidder, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Bidder shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Bidder does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Bidder.

(iii) Bidder shall provide to Owner's satisfaction evidence of Bidder's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

(g) Any and all excess earth, rock, debris, underbrush and other useless material shall be removed by the Bidder from the site of the Project as rapidly as practicable as the work progresses. There should no disposition of trash in streams or waterways. Herbicides, other chemicals or their containers should not be deposited in or near streams, waterways or pastures.

(h) Upon violation by the Bidder of any of the provisions of this section, after written notice of such violation given to the Bidder by the Engineer or the Owner, the Bidder shall immediately correct such violation. Upon failure of the Bidder so to do the Owner may correct such violation at the Bidder's expense: Provided, however, that the Owner may, if it deems it necessary or advisable, correct such violation at the Bidder's expense without such prior notice to the Bidder.

(i) The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.

(j) The Bidder shall not proceed with the cutting of trees or clearing of right-of-way without written notification from the Owner that proper authorization has been received from the owner of the property, and the Bidder shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on its land in connection with the Project and shall obtain the consent in writing of the Owner before proceeding in any such case.

Section 2. Insurance. The Bidder shall take out and maintain throughout the contract period insurance of the following types and minimum amounts:

(a) Workers' compensation and employers' liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employer or employee is not subject to the workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

(b) Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(c) Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million per occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and

''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3. Delivery of Possession and Control to Owner.

(a) Upon written request of the Owner the Bidder shall deliver to the Owner full possession and control of any portion of the Project provided the Bidder shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of the possession and control of any portion of the Project to the Owner, the risk and obligations of the Bidder as set forth in Article IV, Section 1(f) hereof with respect to such portion of the Project so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials and workmanship as contained in Article II, Section 4 hereof.

(b) Where the construction of a Section as hereinbefore defined in Article II, Section 1 (c) and Article III, Section 1(c) shall have been completed by the Bidder, the Owner agrees, after receipt of a written request from the Bidder, to accept delivery of possession and control of such Section upon the issuance by the Engineer of a written statement that the Section has been inspected and found acceptable by the Engineer. Upon such delivery of the possession and control of any such Section to the Owner, the risk and obligations of the Bidder as set forth in Article IV, Section 1(f) hereof with respect to such Section so delivered to the Owner shall be terminated; Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials or workmanship as contained in Article II, Section 4 hereof.

Section 4. Assignment of Guarantees. All guarantees of materials and workmanship running in favor of the Bidder shall be transferred and assigned to the Owner prior to the time the Bidder receives final payment.

Article V—Remedies

Section 1. Completion of Bidder's Default. If default shall be made by the Bidder or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Bidder and the Surety or Sureties, if any, upon the Contractor's Bond or Bonds a written notice requiring the Bidder to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Bidder such default shall be corrected or arrangements for the correction thereof satisfactory to both the Owner and the Administrator shall be made by the Bidder or its Surety or Sureties if any, the Owner may take over the Project and prosecute the same to completion by contract or otherwise for the account and at the expense of the Bidder, and the Bidder and its Surety or Sureties if any, shall be liable to the Owner for any cost or expense in excess of the contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliances, and plant belonging to the Bidder or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims or demands which the Bidder may have against third persons in connection with this contract and for such purpose the Bidder does hereby assign, transfer and set over unto the Owner all such rights, claims and demands. Section 2. Liquidated Damages. The time of the Completion of the Project is of the essence of the Contract. Should the Bidder neglect, refuse or fail to complete the Project within the time herein agreed upon, after giving effect to extensions of time, if any, herein provided, then, in that event and in view of the difficulty of estimating with exactness damages caused by such delay, the Owner shall have the right to deduct from and retain out of such moneys which may be then due, or which may become due and payable to the Bidder the sum of _____ dollars (_____) per day for each and every day that such construction is delayed in its completion beyond the specified time, as liquidated damages and not as a penalty; if the amount due and to become due from the Owner to the Bidder is insufficient to pay in full any such liquidated damages, the Bidder shall pay to the Owner the amount necessary to effect such payment in full; Provided, however, that the Owner shall promptly notify the Bidder in writing of the manner in which the amount retained, deducted or claimed as liquidated damages was computed.

Section 3. Cumulative Remedies. Every right or remedy herein conferred upon or reserved to the Owner or the Government or the Administrator shall be cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election: Provided, however, that the provision of Section 2 of this Article shall be the exclusive measure of damages for failure by the Bidder to complete the Project within the time herein agreed upon.

Article VI—Miscellaneous

Section 1. Definitions.

(a) The term ''Administrator'' shall mean the Administrator of the Rural Utilities Service of the United States of America and his duly authorized representatives or any other person in whom or authority in which may be vested the duties and functions which the Administrator is now authorized by law to perform.

(b) The term ''Engineer'' shall mean the engineer employed by the Owner with the approval of the Administrator, to provide engineering services for the Project and said Engineer's duly authorized assistants and representatives.

(c) The term ''Supervisor'' shall mean the person, if any, appointed by the Administrator as the representative of the Government under the provisions of the Loan Contract providing for such appointment in special cases. The term is limited to such special representative of the Government, if any, who is responsible exclusively to the Administrator and does not refer to the Manager or any other person employed by the Owner and responsible to it.

(d) The term ''Completion of Clearing'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof except the Bidder's obligations in respect of (1) Releases of liens and Certificate of Contractor under Article III, Section 2 hereof, (2) the inventory referred to in Article III, Section 1 hereof, and (3) other final documents. The term ''Completion of the Project'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof. The Certificate of Completion signed by the Engineer and approved in writing by the Owner and the Administrator, shall be the sole and conclusive evidence as to the date of Completion of Clearing.

Section 2. Patent Infringement. The Bidder shall save harmless and indemnity the Owner from any and all claims, suits and proceedings for the infringement of any patent or patents covering any materials or equipment used in construction of the Project.

Section 3. Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Bidder.

Section 4. Compliance with Statutes and Regulations. The Bidder shall comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. Sections 286, 287 and 1001 as amended. The Bidder understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental Agencies leaving jurisdiction in the premises.

Section 5. Equal Opportunity Provisions.

(a) Bidder's Representations.

The Bidder represents that:

It has _____, does not have _____, 100 or more employees, and if it has, that it has _____, has not _____, furnished the Equal Employment Opportunity-Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Bidder agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current

report on Form 100. The Bidder agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this contract will amount to more than $10,000, the Bidder will file such report, as required by law, and notify the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

(b) Equal Opportunity Clause. During the performance of this contract, the Bidder agrees as follows:

(1) The Bidder will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Bidder will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotions or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Bidder agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Bidder will, in all solicitations or advertisements for employees placed by or on behalf of the Bidder, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The Bidder will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or worker's representatives of the Bidder's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Bidder will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Bidder will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Bidder's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be cancelled, terminated, or suspended in whole or in part, and the Bidder may be declared ineligible for further Government contracts of federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.

(7) The Bidder will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Bidder will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event a Bidder becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Bidder may request the United States to enter into such litigation to protect the interests of the United States.

(c) Certificate of Nonsegregated Facilities. The Bidder certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 6. Franchises and Rights-of-Way. The Bidder shall be under no obligation to obtain or assist in obtaining: Any franchises, authorizations, permits or approvals required to be obtained by the Owner from Federal, State, County, Municipal or other authorities; any rights-of-way over private lands; or any agreements between the Owner and third parties with respect to the construction and operation of the Project.

Section 7. Nonassignment of Contract. The Bidder shall perform directly and without subcontracting not less than twenty-five per centum (25%) of the construction of the Project, to be calculated on the basis of the total contract price. The Bidder shall not assign the contract effected by an acceptance of this proposal or any interest in any funds that may be due or become due hereunder or enter into contract with any person, firm or corporation for the performance of the Bidder's obligations hereunder or any part thereof, without the approval in writing of the Owner and of the Surety or Sureties, if any, on any bond furnished by the Bidder for the faithful performance of the Bidder's obligation hereunder. If the Bidder, with the consent of the Owner and any Surety or Sureties, if any, on the Contractor's Bond or Bonds, shall enter into a subcontract with any subcontractor for the performance of any part of this contract, the Bidder shall be as fully responsible to the Owner and the Government for the acts and omissions of such subcontractor and of persons employed by such subcontractor as the Bidder would be for its own acts and omissions and those of persons directly employed by it.

Section 8. Extension to Successors and Assigns. Each and all of the covenants and Agreements herein contained shall extend to and be binding upon the successors and assigns of the parties hereto.

Section 9. Contractor. Upon acceptance of this Proposal, the successful Bidder shall be the Contractor and all references in the Proposal to the Bidder shall apply to the Contractor.

Section 10. Approval by the Administrator. No acceptance of this Proposal shall become effective until approval in writing of the Administrator; Provided, however that no obligations shall arise hereunder unless such approval is given within sixty (60) days from the date of acceptance by the Owner.

_____ (Bidder)
By _____ (President)
_____ (Address)
Attest: _____ (Secretary)
Date _____

The Proposal must be signed with the full name of the Bidder. If the Bidder is a partnership, the Proposal must be signed in the partnership name by a partner. If the Bidder is a corporation, the Proposal must be signed in the Corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

Description of Units

TM–12. The unit is 1,000 feet in length and _____ (_____) feet in width (to be measured _____ (_____) feet on one side of pole line or centerline of structures) of actual clearing of right-of-way. This includes clearing of underbrush, tree removal, and such tree trimming as is required so that the right-of-way, except for tree stumps which shall not exceed _____ in height, shall be clear from the ground up on one side of the line of poles carrying conductors (See Detail A, Drawing TM–12–2A.) The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or centerline of structures and across the maximum dimension of foliage cleared projected to the ground line (See Detail B, Drawing TM–12–2A.) All trees and underbrush across the width of the right-of-way shall be considered to be grouped together as a single length in

measuring the total length of clearing (See Detail C, Drawing TM–12–2A.) Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement. All lengths thus arrived at, added together and divided by 1,000 shall give the number of TM–12 units of clearing. The Bidder shall not remove or trim shade, fruit, or ornamental trees unless so directed by the Engineer in writing.

TM–12 (1). This unit is identical with TM–12, except the full width of the right-of-way to be cleared shall be _____ feet wide (to be measured _____ (_____) feet on each side of the pole line or centerline of structures) (See Detail D, Drawing TM–12–2A.)

TM–13. The unit, for purpose of quoting, is 1,000 feet in length of clearing off the right-of-way. The Engineer will select those trees off the right-of-way that he deems to be a hazard to the line and will designate them to the Bidder in writing as danger trees. When so designated, the Bidder shall remove or top such trees at his option except that the Bidder shall trim and not remove shade, fruit or ornamental trees unless otherwise directed by the Engineer in writing (See Drawings TM–12–2A and TM–13 for examples of danger trees.)

The measurement of length of right-of-way to be cleared shall be considered as a straight line parallel to the horizontal line between poles or centerline of structures, such measurement of length to be based on maximum dimension of foliage (not trunk) projected to the ground line (See Details E, F, G and H, Drawing TM–12–2A.) Dead trees having no foliage shall be measured across the maximum dimension and multiplied by two. (See Detail F, Drawing TM–12–2A.) Each tree so removed shall be added together to determine the total length of clearing. All lengths thus arrived at, added together and divided by 1,000 shall give the number of TM–13 units (Example: Details E, F, G and H, Drawing TM–12–2A, total 0.10 of a TM–13 unit.)

TMC–12, TMC–12 (1). These units are identical to the respective TM units except that chemical treatment of stumps is required in addition to the clearing of underbrush, tree removal and tree trimming.

TM–14. The unit is 1,000 feet in length and _____ (_____) feet in width (to be measured _____ (_____) feet on one side of right-of-way center line) of actual clearing of right-of-way. Trees and underbrush should be cleared from the ground up within 10 feet of any structure location. The Engineer will mark the trees and brush to be cleared to provide ''undulating'' boundaries. Low growing trees and brush are to be left in the right-of-way to the extent it will not be hazardous to the line or will not interfere with the service road. The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or center line of structures and across the maximum dimension of foliage cleared projected to the ground line (See Detail B, Drawing TM–12–2A.) All trees and underbrush cleared across the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A.) Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement.

TM–14 (1). This unit is identical with TM–14 except the full width of the right-of-way to be cleared shall be _____ (_____) feet wide (See Detail D, Drawing TM–12–2A.)

TM–15. The unit is 1,000 feet in length and _____ (_____) feet in width (to be measured _____ (_____) feet on one side of the right-of way center line) of actual clearing of the right-of-way. Trees and underbrush should be cleared from ground up within 10 feet of any structure location. The Engineer will mark the trees and brush to be cleared to provide a ''feathered'' appearance in the right-of-way. Low growing trees and brush are to be left in the right-of-way to the extent it will not be hazardous to the line or will not interfere with the service road.

The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or center line of structures and across the maximum dimension of foliage cleared projected to ground line (See Detail B, Drawing TM–12–2A). All trees and underbrush cleared across the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A). Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement.

TM–15 (1). This unit is identical to TM–15 except the full width of the right-of-way to be cleared shall be _____ (_____) feet wide (See Detail D, Drawing TM–12–2A).

Additional Requirements. (When Specifying TM units denote type of disposal A or B).

A. Trees, brush, branches and refuse shall, without delay, be disposed of by such of the following methods as an Engineer will direct (Engineer to strike out methods not to be used).

1. Burned
2. Piled on one side of right-of-way
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (Describe) _____

B. Trees that are felled shall be cut to commercial wood lengths, stacked neatly, and left on the right-of-way for the landowner. Commercial wood length means the length designated by the Engineer but in no case shall it be required to be less than _____ (_____) feet. Brush, branches and refuse shall, without delay, be disposed of by such of the following methods as the Engineer will direct (Engineer to strike out methods not to be used).

1. Burned
2. Piled on one side of right-of-way
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (Describe) _____

Transmission Right-of-Way Units

Unit No.	No. of units	Unit price	Extended price

Total _____

Acceptance

Subject to the approval of the Administrator, the Owner hereby accepts the foregoing Proposal of the Bidder, _____ for the construction of the following:

The total contract price is $_____

_____ Owner

By _____ President

_____ Secretary

_____ Date of Contract

Specifications

In preparing the right-of-way, trees shall be removed, underbrush cleared, and trees trimmed so that the right-of-way shall be clear from the ground up as specified in the Proposal. Trees fronting each side of the right-of-way shall be trimmed symmetrically unless otherwise directed by the Engineer. Dead trees beyond the right-of-way which would strike the line in falling shall be removed. Leaning trees beyond the right-of-way which would strike the line in falling and which would require topping if not removed may be removed or topped at the direction of the Engineer.

Where TMC–12, TMC–12–(1) units are specified, the right-of-way shall be cleared in accordance with the instructions in the preceding paragraph and in addition, all stumps one-half inch in diameter and larger shall be sprayed as specified by the Engineer.

[End of clause]

§ 1726.323 Certificate (Buy America), RUS Form 213.

The closeout form in this section shall be used when required by this part.

Certificate

With respect to compliance with the second paragraph of the Rural Electrification Act of 1938, being Title IV of the Work Relief and Public Works Appropriation Act of 1938 (Public Resolution No. 122, 75th Congress, approved June 21, 1938).

Rural Utilities Service Project _____.

The undersigned, being, the _____ [1], in a certain contract No. _____ dated _____, 19 ____, between the undersigned and _____ [2], does hereby certify that in the performance of the said contract there have been used or furnished no unmanufactured articles, materials or supplies which have not been mined or produced in the United States, Mexico, or Canada and no manufactured articles, materials or supplies which have not been manufactured in the United States, Mexico, or Canada substantially all from articles, materials or supplies mined, produced or manufactured, as the case may be in the United States, Mexico, or Canada, except to the extent that compliance with the

[1] Insert ''Contractor.'' ''Subcontractor.'' ''Seller'' Or ''Materialman.'' as the case may be.

[2] Insert the name of the RUS Borrower.

second paragraph of the Rural Electrification Act of 1938, being Title IV of the Work Relief and Public Works Appropriation Act of 938 (Public Resolution No. 122, 75th Congress, approved June 22, 1938) has been waived by the Administrator of the Rural Utilities Service.

_____
By _____
Date _____, 19____

[End of clause]

§ 1726.324 Waiver and release of lien, RUS Form 224.

The closeout form in this section shall be used when required by this part.

Waiver and Release of Lien

Whereas the undersigned, _____ (name of manufacturer, materialman or subcontractor) has furnished to _____ (name of contractor) the following: _____ (kind of material and services furnished) for use in the construction of a Project belonging to _____ (name of borrower) and designated by the Rural Utilities Service as _____ (RUS project designation.)

Now, Therefore, the undersigned, _____ (name of manufacturer, materialman or subcontractor) for and in consideration of $_____ and other good and valuable consideration, the receipt whereof is hereby acknowledged, do(es) hereby waive and release any and all liens, or right to or claim of lien, on the above described project and premises, under any law, common or statutory, on account of labor or materials, or both, heretofore or hereafter furnished by the undersigned to or for the account of said _____ (name of contractor) for said project.

Given under my(our) hand(s) and seal(s) this _____ day of _____, 19____.

_____ Name of manufacturer, materialman or subcontractor

By _____ President, vice president, partner or owner, or, if signed by other than one of foregoing, accompanied by power of attorney signed by one of the foregoing in favor of the signer. (use designation applicable)

[End of clause]

§ 1726.325 Certificate of contractor, RUS Form 231.

The closeout form in this section shall be used when required by this part.

Certificate of Contractor

_____, certifies that he is the _____ (Title of Office) of _____ (Name of Contractor), the Contractor, in a Construction Contract No. _____ dated _____, 19____, entered into between the Contractor and _____ (Name of Borrower) the Owner, for the construction of a Project, which bears the Rural Utilities Service Project Designation _____ and that he is authorized to and does make this certification on behalf of said Contractor in order to induce the Owner to make payment to the Contractor, in accordance with the provisions of said Construction Contract.

Undersigned further says that all persons who have furnished labor in connection with said construction have been paid in full, that the names of manufacturers, materialmen and subcontractors that furnished material or services or both in connection with such construction and the kind or kinds of material or services or both so furnished are:

Name _____
Kind of material and service _____
and that the releases of liens executed by all such manufacturers, materialmen and subcontractors have been furnished the Owner.

Date _____
Signature _____

[End of clause]

§ 1726.326 Construction or equipment contract amendment, RUS Form 238.

The amendment form in this section shall be used when required by this part.

Construction Or Equipment Contract Amendment

Project Designation _____
Date _____
Amendment No. _____
Contract No. _____
Bond extension attached ____ Yes ____ No
Delivery or Completion Date: Original _____ As Amended _____

Instructions: 1. The Architect-Engineer shall submit three (3) copies of this form for each contract which has been approved by RUS, to the Owner. 2. The Owner will submit the three (3) copies of this form to RUS for approval.

Reasons for, and details and description of the amendment _____

(If additional space is needed, use reverse or separate sheet)

A summary of the original contract price and amendments thereto, including this amendment, follows:

(Amendments which decreased the price are preceded by a (−) minus sign).

Original Contract Price $_____
Amendment Number 1 $_____
Amendment Number 2 $_____
Amendment Number 3 $_____
Amendment Number 4 $_____
Amendment Number 5 $_____
Amendment Number 6 $_____
Amendment Number 7 $_____
Amendment Number 8 $_____
Amended Contract Price $_____

This amendment, providing for an increase of $_____ / decrease of $_____ in the contract price is submitted pursuant to the provisions of said contract. (The Administrator of RUS is hereby authorized to approve this amendment either in whole or in part and to delete such items as do not meet his approval).

To the extent the items hereof are approved the contract shall be amended.

Accepted
_____ Contractor
By _____ President-Owner-Partner (Strike out inapplicable title. If signed by other than above, power of attorney should be attached or on file with RUS.)
_____ Date
_____ Owner
By _____ President-Board of Directors
_____ Date
Approved
_____ Architect-engineer
_____ Date

Item No.	Reasons for and description of contract amendment No. ____	Labor or installation[1]	Material or equipment[1]	Total
Net total				

[1] Changes in Cost (decrease preceded by (−) minus sign.) To be filled in when applicable.

[End of clause]

§ 1726.327 Material receipt, RUS Form 251.

The receipt form in this section shall be used when a Material Receipt is required by RUS Form 764, 830, or 831.

Materials Receipt

Instructions: Prepare three (3) copies. Forward original to Owner, one copy to Contractor and one copy to Engineer.

Date _____

Item[1]	Quantity	Description of item	Manufacturer and catalog No.	Unit price	Extended price

Item[1]	Quantity	Description of item	Manufacturer and catalog No.	Unit price	Extended price
Total					

Notes: 1. Item corresponds with item in list of materials in construction drawings.

Received by _____
For:
_____ Contractor
_____ Owner

[End of clause]

§ 1726.328 Construction inventory (for labor and material contract), RUS Form 254.

The closeout form in this section shall be used when required by this part.

Construction Inventory (For Labor and Material Contract)

Date _____
Project Designation _____
Borrower _____
Engineer _____
Contractor _____

Amount Payable to Contractor

A. Total Cost of Standard, New And Conversion Assembly Units Installed (Total No. 6, RUS Form 254a) $_____

B. Cost To Remove ''I'' Units (Total No. 7, RUS Form 254a) $_____

C. Amount To Be Credited To Contractor For Materials Removed From Existing Facilities And Returned (Total No. 14, RUS Form 254b) $_____

Subtotal $_____
Deduct:

D. Amount Chargeable To Contractor For Materials In Assembly Units Removed (Total No. 9, RUS Form 254a) $_____

E. Net Amount Of Owner-furnished Materials (Total No. 24 RUS Form 254c) $_____

F. Net Amount Due Contractor (In making final payment to Contractor, the net amount due the Contractor, as shown by this Certification, will be reduced by the sums, if any, due the Owner for liquidated damages, payment made to date, or other sums which the Owner has the right to retain under the terms of the Contract, and signature by all parties does not preclude the retention by the Owner of such amounts.) $_____

Certificate of Engineer

I certify that to the best of my knowledge and belief the attached final inventory correctly shows the total number and character of assembly units installed and removed by the Contractor and that the net amount of $_____ due the Contractor, as shown above, is true and correct.

Engineer _____
By _____
Date _____

Acceptance by Owner

Owner _____
By _____ President
Date _____

Acceptance by Contractor

Firm _____
By _____
Date _____

Instructions

(See RUS Bulletin 1767B–3, Preparation and Use of RUS Form 254, for additional instructions.)

The Engineer will prepare 5 copies of RUS Form 254 and 254a, also 5 copies of Forms 254b and 254c when applicable. Original and 1 copy to be forwarded to RUS, 1 copy to Contractor, 1 copy to Owner, and 1 copy to be retained by Engineer.

Calculation of amount payable to Contractor will employ data taken from Nos. 1 through 25, RUS Forms 254, 254a, 254b, 254c. The amounts to be inserted opposite Items A, B, C, D, and E on RUS Form 254 are indicated in the texts of those items.

Nos. 1 through 17, Forms 254a and 254b: (Form 254b is required only when ''I'' removal units are included in the Contract.)

No.—Source of Information

1 and 2—From tabulation of staking sheets.[1]
3 and 4—From Contract.
5—No. 3 plus No. 4.
6—No. 1 multiplied by No. 5.
7—No. 1 multiplied by No. 3 (for ''I'' units only).
8—From Table C of Contract.
9—No. 1 multiplied by No. 8 for ''I'' removal units only. (Table C relates solely to ''I'' units.)
10, 11, and 12—From Engineer's and Owner's records.
13—From Table D in Contract.
14—No. 12 multiplied by No. 13.
15—From Engineer's records. (Quantities shall be listed opposite the appropriate material items described in No. 11.)
16—From individual stock record card for each material item listed.
17—No. 15 multiplied by No. 16.

Data shown on Form 254c to be presented under the following headings, as appropriate:

Part I Material Items Included in Lists Set Forth in Construction Contract

Part II Other Material Items Furnished by Owner

Nos. 18 through 25: (Form 254c is required only when there are owner-furnished materials.)

No.—Source of Information

18 and 19—From Contract and Material Receipts.
20—From charge-out and credit tickets covering materials issued to and returned by the Contractor.[2]
21—From average unit costs on charge-out and credit tickets relating to this construction, such costs in turn being taken from the average unit costs reflected by the stock record cards for the applicable period.
22—No. 20 multiplied by No. 21.
23—For Part I, from the unit prices specified in the Contract in the ''List of Owner's Materials on Hand'' or the ''List of Materials Ordered by Owner But Not Delivered.''

For Part II, from the actual unit costs to Owner—the same as used in No. 21.

24—No. 20 multiplied by No. 23.
25—No. 24 minus No. 22. (if a minus quantity, enter in parentheses.)

See 7 CFR 1726, Electric System Construction Policies and Procedures, for instructions regarding distribution of the completed form.

Reference should be made to RUS Bulletin 1767B–3, Preparation and Use of RUS Form 254, for instruction in accounting for all contract costs, including the retirement of units removed by the Contractor and the unitization by record units of costs of construction assemblies installed by the Contractor.

RUS Form 254a

Assembly Units

1. Quantity _____
2. Standard (N—New, H—Conversion, I—Removal) _____

Due to Contractor for Units Installed, Converted, and Removed

3. Labor (Unit Price) _____
4. Material Unit Price (Except I Units) _____
5. Total Unit Price (No. 3 + No. 4) (Except I Units) _____
6. Cost of Construction (No. 1 x No. 5) (Except I Units) _____
7. Cost to Remove ''I'' Units (No. 1 x No. 3) _____

Amount Chargeable to Contractor for Materials in Assemblies Removed

8. Unit Values (Table C in Contract) _____
9. Total (No. 1 x No. 8) _____

Total (No. 6) _____
Total (No. 7) _____
Total (No. 9) _____

[1] Standard units will be listed first, followed by new units and conversion units, in that order, with all ''I'' removal units being listed last.

[2] The quantities shown in No. 20 should agree with Materials Receipts (RUS Form 251) prepared in connection with the contact. The types of items of material and the quantity of any item of material listed under Part I of the tabulation should be limited to the type of items and should not exceed the quantity of any item of material specified in the construction contract in the ''List of Owner's Materials on Hand'' or the ''List of Materials Ordered by Owner But Not Delivered.'' Any additional items of material or excess quantities over the items specified in such lists are to be shown under Part II of the tabulation.

RUS Form 254b

Summary and Classification Of Materials Returned to Owner by Contractor from ''I'' Removal Units

Amounts to be Credited to Contractor for Materials Returned

10. Item Designation _____
11. Description of Material _____
12. Quantity _____
13. Item Value—Table D in Contract _____
14. Total Credit to Contractor (No. 12 x No. 13) _____

Returned Materials Declared Reusable by Engineer

15. Quantity of Items _____
16. Stock Card Item Price _____
17. Salvage Value (No. 15 x No. 16) _____
Total (No. 14) _____
Total (No. 17) _____

RUS Form 254c

Tabulation of Net Amount of Materials Furnished by Owner

18. Item Designation _____
19. Description of Material _____
20. Quantity _____

Actual Cost to Owner

21. Unit Cost _____
22. Extended Cost (No. 20 x No. 21) _____

Amount Chargeable to Contractor at Contract Price

23. Unit Cost _____
24. Extended Cost (No. 20 x No. 23) _____
25. Excess of No. 24 over No. 22 _____
Total (No. 22) _____
Total (No. 24) _____
Total (No. 25) _____

[End of clause]

§ 1726.329 Contract to construction buildings, RUS Form 257.

The contract form in this section shall be used when required by this part.

Contract to Construct Buildings

Notice and Instructions to Bidders

1. Proposals: Sealed proposals for the construction, including the furnishing of all materials, machinery, labor and equipment, water, heat, utilities, transportation, and other means necessary for construction of the building(s) listed below (hereinafter called the ''Project'') to be financed _____ not to be financed _____ pursuant to a loan contract between _____ (hereinafter called the ''Owner'') and the United States of America, by the Administrator of the Rural Utilities Service (hereinafter called the ''Administrator'') and designated as Project _____ will be received by the Owner on or before _____ o'clock ____ M _____ Time, _____, 19____, at its office located at _____ at which time and place the proposals will be publicly opened and read. The Rural Telephone Bank may also be a party to the loan contract.

Name or Kind of Building _____
Location _____

2. Obtaining Documents: The Plans and Specifications together with all other necessary forms and documents for bidders may be secured from _____ at _____ upon payment of _____ Dollars ($_____) which payment will be refunded to each bona fide bidder within ten (10) days after the bid opening. Additional sets of Plans and Specifications may be obtained upon payment of _____ Dollars ($_____) which payment will not be subject to refund. The Plans and Specifications may be examined at the office of _____. A copy of the loan contract may also be examined at the office of the Owner.

3. Manner of Submitting Proposals: Proposals and all supporting documents required to be attached thereto must be submitted on the forms furnished by the Owner and must be delivered in a sealed envelope, addressed to the Owner. The name and address of the Bidder, its license number, if a license is required by the State, and the date and hour of the opening of bids must appear on the envelope in which the proposal is submitted. Proposals must be filled in in ink or typewritten. No alterations or interlineations will be permitted, unless made before submission, and initialed and dated.

4. Familiarity with Conditions: Prior to the submission of the Proposal, the Bidder shall make and shall be deemed to have made a careful examination of the site of the Project and of the Plans and Specifications, forms of Construction Proposal and Acceptance, and Contractor's Bond on file with Secretary of the Owner and shall become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of the soil and terrain to be encountered, the kind of facilities required before and during the construction of the Project, general local conditions, and all other matters that may affect the cost and the time of completion of the Project. Bidders will be required to comply with all applicable statutes, regulations, etc., including those pertaining to the licensing of contractors and the so called ''Kick-Back'' Statute (48 Stat. 948) and regulations issued pursuant thereto.

5. Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.

6. Time of Completion of Construction: The time of completion of construction of the Project shall be as specified by the Architect in the Proposal.

7. Bid Bond: Each proposal must be accompanied by a bid bond in the form attached or a certified check on a bank that is a member of the Federal Deposit Insurance Corporation, payable to the order of the Owner, in an amount equal to ten percent (10%) of the maximum bid price. Each Bidder shall agree, provided its proposal is one of the three low proposals, that by filing its proposal together with such bid bond or check in consideration of the Owner's receiving and considering such proposal, said proposal shall be firm and binding upon each such Bidder and such bid bond or check shall be held by the Owner until a Proposal is accepted and a satisfactory Contractor's Bond (or Builder's Risk Policy) is furnished by the successful Bidder and such acceptance has been approved by the Administrator, or for a period not to exceed sixty (60) days from the date hereinbefore set for the opening of proposals, whichever period shall be the shorter. If such proposal is not one of the three low proposals, the bid bond or check will be returned in each instance within a period of ten (10) days to the respective Bidder.

8. Contractor's Bond or Builder's Risk Policy: The successful Bidder will be required to execute two additional counterparts of the Proposal and to furnish.

(a) For contracts in amounts in excess of $100,000, a Contractor's Bond in the form attached to the Proposal with sureties listed by the United States Treasury Department as Acceptable Sureties, in a penal sum not less than the contract price.

(b) For contracts in amounts of $100,000 or less, either a Contractor's Bond or a Builder's Risk Policy, whichever the Owner has specified below: (Check One)

_____ Contractor's Bond
_____ Builder's Risk Policy

9. Failure to Furnish Contractor's Bond or Builders Risk Policy: Should the successful Bidder fail or refuse to furnish a Contractor's Bond (or Builder's Risk Policy) satisfactory to the Owner within fifteen (15) days after written notification of the acceptance of the Proposal by the Owner, the Bidder will be considered to have abandoned the Proposal. In such event, the Owner shall be entitled: (a) To enforce the Bid Bond in accordance with its terms, or (b) if a certified check has been delivered with the Proposal, to retain from the proceeds of the certified check the difference between the amount of the Proposal and such larger amounts for which the Owner may in good faith contract with another party to construct the Project. The term ''successful Bidder'' shall be deemed to include any Bidder whose proposal is accepted after another Bidder has previously refused or has failed to furnish a satisfactory Contractor's Bond (or Builder's Risk Policy).

10. Contract is Entire Agreement: The contract, effected by acceptance of the Proposal, shall be deemed to include the entire agreement between the parties thereto, and the Bidder shall not claim any modification thereof resulting from any representation or promise made at any time by any officer, agent or employee of the Owner or by any other person.

11. Minor Irregularities: The Owner reserves the right to waive minor irregularities or minor errors in the Proposal, if it appears to the Owner that such irregularities or errors were made through inadvertence.

Any such irregularities or errors so waived must be corrected on the Proposal prior to its acceptance by the Owner.

12. Rejection of Proposals: The Owner reserves the right to reject any or all proposals.

13. Discrepancies: Where a discrepancy appears between the sum of the Base Bids of each building and the Total Base Bid, the correct addition of the Base Bid price for each building shall control.

14. The Owner Represents:

(a) If by provisions of the Proposal, the Owner shall have undertaken to furnish any materials for the construction of the Project, such materials are on hand at locations

which may be determined by the bidders' inquiry of the Architect, or if such materials are not on hand, they will be made available by the Owner to the successful Bidder before the time such materials are required for incorporation into the Project.

(b) Title to the property on which the Project is to be constructed has been obtained.

(c) All funds necessary for prompt payment of the construction of the Project will be available. If the owner should fail to comply with any of the undertakings contained in the foregoing representations or if any such representations shall be incorrect, the Bidder will be entitled to an extension of the time of completion of Construction for a period equal to the delay, if any, caused by the failure of the Owner to comply with such undertakings or by any such incorrect representations; provided the Bidder shall have promptly notified the Owner in writing of its desire to extend the time of completion in accordance with the foregoing, and provided further that such extension, if any, of the time of completion shall be the sole remedy of the Bidder for the Owner's failure to comply with any of the foregoing representations.

_____ Owner
By _____
Dated _____

Proposal

To: _____ (hereinafter called the ''Owner''). The undesigned (hereinafter called the ''Bidder'') proposes to construct the buildings(s) listed in Section 1 of Article I (hereinafter called the ''Project''), financed _____, not to be financed _____, in whole or in part by a loan to the Owner by the United States of America, by the Administrator of the Rural Utilities Service (hereinafter called the ''Administrator''), or by loans to the Owner by the United States of America and by the Rural Telephone Bank, designated _____ and to receive and install such materials and equipment as may hereinafter be specified to be furnished by the Owner, and to furnish all other materials, machinery, and equipment, water, heat, utilities, transportation and other means required to construct the Project in accordance with the plans and specifications (hereinafter called the ''Plans and Specifications''), prepared by _____ (hereinafter called the ''Architect'') and dated _____, 19____, and approved by the Rural Utilities Service on _____, 19____, and by this reference made a part hereof. The Bidder has made a careful examination of the site(s) on which the Project to be constructed, has become informed as to the kind of facilities required before and during the construction of the Project and has become acquainted with the labor conditions which would affect the work.

The Bidder agrees that if his bid is accepted, the following terms shall govern.

Article I—Amount of Proposal

Section 1. Bid Price: The Bidder will construct the Project for the following sum:

Name or Kind and Location of Building
_____
Base Bid _____
Total of Bid $_____
Alternate Bid No. 1 (add) (deduct) $_____
Alternate Bid No. 2 (add) (deduct) $_____
Alternate Bid No. 3 (add) (deduct) $_____
Alternate Bid No. 4 (add) (deduct) $_____

Section 2. Taxes: The price quoted herein includes all amounts which the Bidder estimates will be payable by the Bidder or the Owner on account of taxes imposed by any taxing authority upon the sale, purchase or use of materials, supplies or equipment or services or labor of installation to be incorporated in the Project.

The Bidder will pay all such taxes and will furnish to appropriate taxing authorities any required information and reports pertaining thereto.

Article II—Construction

Section 1. Time of Construction:

(a) The Bidder, after notification in writing of approval of the Construction Contract by the Administrator, if approval of the Administrator is required, will commence construction of the Project within _____ (_____) calendar days after the Owner shall have given the Bidder written notice to commence construction which notice shall be given:

(1) Not later than _____ (_____) calendar days after approval of the Construction Contract by the Administrator, if approval of the Administrator is required.

(2) On a date to be determined by the Owner.

(The Architect will cross out the inapplicable statement (1) or (2) above before requesting bids.)

(b) The Bidder will prosecute diligently and complete construction of the Project in strict accordance with the Plans and Specifications and directions of the Architect within _____ (_____) calendar days after the expiration of the time specified to commence construction.

(c) The time for Completion of Construction herein set forth shall be extended for the period of any reasonable delay which is due exclusively to causes beyond the control and without the fault of the Bidder, including acts of God, fires, floods, direction by the Architect to cease construction during periods when in the judgment of the Architect it is impractical to perform any operation of construction and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible, provided, however, that no such extension of time for completion shall be granted the Bidder unless within ten (10) days after the happening of any event relied upon by the Bidder for such an extension of time the Bidder shall have made a request therefor in writing to the Owner and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes or from any changes in construction which may be made pursuant to Subsection (d) of this Section shall result in any liability on the part of the Owner.

(d) The Owner, acting through the Architect and with the approval of the Administrator, if approval of the Administrator is required, may from time to time during the progress of construction make revisions in the Project. If the revision is such as to require on extension in the time of construction, a reasonable extension shall be granted if the Bidder shall make a written request therefor to the Owner prior to the commencement of work in connection with such revision. If the cost of the Project to the Bidder to make revision shall be increased or decreased, the contract price shall be amended by an amount equivalent to the reasonable cost thereof by a Construction Contract Amendment signed by the Owner and the Bidder, and approved by the Administrator, if approval of the Administrator is required; but no claim for additional compensation for any revision will be considered unless the Bidder shall have made a written request therefore to the Owner prior to the commencement of work in connection with such revision. The reasonable cost of any increase or decrease in the contract amendment as outline above, in the absence of any other mutual agreement, shall be computed on the basis of the direct cost of materials, F.O.B. the site of the Project, plus the direct cost of labor necessary to incorporate such materials into the Project (including actual cost of payroll taxes and insurance) plus twenty-five percent (25%) of the direct cost of materials and labor. Labor cost shall be limited to the direct costs for workmen and foremen. Costs for Bidder's main office overhead, job office overhead and superintendence shall not be included.

Section 2. Supervision: The Bidder will give sufficient supervision to the work, using his best skill and attention. He will carefully study and compare all drawings, specifications and other instructions, and report at once to the architect any error, inconsistency or omission which he may discover. The Bidder will make available during construction a competent superintendent and any necessary assistants, all satisfactory to the architect. The superintendent shall not be changed except with the consent of the Architect unless the superintendent proves to be unsatisfactory to the Bidder and ceases to be his employ. The superintendent shall represent the Bidder in his absence and all directions given to him shall be as binding as if given to the Bidder. When requested, such directions shall be confirmed in writing.

Section 3. Shop Drawings: The Bidder, after reviewing, will submit to the Architect, with such promptness as to cause no delay in the work two copies of all shop or setting drawings and schedules required for the work of the various trades, and the Architect shall pass on them with reasonable promptness, requesting corrections required thereto to be made. The Bidder will make any corrections required and file with the Architect three corrected copies and furnish such other copies as may be needed. The Architect's approval of such drawings or schedules shall not relieve the Bidder of responsibility for deviations from the Plans and Specifications. The Bidder will keep one copy of the contract documents on the site, in good order, available to the Architect. All drawings and specifications will be returned to the Architect upon completion of construction.

Section 4. Samples: The Bidder will furnish for approval, all samples as directed

by the Architect, and will perform the work in accordance with such approved samples.

Section 5. Inspection and Tests: The manner of construction of the Project and all materials and equipment used or to be used therein shall be subject to the inspection, tests and approval of the Architect and the Administrator, and the Bidder will furnish all information required by the Architect or the Administrator concerning the nature or source of materials. The Owner and the Administrator shall have the right to inspect all records of the Bidder and of any subcontractor relevant to the work. The Bidder will make available at the site of the Project, telephone service where obtainable, the payroll, invoices of material and other data and records of the Bidder relevant to the work. The Bidder will provide all reasonable facilities necessary for such inspection and tests. If the specifications, the Architect's instructions, laws, ordinances or any public authorities require any work to be specially tested or approved, the Bidder will give the Architect timely notice of its readiness for observation by the Architect or inspection by an authority other than the Architect, and if the inspection is by such other authority, of the date fixed for such inspection, testing or approval. The Bidder will bear all costs of such inspections, tests and approvals unless otherwise provided, obtain required certificates and deliver them to the Architect. Observations by the Architect shall be promptly made, and where practicable at the source of supply. If any work should be covered without approval or consent of the Architect, it must, if required by the Architect, be uncovered for examination at the Bidder's expense.

Re-examination of questioned work may be ordered by the Architect and if so ordered the work must be uncovered by the Bidder. If such work be found in accordance with the contract documents the Owner shall pay the cost of re-examination and replacement. If such work be found not in accordance with the contract documents the Bidder will pay such cost.

Section 6. Employees: The Bidder will at all times enforce strict discipline and good order among his employees and shall not employ any unfit person or anyone not skilled in the task assigned him. The Architect and the Owner shall have the right to require the removal from the Project of any employee of the Bidder or subcontractor if in their judgment such removal shall be necessary to protect the interest of the Owner.

Section 7. Defective Workmanship and Materials: Notwithstanding the acceptance of workmanship, materials (except owner-furnished materials) or equipment or the giving of any certificate with respect to the Completion of Construction, if during the construction or within one year after such completion, or within such longer period as the Project or any part thereof may be guaranteed by other provisions of this Proposal, the workmanship, materials or equipment shall be found to be defective or not in conformity with the requirements of the Plans and Specifications, the Bidder will remedy or replace such workmanship, materials or equipment within thirty (30) days after written notice of the failure of the Bidder to conform with the applicable provisions of the contract documents shall have been given to the Bidder by the Owner.

Article III—Payment and Releases of Liens

Section 1. Payments to Bidder:

(a) On or before the fifth (5) day of each Calendar Month, the Bidder will make application for payment, and the Owner, on or before the fifteenth (15) day of such month, shall make partial payment to the Bidder for construction accomplished during the preceding Calendar Month and partial payment for materials not incorporated in the Project. The payment shall be made on the basis of a schedule of values and receipts or other vouchers, submitted by the Bidder to, and approved by, the Architect, showing payments for labor and materials, payments to subcontractors, and such other evidence of the Bidder's right to payment for construction accomplished, and bills of sale or such other procedure as will establish the Owner's title to materials not incorporated in the Project but delivered and suitably stored on the site or at any other location agreed upon in writing by the Owner. Approval by the Architect of the application for payment is solely for the purposes of payment and shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such estimate of the cost for construction accomplished and approved and fifty percent (50%) of the cost of materials not incorporated in the Project shall be paid by the Owner to the Bidder prior to Completion of Construction.

The Bidder will, before the first application, submit to the Architect, a schedule of values of the various parts of the work, including quantities, aggregating the total contract price, divided so as to assist in determining the accuracy of payments to subcontractors and of the applications for payment.

(b) Upon Completion of Construction, the Architect shall inspect the Project, and if he shall find the work acceptable and all provisions hereunder fully performed, he shall furnish the Owner two copies of a Certificate of Completion, on forms satisfactory to the Administrator, and shall certify thereon the final Contract Price. The Certificate of Completion shall show thereon the Acceptance of the Contractor. Upon acceptance of the Certificate of Completion by the Owner, the Owner shall make final payment to the Bidder of all unpaid amounts to which the Bidder shall be entitled hereunder, except that, for contracts requiring approval of the Administrator, the Owner shall submit one copy of the Certificate of Completion to the Administrator for approval. Upon notice of approval by the Administrator, the Owner shall make final payment to the Bidder.

(c) Interest at the rate of ____ percent [1] (____%) per annum shall be paid by the Owner to the Bidder on all unpaid balances due on monthly estimates, commencing fifteen (15) days after the due date, provided the delay in payment beyond the due date is not caused by any condition within control of the Bidder. The due date for purposes of such monthly payment shall be the fifteenth (15th) day of each Calendar Month provided (1) The Bidder on or before the fifth (5th) day of such month shall have submitted its certified estimate of construction completed during the preceding month and (2) the Architect on or before the fifteenth (15th) day of such month shall have approved such certification. If, for reasons not due to the Bidder's fault, such approval of the Architect shall not have been given on or before the fifteenth (15th) day of such month, the due date for purposes of this Subsection shall be the fifteenth (15th) day of such month notwithstanding the absence of the Architect's approval of the certification.

(d) Interest at the rate of ____ percent [2] (____%) shall be paid by the Owner to the Bidder on the final payment commencing fifteen (15) days after the due date. The due date for the purposes of such final payment shall be sixty (60) days after the date of certification by the Architect in the Certificate of Completion or the date of approval by the Administrator of the Certificate of Completion when approval thereof is required by the Administrator.

(e) No payments shall be due while the Bidder is in default in respect of any of the provisions of this Proposal, and the Owner may withhold from the Bidder the amount of any claim by a third party against either the Bidder or the Owner based upon an alleged failure of the Bidder to perform the work hereunder in accordance with the provisions of this Proposal.

Section 2. Release of Liens: Upon Completion of Construction of the Project, but prior to the payment to the Bidder of any amount withheld in accordance with Section 1, (a) of Article III, the Bidder shall furnish the Owner, on forms satisfactory to the Administrator releases of all liens, and of all rights to claim any lien from manufacturers, materialmen and subcontractors who have furnished materials or services for the construction of the Project, and a Certificate of Contractor on a form satisfactory to the Administrator, to the effect that all labor used on or for the Project has been paid and that all such releases have been submitted to the Owner.

Article IV—Particular Undertakings of the Bidder

Section 1. Protection to Persons and Property: The Bidder will, at all times, take all reasonable precautions for the safety of employees on the Project, and of the public and all other persons who may be affected thereby, and will comply with all applicable provisions of Federal, State and Municipal safety laws and building and construction codes.

The Bidder will protect from loss or damage all materials and equipment to be incorporated in the Project, whether in storage on or off the site, and other property at the site or adjacent thereto, including trees, shrubs, lawns, walks, paved surfaces, structures and utilities not designated for

[1] The Owner shall insert a rate equal to the lowest ''Prime Rate'' listed in the ''Money Rates'' section of the Wall Street Journal on the date such invitation to bid is issued.

[2] See footnote 1.

removal, relocation or replacement in the course of construction. The Bidder will provide and maintain guard lights, watchman or other protection for persons and property, and physical hazards shall be guarded in accordance with the ''Manual of Accident Prevention in Construction'' of the Associated General Contractors of America, unless such instructions are incompatible with or less strict than those of any public authority having jurisdiction thereon, or instructions of the Architect.

The following provisions shall not limit the generality of the above requirements:

(a) The Bidder will at all times, keep the premises free from accumulation of waste material or rubbish caused by his employees or work, and at the completion of construction he will remove all rubbish from and about the Project, and all his tools, scaffolding and surplus materials and will leave his work ''broom clean.''

(b) The Project from its commencement to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided, will be under the charge and control of the Bidder and during such period of control by the Bidder all risks in connection therewith and the materials to be used therein will be borne by the Bidder. The Bidder will make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Bidder, by reason of any act of God or other casualty or cause, whether or not the same shall have occurred by reason of the Bidder's negligence.

(i) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Bidder's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Bidder's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.

(ii) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Bidder, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Bidder shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Bidder does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Bidder.

(iii) Bidder shall provide to Owner's satisfaction evidence of Bidder's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

(c) The Bidder will confine his apparatus, the storage of materials and the operations of his workmen to limits indicated by law, ordinances, permits, or directions of the Architect, and shall not unreasonably encumber the premises with his materials.

(d) The Bidder will not load or permit any of the structure to be loaded with a weight that will endanger its safety.

(e) The Bidder will submit to the Owner, monthly reports in duplicate of all accidents giving such data as may be prescribed by the Architect.

(f) Upon violation by the Bidder of any of the provisions of this section, the Bidder will, after written notice of such violation given to the Bidder by the Architect or the Owner, immediately correct such violation. Upon failure of the Bidder so to do, the Owner may correct such violation at the Bidder's expense; provided, however, that the Owner may, if it deems necessary or advisable, correct such violation at the Bidder's expense without such prior notices to the Bidder.

(g) The Bidder will be responsible for all construction means, methods, techniques, sequences, and procedures and for coordinating all portions of the construction of the Project.

Section 2. Insurance. The Bidder shall take out and maintain throughout the contract period insurance of the following types and minimum amounts:

(a) Workers' compensation and employers' liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employer or employee is not subject to the workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

(b) Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(c) Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million per occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3. Purchase of Materials: The Bidder will purchase all materials (except owner-furnished materials) and supplies outright and not subject to any conditional sales agreements, bailment lease or other agreement reserving unto the seller any right, title or interest therein. All materials and supplies shall become the property of the Owner when erected in place or at such earlier time as the parties may agree pursuant to Section 1(a) of Article III. Unless otherwise specified, all materials shall be new.

Section 4. Assignment of Guarantees: The Bidder will obtain from manufacturers, materialmen, and subcontractors and furnish to the Owner all guarantees and will transfer or assign to the Owner such guarantees as run in favor of the Bidder, prior to the time the Bidder receives final payment. The guarantees shall be in addition to and not limited by any other provisions of the contract documents, guarantee or remedy required by law.

Section 5. Royalties and Patent Infringement: The Bidder will pay all royalties and license fees, and will hold harmless and indemnify the Owner from any and all claims, suits, and proceedings for the infringement of any patent or patents covering any equipment, materials, supplies or construction methods used in the work.

Section 6. Compliance with Statues and Regulations: The Bidder will comply with all applicable statues, ordinances, rules and regulations pertaining to the work. The Bidder acknowledges that it is familiar with The Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statute (48 Stat. 948), and all regulations issued pursuant thereto, and 18 U.S.C. §§ 287, 1001 as amended. The Bidder understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental agencies having jurisdiction in the premises.

Section 7. Delivery of Possession and Control to Owner: Upon written request of the Owner, the Bidder shall deliver to the Owner full possession and control of any

portion of the Project provided the Bidder shall have been paid at least 90 percent (90%) of the cost of construction of such portion. Upon such delivery of the possession and control of such portion of the Project to the Owner, the risks and obligations of the Bidder as set forth in Section 1(b), Article IV hereof with respect to such portion so delivered to the Owner shall be terminated; provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective workmanship or materials as provided in Section 7, Article II.

Section 8. Occupancy Before Completion: Exception as provided in Section 7, the Owner shall not occupy any portion of the Project prior to the time of completion without the written approval of the Bidder. It is agreed that such occupancy of any such portion of the Project will not constitute acceptance of workmanship or materials used in construction of the Project as provided in Section 7, Article II, and that such occupancy will not relieve the Bidder from his obligation to complete any part of the Project in compliance with the contract. The Owner agrees to permit the Bidder to fulfill the requirements of the contract in accordance with instructions issued to the Bidder by the Architect upon occupancy by the Owner.

Article V—Remedies

Section 1. Liquidated Damages: The time of Completion of Construction of the Project is of the essence of this Contract. Should the Bidder neglect, refuse or fail to complete construction within the time herein agreed upon, after giving effect to extensions of time, if any herein provided for, then, in that event and in view of the difficulty of estimating with exactness damages caused by such delay, the Owner shall have the right to deduct from and retain out of such moneys which may be then due or which may become due and payable to the Bidder, the sum of _____ Dollars ($_____) per day of each and every day that such construction is delayed in its completion beyond the specified time, as liquidated damages and not as a penalty. If the amount due and to become due from the Owner to the Bidder is insufficient to pay in full any such liquidated damages, the Bidder shall pay to the Owner the amount necessary to effect such payment in full; provided, however, that the Owner shall promptly notify the Bidder in writing of the manner in which the amount retained, deduced or claimed as liquidated damages was computed.

Section 2. Completion on Bidder's Default: If default shall be made by the Bidder or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Bidder and the surety or sureties upon the Contractor's Bond or Bonds a written notice requiring the Bidder to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Bidder, such default shall be corrected or arrangements for the correction thereof, satisfactory to both the Owner and the Administrator, shall be made by the Bidder or its Surety or Sureties, the Owner may take over the construction of the Project and prosecute the same to completion by contract or otherwise for the account and at the expense of the Bidder and the Bidder and its Surety or Sureties shall be liable to the Owner for any cost or expense in excess of the contract price occasioned thereby. Sureties shall be liable to the Owner for any cost or expense in excess of the contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliances, and plant belonging to the Bidder or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims or demands which the Bidder may have against third persons in connection with this Proposal and for such purpose the Bidder does hereby assign, transfer and set over unto the Owner all such rights, claims and demands.

Section 3. Cumulative Remedies: Every right or remedy herein conferred upon or reserved to the Owner or the Government or the Administrator shall be cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election; provided, however, that the provisions of Section 1 of this Article V shall be the exclusive measure of damages for failure by the Bidder to complete the construction of the Project within the time herein agreed upon.

Article VI—Miscellaneous

Section 1. Definitions: (a) The term ''Administrator'' shall mean the Administrator of the Rural Utilities Service of the United States of America and his duly authorized representatives or any other person in whom or authority in which may be vested in the duties and functions which the Administrator is now authorized by law to perform.

(b) The term ''Architect'' shall mean the person or organization employed by the Owner to provide architectural services for the Project, and the Architect's duly authorized assistants and representatives. If an Architect is not employed, the term shall apply to the duly authorized agent of the Owner.

(c) The term ''Completion of Construction'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof except the Bidder's obligations in respect of (1) Releases of Liens and Certificate of Contractor under Article III, Section 2 hereof, and (2) other final documents. The term ''Completion of the Project'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof. The date of signature by the Architect of the Certificate of Completion shall be the sole and conclusive evidence as to the date of Completion of Construction and as to the fact of Completion of the Project.

Section 2. Materials and Supplies. In the performance of this contract there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, Mexico, or Canada, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States, Mexico, or Canada; provided that other articles, materials, or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. The Bidder agrees to submit to the Purchaser such certificates with respect to compliance with the foregoing provision as the Administrator from time to time may require.

Section 3. Bond or Builder's Risk Policy: (a) The Bidder will furnish to the Owner, for a contract in an amount in excess of $100,000, a bond in a penal sum not less than the Total Contract Price and in the form attached hereto and with a Surety or Sureties listed by the United States Treasury Department as Acceptable Sureties.

(b) The Bidder will furnish to the Owner for a contract in an amount of $100,000 or less, a Builder's Risk Policy or a bond like that required in the preceding paragraph, whichever the Owner has specified under Paragraph 8 of the Notice and Instructions to Bidders. The Builder's Risk Policy shall be on a completed value form, effective from the date equipment or materials is first delivered to the building site, and shall name both the Owner and the Contractor as insureds. The policy shall insure against loss by fire or lightning and the named perils in the extended coverage endorsement. The amount of coverage shall not be less than the replacement value of the property constructed, including all materials to be used in the construction and stored at the site or at any other location whether furnished by the Owner or the Contractor. When directed, the Bidder shall furnish evidence of compliance with these requirements. The evidence shall be in the form of a certificate of insurance by the insurance company and shall include a provision that no change in or cancellation of the policy shall be made without prior written notice to the Owner and the Administrator.

Section 4. Subcontracts and Nonassignment: (a) Within ten (10) days after acceptance of the Proposal by the Owner and before awarding any subcontracts, the Bidder will notify the Architect, Owner and Surety in writing, of the names of the subcontractors proposed for the principal parts of the work, and will not enter into any subcontract for such work if written objection thereto is received from the Architect, Owner, Surety or Sureties within fifteen (15) days after receipt of such notice. The Bidder will be as fully responsible to the Owner and the Administrator for the acts and omissions of each subcontractor and of persons employed by such subcontractor as the Bidder would be for its own acts and omissions and those of persons directly employed by it. The Bidder will not subcontract on aggregate amount in excess of sixty-five percent (65%) of its obligations, (to be calculated on the basis of the Total Contract Price) without approval of

the Architect, Owner, and Surety or Sureties on any bond furnished by the Bidder for the faithful performance of the Bidder's obligations hereunder. Nothing contained in the Construction Contract shall create any contractual relation between any subcontractor and the Owner.

(b) The Bidder will not assign the contract effected by the acceptance of this Proposal or any part thereof without approval in writing of the Owner, Surety or Sureties, and the Administrator if the Construction Contract was approved by the Administrator.

Section 5. Equal Opportunity Provisions: (a) Bidder's Representations.

The Bidder represents that:

It has ____, does not have____, 100 or more employees, and if it has, that it has ____, has not____, furnished the Equal Employment Opportunity-Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Bidder agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Bidder agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000, the Bidder will file such report, as required by law, and notify the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

(b) Equal Opportunity Clause, During the performance of this Contract, the Bidder agrees as follows: (1) The Bidder will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Bidder will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such actions shall include, but not be limited to, the following: Employment, upgrading, demotions or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection of training, including apprenticeship. The Bidder agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Bidder will, in all solicitations or advertisements for employees placed by or on behalf of the Bidder, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) The Bidder will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or worker's representative of the Bidder's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Bidder will comply with all provisions of Executive Order 11246 of September 24, 1965, and rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Bidder will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Bidder's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be cancelled, terminated, or suspended in whole or in part, and the Bidder may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulations, or order of the Secretary of Labor, or as provided by law.

(7) The Bidder will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontract or vendor. The Bidder will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance. Provided, however, that in the event Bidder becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Bidder may request the United States to enter into such litigation to protect the interests of the United States.

(c) Certificate of Nonsegregated Facilities. The Bidder certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms, and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 6. License: The Bidder warrants that a Contractor's License is ____, is not ____, required, and if required, it possesses Contractor's License No. _____ for the State of _____ in which the Project is located, and said license expires on _____, 19____.

Section 7. Extension to Successors and Assigns: Each and all of the covenants and agreements contained in the contract effected by the Acceptance of this Proposal shall extend to and be binding upon the successors and assigns of the parties thereto.

Section 8. Description of Contract: The Notice and Instructions to Bidders, the Proposal, the Acceptance, the Contractor's Bond or Builder's Risk Policy, the Plans and Specifications and all amendments or revisions thereto constitute the Construction Contract.

Section 9. Contractor: Upon acceptance of this Proposal the successful Bidder shall be the Contractor and all references in the Proposal to the Bidder shall apply to the Contractor.

Section 10. Approval by the Administrator: No acceptance of a Proposal for a contract upon which approval of the Administrator is required shall become effective until the contract has been approved by the Administrator; provided that no obligation shall arise hereunder unless such approval is given within sixty (60) days after the date set for the opening of the proposals. The acceptance of a Proposal for a contract upon which approval of the Administrator is not required shall become effective the date of acceptance by the Owner.

_____ Bidder
By _____ President
_____ Address
Attest: _____ Secretary
Date _____

The Proposal must be signed with the full name of the Bidder. If the Bidder is a partnership, the Proposal must be signed in partnership name by a partner. If the Bidder is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

Acceptance

Subject to the approval of the Administrator, if approval of the Administrator is required, the Owner hereby accepts the Proposal of _____ for the construction of the Project therein described for the:

Base Bid of _____ and alternate bids as follows (Show plus or minus):

Alternate bid No. _____, $_____.
Alternate bid No. _____, $_____.
Alternate bid No. _____, $_____.
Alternate bid No. _____, $_____.
Alternate bid No. _____, $_____.
Alternate bid No. _____, $_____.

Alternate bid No. _____, $_____.
The Total Contract Price is $_____
_____ Owner
By _____ President
Attest: _____ Secretary
Dated _____

[End of clause]

§ 1726.330 [Reserved]

§ 1726.331 Bid bond, RUS Form 307.

The bond form in this section shall be used when a Bid Bond is required by RUS Form 200, 203, 257, 764, 830, or 831.

Bid Bond

1. KNOW ALL MEN that we, _____, as Principal, and _____, as Surety, are held and firmly bound unto _____ (hereafter called the ''Owner'') in the penal sum of ten percent (10%) of the amount of the bid referred to in paragraph 2 below, but not to exceed _____ dollars ($_____), as hereinafter set forth and for the payment of which sum well and truly to be made we bind ourselves, our executors, administrators, successors and assigns, jointly and severally, by these presents;

2. WHEREAS, the Principal has submitted a bid to the Owner for the construction of the Rural Utilities Service Project known as Project _____.

3. NOW, THEREFORE, the condition of this obligation is such that if the Owner shall accept the bid of the Principal, and

(a) The Principal shall execute such contract documents, if any, as may be required by the terms of the bid and give such Contractor's Bond or Bonds for the performance of the contract and for the prompt payment of labor and material furnished for the Project as may be specified in the bid, or

(b) In the event of the failure of the Principal to execute such contract documents, if any, and give such Contractor's Bond or Bonds, if the Principal shall pay to the Owner the difference, not to exceed the penal sum hereof, between the amount specified in the bid and such larger amount for which the Owner may in good faith contract with another party to construct the Project, then this obligation shall be void, otherwise to remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed and their respective corporate seals to be affixed and attested by their duly authorized representatives this _____ day of_____, 19____

Principal _____ (Seal)
By _____
Title _____
Attest: _____ (Secretary)
Surety _____ (Seal)
By _____
Title _____
Attest: _____ (Secretary)

[End of clause]

§§ 1726.332–1726.339 [Reserved]

§ 1726.340 Substation and switching station erection contract, RUS Form 764.

The contract form in this section shall be used when required by this part.

Substation and Switching Station Erection Contract

Notice and Instructions to Bidders

1. Sealed proposals for the construction, including the supply of necessary labor, materials and equipment, of a rural electric project of _____ (hereinafter called the ''Owner'') to be known as Project _____ will be received by the Owner on or before _____ o'clock ____ M., 19____, at its office at _____ at which time and place the proposals will be publicly opened and read. Any proposal received subsequent to the time specified will be promptly returned to the Bidder unopened.

2. Description of Project: The Project will consist of the following Substations and other Major Facilities:

Name _____ KVA ____ Voltage _____
Name _____ KVA ____ Voltage _____
Name _____ KVA ____ Voltage _____

The Project is located in _____ Counties, in the State of _____ all as more fully described in the Plans, Specifications for Construction, Construction Drawings and Contractor's Proposal therefore hereinafter referred to.

3. Owner Furnished Materials. The unit prices in the Contractor's Proposal should include provisions for Owner Furnished Materials since as stated in Article I, Section 3 of the Contractor's Proposal, the value of the Owner Furnished Materials, if any, will be deducted from payments to the Bidder for completed Construction Units.

4. Obtaining Documents. The Plans, Specifications for Construction and Construction Drawings together with all necessary forms and other documents for bidders may be obtained from the Owner, or from the Engineer _____ at the latter's office at _____ upon payment of $_____, which payment will not be subject to refund. The Plans, Specifications for Construction and Construction Drawings may be examined at the office of the Owner or at the office of the Engineer. A copy of the Loan Contract (if the Project is to be financed in whole or in part, pursuant to a Loan Contract) between the Owner and the United States of America acting through the Administrator of the Rural Utilities Service (hereinafter called the ''Administrator'') and of the loan contract between the Owner and any other lender may be examined at the office of the Owner. Each set of Plans, Specifications for Construction and Construction Drawings will have a serial number, given by the Engineer, and the number of each set with the name of the Purchaser will be recorded by the Engineer. Bids will be accepted only from the original purchasers.

5. Manner of Submitting Proposals. Proposals and all supporting instruments must be submitted on the forms furnished by the Owner and must be delivered in a sealed envelope addressed to the Owner. The name and address of the Bidder, its license number if a license is required by the State, and the date and hour of the opening of bids must appear on the envelope in which the Proposal is submitted, Proposals must be filled in in ink or typewritten. No alterations or interlineations will be permitted, unless made before submission, and initialed and dated.

6. Familiarity with Conditions. Prior to the submission of the Proposal the Bidder shall make and shall be deemed to have made a careful examination of the site of the Project and of the Plans, Specifications for Construction, Construction Drawings, and forms of Contractor's Proposal and Contractor's Bond on file with the Secretary of the Owner and with the Engineer, and shall become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, the kind of facilities required before and during the construction of the Project, general local conditions and all other matters that may affect the cost and the time of completion of the Project. Bidders will be required to comply with all applicable statutes, regulations, etc., including those pertaining to the licensing of contractors, and the so-called ''Kickback Statute'' (48 Stat. 948) and regulations issued pursuant thereto.

7. Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.

8. Alternate Designs. The Owner reserves the right to confine its consideration of the several bids to one type of design regardless of alternate types of design which may be specified in the Plans and Specifications for Construction and offered in the Proposals.

9. The time for Completion of Construction of the Project shall be as specified by the Engineer in the Proposal.

10. Bid Bond. Each Proposal must be accompanied by a Bid Bond in the form attached or a certified check on a bank that is a member of the Federal Deposit Insurance Corporation, payable to the order of the Owner, in an amount equal to ten percent (10%) of the maximum bid price. Each Bidder agrees, provided its Proposal is one of the three low Proposals, that, by filing its Proposal together with such Bid Bond or check in consideration of the Owner's receiving and considering such Proposal, said Proposal shall be firm and binding upon each such Bidder and such Bid Bond or check shall be held by the Owner until a Proposal is accepted and a satisfactory Contractor's Bond is furnished (where required) by the successful Bidder and such acceptance has been approved by the Administrator, or for a period not to exceed sixty (60) days from the date hereinbefore set for the opening of Proposals, whichever period shall be the shorter. If such Proposal is not one of the three low Proposals, the Bid Bond or check will be returned in each instance within a period of ten (10) days to the Bidder furnishing same.

11. Contractor's Bond. The successful Bidder will be required to execute two additional counterparts of the Proposal and,

for a Contract in excess of $100,000, to furnish a Contractor's Bond in triplicate in the form attached hereto with sureties listed by the United States Treasury Department as Acceptable Sureties, in a penal sum not less than the contract price.

12. Failure to Furnish Contractor's Bond. Should the successful Bidder fail or refuse to execute such counterparts or to furnish a Contractor's Bond (where required) within ten (10) days after written notification of the acceptance of the Proposal by the Owner, the Bidder will be considered to have abandoned the Proposal. In such event, the Owner shall be entitled (a) to enforce the bid bond in accordance with its terms, or (b) if a certified check has been delivered with the Proposal, to retain from the proceeds of the certified check the difference (not exceeding the amount of the certified check) between the amount of the Proposal and such larger amount for which the Owner may in good faith contract with another party to construct the Project. The term ''successful Bidder'' shall be deemed to include any Bidder whose Proposal is accepted after another Bidder has previously refused or has been unable to execute the counterparts or to furnish a satisfactory Contractor's Bond (where required.)

13. Contract is Entire Agreement. The Contract to be effected by the acceptance of the Proposal shall be deemed to include the entire agreement between the parties thereto, and the Bidder shall not claim any modification thereof resulting from any representation or promise made at any time by any officer, agent or employee of the Owner or by any other person.

14. Minor Irregularities. The Owner reserves the right to waive minor irregularities or minor errors in any Propose, if it appears to the Owner that such irregularities or errors were made through inadvertence. Any such irregularities or errors so waived must be corrected on the Proposal in which they occur prior to the acceptance thereof by the Owner.

15. Rejection of Bids. The Owner reserves the right to reject any or all Proposals. The attention of Bidders is specially called to the desirability of a proper balance between prices for labor and materials and between the total prices for the respective Construction Units. Lack of such balance may be considered as a reason for rejecting a Proposal.

16. Discrepancy in Unit Prices. Where the unit prices in the Contractor's Proposal are separated into three columns designated as ''Labor,'' ''Materials'' and ''Labor and Materials,'' and where a discrepancy appears between the sum shown in the ''Labor and Materials'' column and the correct addition of the sums appearing in the ''Labor'' column and the ''Materials'' column, the correct addition of the sums appearing in the ''Labor'' column and the ''Materials'' column shall control.

17. Bidding and Acceptance. If the Project includes more than one substation, bidders may bid on one or more substations. The Owner may award (1) a contract for all of the substations on the basis of the low total bid or, (2) separate contracts for one or more substations based on the low bids for the respective substations.

18. Definition of Terms. The terms ''Administrator,'' ''Engineer,'' ''Supervisor,'' ''Project,'' ''Completion of Construction'' and ''Completion of the Project'' as used throughout this Contract shall be as defined in Article VI, Section 1, of the Contractor's Proposal.

19. The Owner represents:

a. If by provisions of the Contractor's Proposal the Owner shall have undertaken to furnish any materials for the construction of the Project, such materials are on hand at locations specified or if such materials are not on hand they will be made available by the Owner to the successful Bidder at the locations specified before the time such materials are required for construction.

b. Title to the property on which the Project is to be constructed has been obtained.

c. All funds necessary for prompt payment for the construction of the Project will be available.

If the Owner shall fail to comply with any of the undertakings contained in the foregoing representations or if any of such representations shall be incorrect, the Bidder will be entitled to an extension of time of completion for a period equal to the delay, if any, caused by the failure of the Owner to comply with such undertakings or by any such incorrect representation; provided the Bidder shall have promptly notified the Owner in writing of its desire to extend the time of completion in accordance with the foregoing, and provided further that such extension, if any, of the time of completion shall be the sole remedy of the Bidder for the Owner's failure, because of conditions beyond the control and without the fault of the Owner, to furnish materials in accordance with subparagraph a. hereof.

_____ Owner

By _____

_____, 19____

Contractor's Proposal

(Proposal shall be submitted in ink or typewritten)

To: _____ (Hereinafter called the ''Owner'')

Article I—General

Section 1. Offer to Construct. The undersigned (hereinafter called the ''Bidder'') hereby proposes to receive and install such materials and equipment as may hereinafter be specified to be furnished by the Owner, and to furnish all other materials and equipment, all machinery, tools, labor transportation and other means required to construct the rural electric project _____ in strict accordance with the Plans, Specifications for Construction and Construction Drawings for the prices hereinafter stated.

Section 2. Materials and Equipment. The Bidder agrees to furnish and use in the construction of the Project under this Proposal, in the event the Proposal is accepted, only such materials and equipment as are included in the current ''List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers,'' including revisions adopted prior to the Bid Opening.

Section 3. Owner-Furnished Materials. The Bidder understands and agrees that, if this Proposal is accepted, the Owner will furnish to the Bidder the material set forth in the attached ''List of Owner's Materials on Hand'' (see page 10) and the Bidder will give a receipt (see page 12) therefore in writing to the Owner. The Bidder, further, will on behalf of the Owner accept delivery of such of the materials set forth in the attached ''List of Materials Ordered by Owner but Not Delivered'' (see page 11) as may be subsequently delivered and will promptly forward to the Owner for payment the supplier's invoice, together with the Bidder's receipt in writing for such materials. The materials referred to are on hand at, or will be delivered to, the locations specified in the Lists and the Bidder will use such materials in constructing the Project.

The value of the completed Construction Units certified by the Bidder each month pursuant to Article III, Section 1.a of this Proposal shall be reduced by an amount equal to the value of the materials installed by the Bidder during the preceding month which have been furnished by the Owner or the delivery of which has been accepted by the Bidder on behalf of the Owner. Only ninety percent (90%) of the remainder shall be paid prior to the Completion of the Project. The value of such materials shall be computed on the basis of the unit prices stated in the Lists. Materials, if any, not required for the Project, which have been furnished to the Bidder by the Owner or delivery of which has been accepted by the Bidder on behalf of the Owner, shall be returned to the Owner by the Bidder upon Completion of Construction of the Project. The value of all materials not installed in the Project nor returned to the Owner shall be deducted from the final payment to the Bidder.

The Owner shall not be obligated to furnish materials in excess of the quantities, size, kind and type set forth in the attached Lists. If the Owner furnishes, and the Bidder accepts, materials in excess thereof, the values of such excess materials shall be their actual cost as stated by the Owner.

Information on the shipping schedules of materials on the ''List of Materials Ordered by Owner But Not Delivered'' will be furnished to the Bidder as necessary during progress of the work.

Upon delivery the Bidder shall promptly receive, unload, transport and handle all materials and equipment on the ''List of Materials Ordered by Owner But Not Delivered'' at its expense and shall be responsible for demurrage, if any.

Section 4. Purchase of Materials Not Furnished by Owner. The Bidder will purchase all materials and equipment (other than owner-furnished materials) outright and not subject to any conditional sales agreements, bailment, lease or other agreement reserving unto the seller any right, title or interest therein. All such materials and equipment shall become the property of the Owner when erected in place.

Section 5. Proposal on Unit Basis. The Bidder understands and agrees that the various Construction Units on which bids are made are defined by symbols and descriptions in this Proposal, that all said bids are on a unit basis, and that the Owner

may specify any number or combination of Construction Units that the Owner may deem necessary for the construction of the Project. Separate Construction Units are designated for each different arrangement which may be used in the construction of the Project. This Proposal is based on a consideration of each unit in place and includes only the materials listed on the corresponding Construction Drawings or description of unit where no drawing exists.

Section 6. Familiarity with Conditions. The Bidder has made a careful examination of the site of the Project to be constructed and of the Plans, Specifications for Construction, Construction Drawings, and form of Contractor's Bond attached hereto, and has become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, and the kind of facilities required before and during the construction of the Project, and has become acquainted with the labor conditions, state and local laws and regulations which would affect work on the proposed construction.

Section 7. License. The Bidder warrants that a Contractor's License is ____, is not ____, required, and if required, it possesses Contractor's License No. _____ for the State of _____ in which the Project is located and said license expires on _____, 19____.

Section 8. The Bidder warrants that this Proposal is made in good faith and without collusion or connection with any person or persons bidding for the same work.

Section 9. The Bidder warrants that it possesses adequate financial resources and agrees that in the event this Proposal is accepted and a Contractor's Bond is required, it will furnish a Contractor's Bond in the form attached hereto, in a penal sum not less than the maximum Contract price, with a surety or sureties listed by the United States Treasury Department as Acceptable Sureties.

In the event that the surety or sureties on the performance bond delivered to the Owner contemporaneously with the execution of the Contractor on any bond or bonds delivered in substitution therefor or in addition thereto shall at any time become unsatisfactory to the Owner or the Administrator, the Bidder agrees to deliver to the Owner another or an additional bond.

Section 10. Taxes. The unit prices for Construction Units in this Proposal include provisions for the payment of all monies which will be payable by the Bidder or the Owner in connection with the construction of the Project on account of taxes imposed by any taxing authority upon the sale, purchase or use of materials, supplies and equipment, or services or labor of installation thereof, to be incorporated in the Project as part of such Construction Units. The Bidder agrees to pay all such taxes, except taxes upon the sale, purchase or use of owner-furnished materials and it is understood that, as to owner-furnished materials, the values stated in the attached ''List of Owner's Materials on Hand'' and ''List of Materials Ordered by Owner But Not Delivered'' include taxes upon the sale, purchase or use of owner-furnished materials, if applicable. The Bidder will furnish to the appropriate taxing authorities all required information and reports pertaining to the Project, except as to the owner-furnished materials.

Section 11. Changes in Quantities. The Bidder understands and agrees that the quantities called for in this Proposal are approximate, and that the total number of units upon which payment shall be made shall be as set forth in the inventory. If the Owner changes the quantity of any unit or units specified in this Proposal by more than 15%, and the materials cost to the Bidder is increased thereby to an extent which would not be adequately compensated by application of the unit prices in this Proposal to the revised quantity of such unit or units, such change, to the extent of the quantities of such units in excess of such 15%, shall be regarded as a change in the construction within the meaning of Article II, Section 1(d) of this Proposal.

LIST OF OWNER'S MATERIALS ON HAND

Item [1]	Description of material	Catalog No.	Quantity	Unit price	Extended price
Total. Above Materials are Located at:					

[1] Item corresponds with item in list of materials in construction drawings. Under Article I, Section 3, the value of these materials will be deducted from payments to the Bidder for completed Construction Units.

LIST OF MATERIALS ORDERED BY OWNER BUT NOT DELIVERED

Item [1]	Supplier name and address	Scheduled delivery date	Description of material	Catalog No.	Quantity	Unit price	Extended price
Total. Above Material to be Delivered to:							

[1] Item corresponds with item in list of materials in construction drawings. Under Article I, Section 3, the value of these materials will be deducted from payments to the Bidder for completed Construction Units.

Article II—Construction

Section 1. Time and Manner of Construction.

a. The Bidder agrees to commence construction of the Project on a date (hereinafter called the ''Commencement Date'') which shall be determined by the Engineer after notice in writing of approval of the Contract by the Administrator and notice in writing from the Bidder that the Bidder has sufficient materials to warrant commencement and continuation of construction, but in no event will the Commencement Date be later than _____ calendar days after date of approval of the Contract by the Administrator. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Plans, Specifications for Construction and Construction Drawings within _____ (_____) calendar days (excluding Sundays) after Commencement Date: Provided, however, that the Bidder will not be required to perform any construction on such days when in the judgment of the Engineer snow, rain, or wind, or the results of snow, rain, or frost make it impracticable to perform any operation of construction and to the extent of the time lost due to the conditions described herein and approved in writing by the Engineer, the time of completion set out above will be extended if the Bidder makes a written request therefor to the Owner as provided in subsection b of this Section 1.

b. The time for Completion of Construction shall be extended for the period of any reasonable delay which is due exclusively to causes beyond the control and without the fault of the Bidder, including acts of God, fires, floods, inability to obtain materials and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however, that no such extension of time for completion shall be granted the Bidder unless within ten (10) days after the happening of any event relied upon by the Bidder for such an extension of time the Bidder shall have made a request therefore in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes, except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

c. The sequence of construction shall be as set forth below, the numbers or names being the designations of substations or other major facilities (hereinafter called the ''Stations'') corresponding to the numbers or names shown on the maps attached hereto, or if no Stations are set forth below, the sequence of construction shall be as determined by the Bidder, subject to the approval of the Engineer. _____

d. The Owner, acting through the Engineer and with the approval of the Administrator,[1] may from time to time during the progress of the construction of the Project make such changes, additions to or subtractions from the Plans, Specifications for Construction, Construction Drawings, List of Materials and sequence of construction provided for in the previous paragraph which are part of the Contractor's Proposal as conditions may warrant: Provided, however, that if any change in the construction to be done shall require an extension of time, a reasonable extension will be granted if the Bidder shall make a written request therefor to the Owner within ten (10) days after any such change is made. And provided further, that if the cost to the Bidder of construction of the Project shall be materially increased by any such change or addition, the Owner shall pay the Bidder for the reasonable cost thereof in accordance with a Construction Contract Amendment signed by the Owner and the Bidder and approved by the Administrator,[2] but no claim for additional compensation for any such change or addition will be considered unless the Bidder shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.

e. The Bidder will not perform any work hereunder on Sundays unless there is urgent need for such Sunday work and the Owner consents thereto in writing. The time for completion specified in subsection a of this Section 1 shall not be affected in any way by inclusion of this subsection nor by the Owner's consent or lack of consent to Sunday work hereunder.

Section 2. Environmental Protection. The Bidder shall perform work in such a manner as to maximize preservation beauty, conservation of natural resources and minimize marring and scarring of the landscape and silting of streams. The Bidder shall not deposit trash in streams or waterways, and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures. The Bidder shall follow, under the general direction of the Engineer, the criteria relating to environmental protection as specified herein by the Engineer.

Section 3. The Bidder agrees that in the event this Proposal is accepted it will make available for use in connection with the proposed construction all necessary tools and equipment and qualified superintendents and foremen.

Section 4. Changes in Construction. The Bidder agrees to make changes in construction previously installed in the Project by the Bidder as required by the Owner. The compensation for such changes shall be as agreed upon in writing by the Bidder and the Owner prior to commencement of work in connection with such changes.

No payment shall be made to the Bidder for materials or labor involved in correcting errors or omissions on the part of the Bidder which result in construction not in accordance with the Plans and Specifications for Construction.

Section 5. Construction Not in Proposal. The Bidder also agrees that when it is necessary to construct units not shown in the Proposal it will construct such units for a price arrived at as follows:

a. The cost of materials shall be determined by the invoices.

b. The cost of labor shall be the reasonable cost thereof, as agreed upon by the Owner and Bidder prior to the commencement of work.

Section 6. Supervision and Inspection.

a. The Bidder shall cause the construction work on the Project to receive constant supervision by a competent superintendent (hereinafter called the ''Superintendent'') who shall be present at all times during working hours where construction is being carried on. The Bidder shall also employ, in connection with the construction of the Project, capable, experienced and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent shall be binding upon the Bidder.

b. The Owner reserves the right to require the removal from the Project of any employee of the Bidder if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner or the Supervisor, if any, shall have the right to require the Bidder to increase the number of its employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner or Supervisor; but the failure of the Owner or Supervisor to give any such directions shall not relieve the Bidder of its obligations to complete the work within the time and in the manner specified in this Proposal.

c. The manner of construction of the Project, and all materials and equipment used therein, shall be subject to the inspection, tests and approval of the Owner and the Administrator, and the Bidder shall furnish all information required by the Owner or by the Administrator concerning the nature or source of any materials incorporated or to be incorporated in the Project. The Owner and the Administrator shall have the right to inspect all payrolls, invoices of materials, and other data and records of the Bidder and of any subcontractor, relevant to the construction of the Project. The Bidder shall provide all reasonable facilities necessary for such inspection and tests. The Bidder shall have an authorized agent accompany the Engineer when final inspection is made and, if requested by the owner, when any other inspection is made.

d. In the event that the Owner, or the Administrator, shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Bidder and the Bidder's Surety or Sureties, if any, to have an inspection made by an engineer approved by the Owner and the Administrator for the purpose of determining the exact nature, extent and location of such defects.

e. The Engineer may recommend to the Owner that the Bidder suspend the work wholly or in part for such period or periods as the Engineer may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for the satisfactory prosecution of the work or because of the failure of the Bidder to comply with any of the provisions of the Contract: Provided, however, that the Bidder shall not suspend work pursuant to this provision without written authority from the Owner so to do. The time of completion hereinabove set forth shall be increased by the number of days of any such suspension, except when such suspension is due to the failure of the Bidder to comply with any of the provisions of this Contract. In the event that work is suspended by the Bidder with the consent of the Owner, the Bidder before resuming work shall give the Owner at least twenty-four (24) hours notice thereof in writing.

Section 7. Defective Materials and Workmanship.

a. The acceptance of any materials, equipment (except owner-furnished materials) or any workmanship by the Owner or the Engineer shall not preclude the subsequent rejection thereof if such materials, equipment, or workmanship shall be found to be defective after delivery or installation, and any such materials, equipment or workmanship found defective before final acceptance of the construction shall be replaced or remedied, as the case may be, by and at the expense of the Bidder. Any such condemned material or equipment shall be immediately removed from the site of the Project by the Bidder at the Bidder's expense. The Bidder shall not be entitled to any payment hereunder so long as any defective materials, equipment or workmanship in respect to the Project, of which the Bidder shall have had notice, shall not have been replaced or remedied, as the case may be.

b. Notwithstanding any certificate which may have been given by the Owner or the Engineer, if any materials, equipment (except owner-furnished materials) or any workmanship which does not comply with the requirements of this Contract shall be discovered within one (1) year after Completion of Construction of the Project, the Bidder shall replace such defective materials or equipment or remedy any such defective workmanship within thirty (30) days after notice in writing of the existence thereof shall have been given by the Owner. If the Bidder shall be called upon to replace

[1] As long as the total price of this contract including all amendments is less than 120 percent of the original contract price as stated in the acceptance hereto, amendments executed on RUS Form 238 are not subject to the approval of the Administrator. Whenever an amendment to this contract causes the total amended contract to exceed 120 percent of the original contract price, that amendment and all subsequent amendments to this contract shall be made subject to the approval of the Administrator.

[2] See Footnote 1.

any defective materials or equipment or to remedy defective workmanship as herein provided, the Owner, if so requested by the Bidder shall deenergize that portion of the Project involved in such work. In the event of failure by the Bidder so to do, the Owner may replace such defective materials or equipment or remedy such defective workmanship, as the case maybe, and in such event the Bidder shall pay to the Owner the cost and expense thereof.

Article III—Payments and Release of Liens

Section 1. Payments to Bidder.

a. Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Bidder for construction accomplished during the preceding calendar month on the basis of completed Construction Units furnished and certified to by the Bidder, recommended by the Engineer, and approved by the Owner solely for the purposes of payment: Provided, however, that such approval shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such estimate approved during the construction of the Project shall be paid by the Owner to the Bidder prior to Completion of the Project: Provided, however, that at any time after work, which, in the sole determination of the Engineer, amounts to fifty percent (50%) of the maximum Contract price has been completed, the Owner may elect, in lieu of paying ninety percent (90%) of each such subsequent estimate, to pay each such subsequent estimate in full. Upon completion by the Bidder of the construction of the Project, the Engineer will prepare an inventory of the Project showing the total number and character of Construction Units and, after checking such inventory with the Bidder, will certify it to the Owner together with a certificate of the total cost of the construction performed. Upon the approval of such certificates by the Owner and the Administrator, the Owner shall make payment to the Bidder of all amounts to which the Bidder shall be entitled thereunder which shall not have been paid, provided, however, that such final payment shall be made not later than ninety (90) days after the date of Completion of Construction of the Project as specified in the Certificate of Completion, unless withheld because of the fault of the Bidder.

b. The Bidder shall be paid on the basis of the number of Construction Units actually installed at the direction of the Owner shown by the inventory: Provided, however, that the total cost shall not exceed the maximum Contract price for the construction of the Project as set forth in the Acceptance, unless such excess shall have been approved in writing by the Administrator.

c. Notwithstanding the provisions of Section la above, the Bidder may, by giving written notice thereof to the Owner, elect to receive payment in full for any Station of the Project upon:

(1) completion of construction of such Station as certified by the Engineer and approved by the Owner and the Administrator;

(2) submission to the Owner and the Administrator of the releases of lien and the certificate referred to in Section 2 hereof;

(3) approval by the Owner and the Administrator of the inventory in respect of such Station; and

(4) submission to the Owner and the Administrator of the consent in writing by the Surety or Sureties, if any, on the Contractor's Bond to payment in full for such Station prior to Completion of the Project. d. Interest at the rate of _____ percent[3] (_____%) per annum shall be paid by the Owner to the Bidder on all unpaid balances due on monthly estimates, commencing fifteen (15) days after the due date; provided the delay in payment beyond the due date is not caused by any condition within the control of the Bidder. The due date for purposes of such monthly payment shall be the fifteenth day of each calendar month provided (1) the Bidder on or before the fifth day of such month shall have submitted its certification of Construction Units completed during the preceding month and (2) the Owner on or before the fifteenth day of such month shall have approved such certification. If, for reasons not due to the Bidder's fault, such approval shall not have been given on or before the fifteenth day of such month, the due date for purposes of this subsection d shall be the fifteenth day of such month notwithstanding the absence of the approval of the certification.

e. Interest at the rate of ——— percent[4] (———%) per annum shall be paid by the Owner to the Bidder on the final payment for the Project or any completed Station thereof, commencing fifteen (15) days after the due date. The due date for purposes of such final payment shall be the date of approval by the Administrator of all of the documents requiring such approval, as a condition precedent to the making of final payment, or ninety (90) days after the date of Completion of Construction of the Project, as specified in the Certificate of Completion, whichever date is earlier.

f. No payment shall be due while the Bidder is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Bidder the amount of any claim by a third party against either the Bidder or the Owner based upon an alleged failure of the Bidder to perform the work hereunder in accordance with the provisions of this Contract.

Section 2. Release of Liens and Certificate of Contractor. (See sample RUS Form 224, Waiver and Release of Lien and sample RUS Form 231, Certificate of Contractor.) Upon the completion by the Bidder of the construction of the Project (or any Station thereof if the Bidder shall elect to receive payment in full for any Station when completed as provided above) but prior to final payment to the Bidder, the Bidder shall deliver to the Owner, in duplicate, releases of all liens and of rights to claim any lien, in the form attached hereto from all manufacturers, materialmen, and subcontractors furnishing services or materials for the Project or such Station and a certificate in the form attached hereto to the effect that all labor used on or for the Project or such Station has been paid and that all such releases have been submitted to the Owner for approval.

Section 3. Payments to Materialmen and Subcontractors. The Bidder shall pay each materialman and each subcontractor, if any, within five (5) days after receipt of any payment from the Owner, the amount thereof allowed the Bidder for and on account of materials furnished or construction performed by each materialman or each subcontractor.

Article IV—Particular Undertakings of the Bidder

Section 1. Protection to Persons and Property. The Bidder shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the ''Manual of Accident Prevention in Construction'' of the Associated General Contractors of America unless such instructions are incompatible with Federal, State, or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

a. The Bidder shall at no time and under no circumstances cause or permit any employee of the Bidder to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in the Notice and Instructions to Bidders.

b. The Bidder shall so conduct the construction of the Project as to cause the least possible obstruction of public highways.

c. The Bidder shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances and regulations or by local conditions.

d. Temporary water, light, power and other utility service shall be arranged for by the Bidder for construction purposes at its own expense.

e. The Bidder shall do all things necessary or expedient to properly protect any and all adjacent lines, highways and any and all property of others from damage, and in the event that any such lines, highways or other property are damaged in the course of construction of the Project, the Bidder shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.

f. The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control of the Bidder and during such period of control by the Bidder all risks in connection with the construction of the Project and the materials to be used therein shall be borne by the Bidder. The Bidder shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Bidder by reason of any act of God or other casualty or

[3] The Owner shall insert a rate equal to the lowest ''Prime Rate'' listed in the ''Money Rates'' section of the Wall Street Journal on the date such invitation to bid is issued.

[4] See Footnote 3.

cause whether or not the same shall have occurred by reason of the Bidder's negligence.

(i) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Bidder's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Bidder's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.

(ii) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Bidder, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Bidder shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Bidder does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Bidder.

(iii) Bidder shall provide to Owner's satisfaction evidence of Bidder's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

g. Any and all excess earth, rock, debris, underbrush and other useless material shall be removed by the Bidder from the site of the Project as rapidly as practicable as the work progresses.

h. Upon violation by the Bidder of any of the provisions of this Section, after written notice of such violation given to the Bidder by the Engineer or the Owner, the Bidder shall immediately correct such violation. Upon failure of the Bidder so to do the Owner may correct such violation at the Bidder's expense: Provided, however, that the Owner may, if it deems it necessary or advisable, correct such violation at the Bidder's expense without such prior notice to the Bidder.

i. The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.

Section 2. Insurance. The Bidder shall take out and maintain throughout the contract period insurance of the following types and minimum amounts:

(a) Workers' compensation and employers' liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employer or employee is not subject to the workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

(b) Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(c) Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million per occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3. Delivery of Possession and Control to Owner.

a. Upon written request of the Owner the Bidder shall deliver to the Owner full possession and control of any portion of the Project provided the Bidder shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of the possession and control of any portion of the Project to the Owner, the risk and obligations of the Bidder as set forth in Article IV, Section 1f hereof with respect to such portion of the Project so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials and workmanship as contained in Article II, Section 6 hereof.

b. Where the construction of a Station as hereinbefore defined in Article II, Section lc and Article III, Section 1c shall have been completed by the Bidder, the Owner agrees, after receipt of a written request from the Bidder, to accept delivery of possession and control of such Station upon the issuance by the Engineer of a written statement that the Station has been inspected and found acceptable by the Engineer. Upon such delivery of the possession and control of any such Station to the Owner, the risk and obligations of the Bidder as set forth in Article IV, Section 1f hereof with respect to such Station so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials or workmanship as contained in Article II, Section 6 hereof.

Section 4. Assignment of Guarantees. All guarantees of materials and workmanship running in favor of the Bidder shall be transferred and assigned to the Owner prior to the time the Bidder receives final payment.

Article V—Remedies

Section 1. Completion on Bidder's Default. If default shall be made by the Bidder or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Bidder and the Surety or Sureties, if any, upon the Contractor's Bond or Bonds a written notice requiring the Bidder to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Bidder such default shall be corrected or arrangements for the correction thereof satisfactory, to both the Owner and the Administrator shall be made by the Bidder or its Surety or Sureties, if any, the Owner may take over the construction of the Project and prosecute the same to completion by Contract or otherwise for the account and at the expense of the Bidder, and the Bidder and its Surety or Sureties, if any, shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliances, and plant belonging to the Bidder or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims or demands which the Bidder may have against third persons in connection with this Contract and for such purpose the Bidder does hereby assign, transfer and set over unto the Owner all such rights, claims and demands.

Section 2. Liquidated Damages. The time of the Completion of Construction of the Project is of the essence of the Contract. Should the bidder neglect, refuse or fail to complete the construction within the time herein agreed upon, after giving effect to extensions of time, if any, herein provided, then, in that event and in view of the difficulty of estimating with exactness damages caused by such delay, the Owner shall have the right to deduct from and retain out of such moneys

which may be then due, or which may become due and payable to the Bidder the sum of _____ dollars (_____) per day for each and every day that such construction is delayed on its completion beyond the specified time, as liquidated damages and not as a penalty; if the amount due and to become due from the Owner to the Bidder is insufficient to pay in full any such liquidated damages, the Bidder, shall pay to the Owner the amount necessary to effect such payment in full: Provided, however, that the owner shall promptly notify the Bidder in writing of the manner in which the amount retained, deducted or claimed as liquidated damages was computed.

Section 3. Cumulative Remedies. Every right or remedy herein conferred upon or reserved to the Owner or the Government or the Administrator shall be cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election: Provided, however, that the provisions of Section 2 of this Article shall be the exclusive measure of damages for failure by the Bidder to complete the construction of the Project within the time herein agreed upon.

Article VI—Miscellaneous

Section 1. Definitions.

a. The term ''Administrator'' shall mean the Administrator of the Rural Utilities Service of the United States of America and his duly authorized representatives or any other person in whom or authority in which may be vested the duties and functions which the Administrator is now authorized by law to perform.

b. The term ''Engineer'' shall mean the engineer employed by the Owner, with the approval of the Administrator, to provide engineering services for the Project, and said Engineer's duly authorized assistants and representatives.

c. The term ''Supervisor'' shall mean the person, if any, appointed by the Administrator as the representative of the Government under the provisions of the Loan Contract providing for such appointment in special cases. The term is limited to such special representative of the Government, if any, who is responsible exclusively to the Administrator and does not refer to the Manager or any other person employed by the Owner and responsible to it.

d. The term ''Project'' shall mean the substations or other major facilities described in the Plans, Specifications for Construction, and Construction Drawings.

e. The term ''Completion of Construction'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof except the Bidder's obligations in respect of (1) Releases of Liens and Certificate of Contractor under Article III, Section 2 hereof, (2) the inventory referred to in Article III, Section I hereof, and (3) other final documents. The term ''Completion of the Project'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof. The Certificate of Completion, signed by the Engineer and approved in writing by the Owner and the Administrator, shall be the sole and conclusive evidence as to the date of Completion of Construction and as to the fact of Completion of the Project.

Section 2. Materials and Supplies. In the performance of this contract there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, Mexico, or Canada, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States, Mexico, or Canada; provided that other articles, materials, or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. The Seller agrees to submit to the Purchaser such certificates with respect to compliance with the foregoing provision as the Administrator from time to time may require.

Section 3. Patent Infringement. The Bidder shall save harmless and indemnify the Owner from any and all claims, suits and proceedings for the infringement of any patent or patents covering any materials or equipment used in construction of the Project.

Section 4. Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Bidder.

Section 5. Compliance with Statutes and Regulations. The Bidder shall comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. §§ 287, 1001, as amended. The Bidder understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental Agencies having jurisdiction in the premises.

Section 6. Equal Opportunity Provisions.

a. Bidder's Representations.

The Bidder represents that:

It has ____, does not have ____, 100 or more employees, and if it has, that it has ____, has not ____, furnished the Equal Employment Opportunity-Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Bidder agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Bidder agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000, the Bidder will file such report, as required by law, and notify the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

b. Equal Opportunity Clause. During the performance of this Contract, the Bidder agrees as follows:

(1) The Bidder will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Bidder will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Bidder agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Bidder will, in all solicitations or advertisements for employees placed by or on behalf of the Bidder, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) The Bidder will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Bidder's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Bidder will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

(5) The Bidder will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(6) In the event of the Bidder's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations or orders, this Contract may be cancelled, terminated or suspended in whole or in part and the Bidder may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Bidder will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations or orders of the Secretary of Labor

issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Bidder will take such action with respect to any subcontractor purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event a Bidder becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Bidder may request the United States to enter into such litigation to protect the interests of the United States.

c. Certificate of Nonsegregated Facilities. The Bidder certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting room, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 7. Franchises. The Bidder shall be under no obligation to obtain or assist in obtaining: Any franchises, authorizations, permits or approvals required to be obtained by the Owner from Federal, State, County, Municipal or other authorities; or any agreements between the Owner and third parties with respect to any matters incident to the construction and operation of the Project.

Section 8. Nonassignment of Contract. The Bidder shall perform directly and without subcontracting not less than twenty-five per centum (25%) of the construction of the Project, to be calculated on the basis of the total Contract price. The Bidder shall not assign the Contract effected by an acceptance of this Proposal or any interest in any funds that may be due or become due hereunder or enter into any contract with any person, firm or corporation for the performance of the Bidder's obligations hereunder or any part thereof, without the approval in writing of the Owner and of the Surety and Sureties, if any, on any bond furnished by the Bidder for the faithful performance of the Bidder's obligations hereunder. If the Bidder, with the consent of the Owner and any Surety or Sureties on the Contractor's Bond or Bonds, shall enter into a subcontract with any subcontractor for the performance of any part of this Contract, the Bidder shall be as fully responsible to the Owner and the Government for the acts and omissions of such subcontractor and of persons employed by such subcontractor as the Bidder would be for its own acts and omissions and those of persons directly employed by it.

Section 9. Extension to Successors and Assigns. Each and all of the covenants and agreements herein contained shall extend to and be binding upon the successors and assigns of the parties hereto.

Section 10. Contractor. Upon acceptance of this Proposal, the successful Bidder shall be the Contractor and all references in the Proposal to the Bidder shall apply to the Contractor.

Section 11. Approval by the Administrator. No acceptance of this Proposal shall become effective until approved in writing by the Administrator: Provided, however, that no obligations shall arise hereunder unless such approval is given within forty-five (45) days from the date of acceptance by the Owner.

_____ (Bidder)
By _____ (President)
_____ (Address)
Attest: _____ (Secretary)
Date _____

The Proposal must be signed with the full name of the Bidder. If the Bidder is a partnership, the Proposal must be signed in the partnership name by a partner. If the Bidder is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

Specifications for Construction

Section 1. Scope of Work. The work covered by this Proposal embraces the complete construction of one or more substations or other major facilities as specified in the Acceptance, any omissions or discrepancies notwithstanding. All material furnished by the Bidder shall be new and in conformance with the Specifications for Construction. All construction work shall be done in a thorough and workmanlike manner in accordance with the Plans, Specifications for Construction and Construction Drawings. Deviations from the Plans, Specifications for Construction, and Construction Drawings shall not be permitted except upon the written permission of the Owner given with the approval of the Administrator.

This contract does not include _____ which is to be done by others.

Section 2. Materials. It is the intent of these specifications that insofar as materials required are included in the Rural Utilities Service ''List of Materials Acceptable for use on Systems of RUS Electrification Borrowers,'' such materials only shall be used. In the event that any materials are required beyond the scope of the ''List of Materials Acceptable for use on Systems of RUS Electrification Borrowers,'' specifications for such materials will be included on the drawings or in a supplement to these specifications.

Section 3. Drawings. The Drawings and Specifications collectively, show the specifications of the material and equipment shown thereon, and include schedules of conduit, cable and other items not readily ascertained from the picture drawings. Such schedules show the quantities, sizes, types and other pertinent information; method of installation, and construction details are indicated clearly. The drawings and specifications in the attached List of Drawings are made a part of these contract Specifications.

Section 4. Description of Construction Units. Each Construction Unit consists of a complete installation of the designated portion of a substation or switching station as specified on the drawings, together with connections to associated equipment. Each Construction Unit represents all labor and material including necessary accessories completely installed and tested in satisfactory operation. Full identification of each Construction Unit and all necessary specifications of the installation shall be shown on the drawings. Items of material in each Construction Unit shall be of the designated size, rating, type, voltage, or other specification in accordance With the drawings. The bill of material drawing for each station should contain adequate identification of the Construction Units under which the material is to be installed and should show what items of material may be partly or entirely found in the lists of owner-furnished materials. All items of equipment, unless otherwise specified, are mounted on a structure which shall be a Construction Unit of Group A.

Each Construction Unit shall be designated by the letter of the Group to which it belongs and an identifying number. The same item of equipment shall carry the same Construction Unit designation in all the stations. Items of equipment designated by the same Construction Unit in one station shall be of only one kind as to voltage, type and other specifications. The bid sheet for each station shall be prepared separately from other stations and shall contain all unit prices for Construction Units contained in the station. It is intended that in all cases the ''Name and Description of Construction Unit'' column of the Bid Sheets shall contain sufficient information to identify the Construction Unit.

Additional description to one or more of the Groups may be provided by the Engineer if deemed necessary to clarify the intent of these Specifications for Construction.

Group A. Structures. A Construction Unit consists of a structure, or structures, with bus supports including insulators and fittings, buses, conductors and overhead ground wires to adjacent structures within the station, grounding material to connect equipment with the ground bus, and associated material including mounting brackets, supports for equipment, clamps and connectors, all as specified in the drawings.

Group B. Three-Pole Group Operated Air Break Switches. A Construction Unit consists of one 3-pole group operated air break switch with all accessories and operating mechanisms as specified in the drawings.

Group C. Lightning Arresters. A Construction Unit consists of one single-phase lightning arrester.

Group D. Single Pole Disconnecting Switches. A Construction Unit consists of one single pole disconnecting or by-pass switch as specified in the drawings. If a fuse disconnect switch is specified, the fuse is included with the switch.

Group E. Oil Circuit Breakers. A Construction Unit consists of one complete three-phase power circuit breaker complete with supporting frame and control cabinet, unless shown otherwise in the drawings, mounted as specified in the drawings.

Group F. Oil Circuit Reclosers. A Construction Unit consists of a complete single-phase or three-phase oil circuit recloser as specified in the drawings.

Group G. Meters, Relays and Instrument Transformers. A Construction Unit consists of one meter, relay, potential transformer or current transformer.

Group H. Transformers. A Construction Unit consists of one power transformer or one station service transformer either single-phase or three-phase as specified in the drawings.

Group I. Voltage Regulators. A Construction Unit consists of one single-phase or three-phase voltage regulator as specified in the drawings.

Group J. Communications and Supervisory Control Equipment. A Construction Unit consists of carrier current equipment, microwave, or other types of communications and supervisory control equipment as specified in the drawings.

Group K. Conduit and Cable. A Construction Unit consists of the wire, cable, conduit and accessories necessary to complete the installation of equipment in accordance with the specifications and drawings, where such installation has not been included in other Groups.

Group L. Foundations. A Construction Unit consists of concrete footings and foundations except for the fence, as specified in the drawings.

Group M. Site Preparation. A Construction Unit consists of clearing, grading, drainage work, and surfacing, as specified in the drawings.

Group N. Fence. A Construction Unit consists of the complete installation of the fence, gates, etc., as specified in the drawings.

Group O. Station Grounding. A Construction Unit consists of the complete ground bus including ground rods, grounding mats or platforms, except as otherwise provided in other Groups, with connections to structures, equipment, and fence as specified in the drawings.

Group P. Building. A Construction Unit consists of a control building or cabinet, on a foundation of Group L and the facilities and equipment installed therein as specified in the drawings, except as otherwise provided in other Groups.

Other Groups. The Engineer shall specify such additional Groups as may be necessary for the completion of the Project. Description of these Groups shall be provided by an addition to this Section of the Specifications for Construction.

_____ Station construction Units
Unit No. _____
Name and Description of Construction Unit
_____
No. of Units _____
Unit Prices
Labor _____
Materials _____
Labor and Materials _____
Extended Price—Labor and Materials
_____
Total Price _____

Acceptance

Subject to the approval of the Administrator, the Owner hereby accepts the foregoing Proposal of the Bidder, _____ for the construction of the following substations or other major facilities:

_____ Substation, $_____
_____ $_____
The total contract price is $_____
_____ Owner
By _____ President
_____ Secretary
_____ Date of Contract

[End of clause]

§ 1726.341 Electric system communications and control equipment contract, RUS Form 786.

The contract form in this section shall be used when required by this part.

Electric System Communications and Control Equipment Contract (Including Installation)

Proposal to Furnish, Deliver, and Install Equipment and Materials

To:_____ (hereinafter called the ''Purchaser'')

The undersigned (hereinafter called the ''Seller'') hereby proposes to furnish, deliver, install, align and test the equipment and materials, (hereinafter called the ''Equipment'') described in the plans, specifications and drawings (hereinafter called the ''Specifications'') attached hereto identified as _____ and made a part hereof, and other Attachments identified as _____ and made a part hereof, for the electric system designated _____, financed in whole or in part by a loan to the Purchaser by the United States of America, acting through the Administrator of the Rural Utilities Service (hereinafter called the ''Administrator'').

The Seller has become informed as to the location and characteristics of the proposed Equipment and the facilities over which the Equipment is to perform, has become informed as to the kind of facilities required before and during the delivery and installation of the Equipment and has become acquainted with the labor conditions which would affect the work as well as the ecological and environmental criteria to be followed. The Seller agrees that if its Proposal is accepted the following terms and conditions shall govern.

If, in submitting this Proposal, the Seller has made any change in the form of Proposal furnished by the Purchaser, the Seller understands that the Purchaser and the Administrator may evaluate the effect of such change as they see fit or they may exclude the Proposal from consideration.

Article I

Section 1. Proposal Price. The Seller will furnish, deliver, install, align and test the Equipment described in the Specifications for the following sum:

Total Contract Price $_____
Delivery time is _____ calendar days.
Completion time is _____ calendar days.

A detailed price breakdown by locations, showing equipment pricing and installation pricing, is given in the Attachment identified as _____ and made a part hereof.

Section 2. Changes. The Purchaser, subject to the approval of the Administrator,[1] may from time to time during the performance of the work make such changes, additions to or subtractions from the Specification's which are part of the Proposal as conditions may warrant; provided, however, that, if any change in the work shall require an extension of time, a reasonable extension will be granted if the Seller shall make a written request therefor to the purchaser within ten (10) days after any such change is made and, provided further, that, if the cost to the Seller shall be increased or decreased by any such change or addition, the contract price shall be increased or decreased by the reasonable cost thereof, in accordance with a contract amendment signed by the Purchaser and the Seller and approved by the Administrator,[2] but no claim for additional compensation for any such change or addition will be considered unless the Seller shall have made a written request therefor to the Purchaser prior to the commencement of work in connection with such change or addition.

Section 3. Taxes. The prices herein set forth do not include any sums which are or may be payable by the Seller or the Purchaser on account of taxes imposed by any taxing authority upon the sale, purchase or use of the Equipment or labor of installation. If any such tax is applicable, the amount thereof shall be stated separately and added to the Proposal price and paid by the Purchaser.

Article II—Delivery and Installation

Section 1. Time of Completion. The time of delivery of the Equipment and of completion of the work is of the essence of this Contract. The seller will deliver the Equipment within the number of calendar days specified in Article I, Section 1, after the Administrator shall have approved this contract in writing and will prosecute

[1] As long as the total price of this contract including all amendments is less than 120 percent of the original contract price as stated in the acceptance hereto, amendments executed on RUS Form 238 are not subject to the approval of the Administrator. Whenever an amendment to this contract causes the total amended contract to exceed 120 percent of the original contract price, that amendment and all subsequent amendments to this contract shall be made subject to the approval of the Administrator.

[2] See Footnote 1.

diligently and complete the work within the number of calendar days specified in Article I, Section 1, after such approval. The time for such delivery and completion shall be extended for the period of any reasonable delay due exclusively to causes beyond the control and without the fault of the Seller, including, but not limited to, acts of God, fires, strikes, floods, changes in the Specifications as herein provided, and acts or omissions of the Purchaser with respect to matters for which the Purchaser is solely responsible; provided, however, that no delay in such time for delivery or completion of the work or in the progress of the work shall result in any liability on the part of the Purchaser, and provided further that any claim for extension of time shall be adjusted at the time any such delay occurs or any such change is made.

Section 2. Supervision and Inspection. The Seller will give adequate supervision to the work. He will carefully study and compare all drawings, specifications, and other instructions and will at once report to the Purchaser any error, inconsistency or omission which he may discover. The Seller will keep on his work during its progress a competent superintendent and any necessary assistants, all satisfactory to the Purchaser. The Superintendent shall represent the Seller in his absence and all directions given to him shall be as binding as if given to the Seller. When requested, such directions shall be confirmed in writing.

Section 3. The Purchaser will make available during installation a competent representative to coordinate installation activities with the Seller.

Section 4. Alignment, Inspection and Tests. The Seller shall adjust and align the Equipment to perform in accordance with the Specifications and furnish in writing to the Purchaser data to show the state of adjustment of the Equipment. Immediately upon completion of the installation and alignment of the Equipment the Seller shall provide the necessary test equipment and perform the inspections and tests specified in the Specifications under the direct supervision of the Purchaser or its Engineer. A competent representative of the Purchaser or his Engineer will be available to supervise and witness these tests immediately upon completion of installation and alignment by the Seller and to determine for the purchaser that the performance of the equipment meets the Specifications. Such determination, however, shall not preclude subsequent rejection pursuant to Section 7 of this Article II. The Seller shall furnish in writing to the Purchaser the results of all tests. All Equipment furnished hereunder shall be subject to the inspection, tests, and approval of the Purchaser and the Administrator. The Purchaser and the Administrator shall have the right to inspect all records of the Seller and of any subcontractor relevant to the installation work. The Seller shall provide all reasonable facilities necessary for such inspection and tests.

Section 5. If as a result of the tests and measurements set forth in Section 4 above, the Performance Specifications of the Equipment cannot be met due to inaccuracies, or inadequacies in the system data provided in the Specifications, the Purchaser and Seller shall determine what corrective measures are necessary and whether these corrections shall be made by the Purchaser or the Seller.

If it is determined that the Seller shall make the corrections, the Purchaser will reimburse the Seller pursuant to a contract amendment, subject to the approval of the Administrator,[3] for such reasonable additional expenses for the corrections, realignment and retesting the Seller is required to perform pursuant to this amendment.

Where it is determined that the Purchaser will make the corrections, the Purchaser will reimburse the Seller pursuant to a contract amendment, subject to the approval of the Administrator,[4] for such reasonable additional expenses for realignment and retesting the Seller is required to perform pursuant to this amendment, including, if necessary, the added expense of returning to the project, where necessary, for reperforming alignment and testing.

Section 6. Employees. The Purchaser shall have the right to require the removal from the work of any employee of the Seller if in the judgment of the Purchaser such removal shall be necessary in order to protect the interest of the Purchaser.

Section 7. Defective Workmanship and Materials. Notwithstanding the acceptance of workmanship, materials or equipment or the giving of any certificate with respect to the Completion of the Work, if during performance hereunder or within one year after completion or within such longer period as the Equipment or any part thereof may be guaranteed by the Seller and Manufacturer, the workmanship, materials or equipment, except as may be otherwise provided in the Specifications, shall be found to be defective or not in conformity with the Specifications, the Seller shall remedy or replace at its expense such workmanship, materials or equipment within thirty (30) days after notice of the existence thereof shall have been given to the Seller by the Purchaser.

Article III—Payments and Releases of Liens

Section 1. Payment to Seller.

(a) The Purchaser shall pay the Seller upon the basis of estimates by the Seller recommended by the supervising engineer, if any, and approved by the Purchaser of the work completed, the following percentages of the price of the equipment for each location set forth in Article I, Section 1, as and if revised: 45% when 50% of the equipment for each location has been delivered at the site of the Project; 90% when all the equipment for each location has been delivered at the site of the Project.

(b) Upon completion of installation of the equipment for each location, the Purchaser shall pay the Seller 90% of the Total price for such location.

(c) Upon Completion of the Installation of the Equipment, but prior to the payment to the Seller of any amount in excess of ninety percent (90%) of the Total Contract Price, the supervising engineer, if any, of the Purchaser or the Purchaser shall inspect the work performed hereunder and if the work shall be found acceptable and all provisions hereunder fully performed, the supervising engineer, if any, of the Purchaser shall certify as to that fact and as to the amount of the balance found to be due to the Seller. Upon acceptance by the Purchaser, the Purchaser shall pay to the Seller all unpaid amounts to which the Seller shall be entitled hereunder; provided, however, such final payments shall be made not later than 120 days after completion of the work, unless such acceptance by the Purchaser shall be withheld because of the fault of the Seller.

Section 2. Release of Liens. Upon the Completion of the Installation of the Equipment by the Seller, but prior to the payment to the Seller of any amount in excess of ninety percent (90%) of the Total Contract Price, the Seller will deliver to the Purchaser, in duplicate, releases of all liens and of rights to claim any lien from manufacturers, materialmen and subcontractors who have furnished materials or services for the work and a certificate by the Seller in a form approved by the Administrator, to the effect that all labor has been paid and that all such releases have been submitted to the Purchaser for approval.

In lieu of releases of liens, and if the Administrator shall so approve, the Seller may deliver to the Purchaser, in duplicate, (1) a certificate, in a form approved by the Administrator, that all manufacturers, materialmen and subcontractors who have furnished materials or services for the Project have been paid in full, and (2) an agreement to hold the Purchaser harmless against any liens arising out of the Seller's performance hereunder which may have been or may be filed against the Purchaser.

Article IV—Particular Undertakings of the Seller

Section 1. Protection to Persons and Property. At all times when Equipment is being delivered and installed the Seller will exercise reasonable precautions for the safety of employees on the work and of the public, and will comply with all applicable provisions of Federal, State and Municipal safety laws and building and construction codes. All machine and equipment and other physical hazards shall be guarded in accordance with the ''Manual of Accident Prevention in Construction'' of the Associated General Contractors of America, unless such instructions are incompatible with Federal, State, or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

(a) The Seller will at all times keep the premises free from accumulations of waste material or rubbish caused by his employees or work, and at the completion of the work he will remove all rubbish and all his tools, scaffolding and surplus materials and will leave his work ''broom clean.''

(b) The Seller will perform work in such manner as to maximize preservation of aesthetics and conservation of natural resources, and minimize marring and scarring of the landscape and silting of streams. There will be no depositing of trash in streams or waterways. Herbicides, other

[3] See Footnote 1.

[4] See Footnote 1.

chemicals or their containers will not be deposited in or near streams, waterways or pastures. The Seller will follow, under the general direction of the Purchaser, the criteria relating to environmental protection as specified herein by the Purchaser.

(c) The work, from its commencement to completion, or to such earlier date or dates when the Purchaser may take possession and control, shall be under the charge and control of the Seller and during such period of control by the Seller all risks in connection therewith and the materials to be used therein, whether owned by the Seller or Purchaser, shall be borne by the Seller. The Seller will make good and fully repair all injuries and damages to the work or any portion thereof under the control of the Seller by reasons of any act of God, or any other casualty or cause whether or not the same shall have occurred by reason of the Seller's negligence.

(i) To the maximum extent permitted by law, Seller shall defend, indemnify, and hold harmless Purchaser and Purchaser's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Seller's employees) and loss, damage to or destruction of Purchaser's property or the property of any other person or entity (including but not limited to Seller's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Seller, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Seller liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Purchaser.

(ii) To the maximum extent permitted by law, Seller shall defend, indemnify, and hold harmless Purchaser and Purchaser's directors, officers, and employees from all liens and claims filed or asserted against Purchaser, its directors, officers, and employees, or Purchaser's property or facilities, for services performed or materials or equipment furnished by Seller, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Seller shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Purchaser promptly when it has done so. If Seller does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Purchaser shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Seller.

(iii) Seller shall provide to Purchaser's satisfaction evidence of Seller's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

(d) Monthly reports of all accidents will be promptly submitted by the Seller, giving such data as may be prescribed by the Purchaser.

Section 2. Delivery of Possession and Control to Purchaser. Upon written request of the Purchaser, the Seller shall deliver to the Purchaser full possession and control of any completed location included in the work, provided the Seller shall have been paid at least 90% of such Total Location Price. Upon such delivery of the possession and control of any such location to the Purchaser, the risks and obligations of the Seller, as set forth in Article IV, Section 1(b) hereof, with respect to such location shall be terminated; provided however, that nothing herein contained shall relieve the Seller of any liability with respect to defective workmanship or materials as specified in Article II, Section 7, hereof.

Section 3. Insurance. The Seller shall take out and maintain throughout the contract period insurance of the following types and minimum amounts:

(a) Workers' compensation and employers' liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employer or employee is not subject to the workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

(b) Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(c) Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million per occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Purchaser shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Purchaser shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Purchaser. The Seller shall furnish the Purchaser a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Purchaser of any cancellation or material change in the insurance.

Section 4. Purchase of Materials. The Seller shall purchase all materials and supplies outright and not subject to any conditional sales agreements, bailment lease or other agreement reserving unto the Seller any right, title or interest therein. Materials and Supplies shall become the property of the Purchaser as the Purchaser makes payments therefor to the Seller in accordance with Article III, Section 1(a). Unless otherwise specified, all materials shall be new.

Section 5. Assignment of Guarantees. All guaranties of materials and workmanship running in favor of the Seller shall be transferred and assigned to the Purchaser on completion of the work and at such time as the Seller receives final payment.

Section 6. Patent Infringement. The Seller shall hold harmless and indemnify the Purchaser from any and all claims, suits, and proceedings for the infringement of any patent or patents covering any, equipment, materials, supplies, or installation methods used in the work. The Seller shall, at its own cost (and Purchaser agrees to permit Seller to do so) defend any suits which may be instituted by any, party against the Seller for alleged infringement of patents relating to the Seller's performance hereunder.

Section 7. Compliance with Statutes and Regulations. The Seller shall comply with all applicable statutes, ordinances, rules and regulations pertaining to the work. The Seller acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statutes (48 Stat. 948), and all regulations issued pursuant thereto, and 18 U.S.C. §§ 287,1001 as amended and the Seller agrees to comply with the provisions of all of such statutes and regulations.

Article V—Remedies

Section 1. Completion on Seller's Default. If default shall be made by the Seller or by any subcontractor in the performance of any of the work hereunder, the Purchaser, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Seller and the surety or sureties upon the Seller's Bond or Bonds, if any, a written notice requiring the Seller to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Seller such default shall be corrected or arrangements for the correction thereof, satisfactory to both the Purchaser and the Administrator, shall be made by the Seller or its surety or sureties, the Purchaser may take over the performance of the Seller's obligations hereunder and prosecute the same to completion by contract or otherwise for the account and at the expense of the Seller, and the Seller and its surely or sureties shall be liable to the Purchaser for any cost or expense in excess of the contract price occasioned thereby. In such event, the purchaser may take possession of and utilize, in completing the work, any tools, supplies, equipment, appliances and plant belonging to the Seller which may be situated at the site of the installation work. The Purchaser, in such contingency, may exercise any rights, claims

or demands which the Seller may have against third persons in connection herewith and for such purpose the Seller does hereby assign, transfer and set over unto the Purchaser all such rights, claims and demands.

Section 2. Enforcement of Remedies by Administrator. The Administrator may on behalf of the Purchaser exercise any right or enforce any remedy which the Purchaser may exercise or enforce hereunder.

Section 3. Cumulative Remedies. Every right or remedy herein conferred upon or reserved to the Purchaser or the Administrator shall be cumulative and shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election.

Article VI—Miscellaneous

Section 1. Definitions. (a) The contract documents shall consist of the Proposal and Acceptance, the Contractor's Bond and the Specifications.

(b) The term ''Completion of Installation'' shall mean full performance by the Seller of the Seller's obligations under the Contract and all amendments and revisions thereof, except that it shall not include the final acceptance tests nor performance of the Seller's obligations in respect of (i) releases of liens and Certificate of Seller under Article III, Section 2 hereof, (ii) other final documents. The term ''Completion of the Work'' shall mean full performance by the Seller of the Seller's obligations under the Contract and all amendments and revisions thereof. The Certificate of Completion signed by the supervising engineer and approved by the Purchaser or signed by the Purchaser, if the Purchaser shall not employ an Engineer, and approved in writing by the Administrator within a reasonable time after completion shall be conclusive evidence as to the fact of completion and the date thereof.

Section 2. Materials and Supplies. In the performance of this contract there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, Mexico, or Canada, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States, Mexico, or Canada; provided that other articles, materials, or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. The Seller agrees to submit to the Purchaser such certificates with respect to compliance with the foregoing provision as the Administrator from time to time may require.

Section 3. Equal Opportunity Provisions. (a) Seller's Representations.

The Seller represents that:

It has ____, does not have ____, 100 or more employees, and if it has, that it has ____, has not ____, furnished the Equal Employment Opportunity—Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Seller agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Seller agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000 the Seller will file such report, as required by law, and notify the Purchaser in writing of such filing prior to the Purchaser's acceptance of this Proposal.

(b) Equal Opportunity Clause. During the performance of this Contract, the Seller agrees as follows:

(1) The Seller will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Seller will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited, to the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Seller agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Seller will, in all solicitations or advertisements for employees placed by or on behalf of the Seller, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) The Seller will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representative of the Seller's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Seller will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Seller will furnish all information and reports required by Executive Order 11246 of September 21, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Seller's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations or orders, this Contract may be cancelled, terminated or suspended in whole or in part, and the Seller may be declared ineligible for further Government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Seller will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Seller will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event a Seller becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Seller may request the United States to enter into such litigation to protect the interests of the United States.

(c) Certificate of Nonsegregated Facilities. The Seller certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Seller certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Seller agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting room, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Seller agrees that (except where it has obtained identical certificates from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 4. Bond. The Seller will furnish to the Purchaser, for a contract in excess of $100,000 a bond in a penal sum not less than the Proposal price and in the form attached hereto and with a Surety or Sureties listed by the United States Treasury Department as acceptable Sureties.

Section 5. License. The Seller shall comply with all applicable construction codes.

(a) The Seller warrants that he possesses contractor's license number ____ issued to him by the State of ____ in which the work is located, and said license expires on ____, 19____.

(b) The Seller warrants that no license is required in the State in which the work is located.

(Cross out that subsection which does not apply.)

Section 6. Nonassignment of Contract. The Seller will not assign the Contract effected by acceptance of this Proposal, or any part thereof, or enter into any contract with any person, firm or corporation, for the performance of the Seller's obligations hereunder or any part hereof, without the approval in writing of the Purchaser and the Surety or Sureties on the Contractor's Bond or Bonds, if any; provided, however, the Seller may subcontract the whole or any part of the installation work to be performed at the installation site (as distinguished from furnishing and delivery of equipment and materials). If the Seller, with the consent of the Purchaser and the Surety or Sureties on the Contractor's Bond or Bonds, if any, shall enter into any subcontract with any subcontractor for the Performance of any part of the installation work to be performed at the installation site, the Seller shall be as fully responsible to the Purchaser and the United States of America for the acts and omissions of such subcontractor and of persons employed by such subcontractor as the Seller would be for its own acts and omissions and those of persons directly employed by it.

Section 7. Approval of the Administrator. The acceptance of this Proposal by the Purchaser shall not create a contract unless such acceptance shall be approved in writing by the Administrator within ninety (90) days after the date of the Proposal.

_____ Seller

By _____

_____ Title

Date of Proposal _____

(If executed by one other than President, Vice-President, a partner or the individual owner, a power of attorney authorizing execution should accompany this proposal.)

Acceptance

Subject to the approval of the Administrator, the Purchaser hereby accepts the Proposal of _____ (Dated _____) for the Equipment herein described for the Total Base Price of $_____ and the following options for:

Spare Parts $_____

Maintenance Tools $_____

Test Equipment $_____

Other Options: (Describe) $_____

Total Contract Price $_____

_____ Purchaser

By _____ President

Attest _____ Secretary

Date of Acceptance _____

[End of clause]

§ 1726.342 Distribution line extension construction contract (labor and materials), RUS Form 790.

The contract form in this section shall be used when required by this part.

Distribution Line Extension Construction Contract (Labor and Materials)

Proposal

To: _____ (hereinafter called the ''Owner'').

Article I—General

Section 1—Offer to Construct. The undersigned (hereinafter called the ''Contractor'') hereby proposes to furnish labor, materials, and equipment for, and construct for the prices hereinafter stated, the rural electric project ____—19____ Line Extensions (hereinafter called ''Project'') in strict accordance with the Plans, Specifications, and Construction Drawings hereinafter referred to. The Contractor understands and agrees that the Project will consist of line extensions and additions and line changes or similar work usually associated with overhead or underground distribution system improvement or extension work all located within the area served or ultimately to be served by the Owner and that the exact location and scope of individual sections of the Project (hereinafter called ''Sections'') will be made known to the Contractor from time to time as provided in Article II, Section 1 hereof; and provided, however, that the Contractor shall not be obligated to start construction of any Section unless the cost of construction of the Section computed on the unit prices of this Proposal shall amount to at least ____ dollars ($____) and provided further that the Owner shall be obligated to release to the Contractor for construction at least one Section pursuant to the provisions of this Proposal.

Section 2—Additional Projects. From time to time the owner and the Contractor may enter into negotiations for the performance of work at prices which may differ from those in the Proposal (such work being hereinafter called ''Additional Projects''). Except as may otherwise be agreed upon in writing by the Owner and the Contractor at the time the supplemental contract for the Additional Project is negotiated, the provisions of the Contract for the Project shall apply.

Section 3—Proposal on Unit Basis. The Contractor understands and agrees that the various Construction Units considered in this Proposal are defined by symbols and descriptions in this Proposal, that the Proposal is made on a unit basis, and that the Owner may specify, as provided in Article II, Section 1 hereof, any number or combination of Construction Units which the Owner, may deem necessary for the construction of the Project. If kinds of Construction Units for which prices are not established in this Proposal are necessary for the construction of the Project, the prices of such additional Units shall be as agreed upon in writing by the Owner and the Contractor prior to the time of installation. The unit labor prices herein set forth are applicable to work performed on unenergized lines. Such unit labor prices shall be increased by ____ (____) percent for all units installed on energized lines in accordance with instructions of the Owner, as provided in Article II, Section 1g.

Section 4—Description of Contract. The Specifications and Construction Drawings set forth in: RUS Form 804, Specifications and Drawings for 7.2/12.5 kV Line Construction; RUS Form 803, Specifications and Drawings for 14.4/24.9 kV Line Construction; RUS Form 806, Specifications and Drawings for Underground Electric Distribution; as applicable, which by this reference are incorporated herein, together with the Plans, Proposal and Acceptance constitute the Contract. The Plans, consisting of maps and special drawings, and approved modifications in standard specifications are attached hereto and identified as follows:

____

Section 5—Familiarity with Conditions. The Contractor acknowledges that it has made a careful examination of the site of the Project and of the Plans, Specifications and Construction Drawings, and has become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, the kind of equipment, tools, and other facilities required before and during the construction of the Project and has become acquainted with the availability status of materials and with the labor conditions which would effect work on the Project.

Section 6—License. The Contractor warrants that a Contractor's license is ____ is not ____ required, and if required, it possesses Contractor's License No. ____ for the State of ____ in which the Project is located, and said license expires on ____, 19____.

Section 7—Contractor's Resources. The Contractor warrants that it possesses adequate financial resources for the performance of the work covered by this Proposal and that it will provide necessary tools and equipment and a qualified superintendent and other employees.

Section 8—Changes in Construction. The Contractor agrees to make such changes in construction previously installed in the Project by the Contractor as required by the Owner on the following basis: The cost of labor shall be the reasonable cost thereof as agreed upon by the Contractor and the Owner but in no event shall it exceed two (2) times the labor price quoted in the Proposal for the installation of the unit to be changed. Such compensation shall be in lieu of any other payment for the installation and removal of the original unit but shall not include the cost of the installation, if any, of a new or replacing unit, payment for which shall be made at the unit price as quoted in the Proposal.

No payment shall be made to the contractor for correcting errors or omissions on the part of the Contractor which result in construction not in accordance with the Plans and Specifications.

Section 9—Materials and Equipment. The Contractor agrees to furnish and use in the construction of the Project under this Proposal, only such materials and equipment as are included on the current ''List of

Materials Acceptable for Use on Systems of RUS Electrification Borrowers,'' including revisions adopted prior to construction.

The Contractor further agrees to furnish and use guy wire with ASTM Class ____ (Owner to insert A or B) zinc coating.

All leads on equipment such as transformers, reclosers, etc., shall be of #6 minimum copper conductivity using ____ (Owner to insert stranded soft drawn copper or aluminum alloy) conductor. All conductor ties on insulators shall be of the materials and methods shown in the following Type Guide Drawings: ____ (Owner to insert appropriate drawing numbers.)

Ground rods and butt-type grounding plates shall be ____.(Owner to insert galvanized steel or copper.)

Underground primary cables shall have ____ coated copper neutral (Owner to insert round or flat.)

The Contractor further agrees to furnish poles, crossarms, and other timber products, of which the physical characteristics, method of treatment, type of preservative, instructions on inspection and general procedure shall be in accordance with RUS standards and requirements.

Crossarms shall be ____ (Owner to insert Douglas Fir or Southern Yellow Pine), treated with ____ (Owner to insert type of preservative.)

The Contractor agrees that the prices for poles, crossarms, and other timber products set forth herein shall include the cost of preservative treatment and inspection or insured warranty. The Contractor further agrees to obtain from the supplier inspection and treatment reports or insured warranties, for checking against the delivery timber, and to submit such reports or warranties to the Owner as one of the prerequisites to monthly and final payments.

Section 10—Owner-Furnished Materials. a. The Contractor understands and agrees that the Owner may, with approval of the Contractor, furnish to the Contractor some of the materials and equipment required for construction of the Project, (hereinafter called ''Owner-Furnished Materials''). The quantity, type, and value of Owner-Furnished Materials for each Section shall be as agreed upon by the Contractor and Owner prior to the start of construction of each Section of the Project. The Owner shall make such materials and equipment available to the Contractor as provided in Article II, Section 1, b, and the Contractor will give to the Owner a receipt in such form as the Owner shall approve.

b. The value of the completed Construction Units certified to by the Contractor each month pursuant to Article III, Section 1, a, of this Proposal shall be reduced by an amount equal to the value of the Owner-Furnished Materials installed by the Contractor during the preceding month. Only ninety percent (90%) of the remainder shall be paid prior to the Completion of the Section. Owner-Furnished Materials, if any, not required for the Section, shall be returned to the Owner by the Contractor upon Completion of Construction of the Section. The value of all Owner-Furnished Materials not installed in the Section of the Project or returned to the Owner shall be deducted from the final payment to the Contractor for the Section.

Section 11—References to Materials. The references in this Proposal to ''Materials'', except in Article IV, Section 1.f, shall be understood to mean only materials to be furnished by the Contractor.

Section 12—Taxes. The unit prices for Construction Units in this Proposal include provisions for the payment of all monies which will be payable by the Contractor or the Owner in connection with construction of the Project on account of taxes imposed by any taxing authority upon the sale, purchase or use of materials, supplies or equipment to be incorporated in the Project as part of such Construction Units. The Contractor agrees to pay all such taxes except on Owner-Furnished Materials and it is understood that, as to Owner-Furnished Materials, the values as agreed to by the Owner and Contractor for such materials include such taxes, if applicable. The Contractor will furnish to the appropriate taxing authorities all required information and reports pertaining to materials used on construction of the Project except as to Owner-Furnished Materials.

Article II—Construction

Section 1—Time and Manner of Work. The Contractor agrees to be prepared to commence the construction of the Project within fifteen (15) calendar days after written notice by the Owner of the acceptance of the Proposal. The Contractor agrees to commence construction of a Section within ____ (____) days after receipt in writing from the Owner of the following:

a. Location and number of the various Construction Units required for construction of the Section (hereinafter called the ''Staking Sheets'').

b. Itemized list including appropriate Unit prices, of the Owner-Furnished Materials to be used in the construction of the Section and an authorization by the Owner for the Contractor to obtain such materials from the Owner's warehouse located at ____.

c. A schedule showing the rate at which construction of the Section shall proceed and the total number of calendar days (excluding Sundays) to be allowed for completion; provided, however, that the required completion time for any Section shall not be less than ____ (____) days or ____ (____) days per mile of line, whichever is the greater, which days shall be calendar days (excluding Sundays). The time of the completion of the Section is of the essence of the contract to be effected by acceptance of this Proposal.

d. A statement that all required easements and rights-of-way have been obtained from the owners of the properties across which the Section is to be constructed (including tenants who may reasonably be expected to object to such construction).

e. A statement that all necessary staking has been completed.

f. A statement that all necessary funds for prompt payment for the construction of the Section will be available.

g. Specific instruction as to location and extent of work to be performed on energized lines, if any. The Contractor will not be required to dig holes, set poles, install anchors, install underground conduit, perform any plowing for the installation of underground cable, or dig trenches if there are more than six (6) inches of frost in the ground nor to perform any construction on such days when in the judgment of the Owner snow, rain, or wind, or the results of snow, rain, or frost make it impracticable to perform any operation of construction; provided further that the Contractor will not perform any plowing for the installation of underground cable on public roads or highways if there are more than two (2) inches of frost in the ground. To the extent of the time lost due to the conditions described herein and approved in writing by the Owner, the time of completion set out above will be extended. The time for completion shall be extended for a period of any reasonable delay (other than a delay resulting from the failure of the Contractor to secure sufficient labor) which is due exclusively to causes beyond the control and without the fault of the Contractor including acts of God, fires, floods, inability to obtain materials, direction of the Owner to cease construction as herein provided, and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible; Provided, however, that no such extension of time for completion shall be granted the Contractor unless within ten (10) days after the happening of any event relied upon by the Contractor for such an extension of time the Contractor shall have made a request therefor in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

Section 2—Changes in Plans, Specifications and Drawings. The Owner may, from time to time during the progress of the construction of the Project, make such changes in, additions to, or subtractions from the Plans, Specifications, and Construction Drawings as conditions may warrant: Provided, however, that if the cost to the Contractor shall be materially increased by any such change or addition, the Owner shall pay the Contractor for the reasonable cost thereof in accordance with a construction contract amendment signed by the Owner and the Contractor, but no claim for additional compensation for any such change or addition will be considered unless the Contractor shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.

Section 3—Supervision and Inspection. a. The Contractor shall cause the construction work on the Project to receive constant supervision by a competent superintendent (hereinafter called the ''Superintendent'') who shall be present at all times during working hours where construction is being carried on. The Contractor shall also employ, in connection with the construction of the Project, capable, experienced, and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent by the Owner shall be binding upon the Contractor.

b. The Owner reserves the right to require the removal from the Project of any employee

of the Contractor if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner shall have the right to require the Contractor to increase the number of his employees and to increase or change the amount or kinds of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Contractor of his obligations to complete the work within the time and in the manner specified in this Proposal.

c. The manner of construction of the Project and all materials and equipment used therein, shall be subject to the inspection, tests, and approval of the Owner. The Owner shall have the right to inspect all payrolls and other data and records of the Contractor relevant to the work. The Contractor will provide all reasonable facilities necessary for such inspection and tests. The Contractor shall have an authorized agent accompany the inspector when final inspection is made and, if requested by the Owner, when any other inspection is made.

d. In the event that the Owner shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Contractor, if requested by the Owner, to have an inspection made by an engineer approved by the Owner for the purpose of determining the exact nature, extent, and location of such defects.

Section 4—Defective Materials and Workmanship. a. The acceptance of any materials, equipment (except owner-furnished materials) or any workmanship by the Owner shall not preclude the subsequent rejection thereof if such materials, equipment, or workmanship shall be found to be defective after delivery or installation, and any such materials, equipment or workmanship found defective before final acceptance of the construction shall be replaced or remedied, as the case may be, by and at the expense of the Contractor. Any such condemned material or equipment shall be immediately removed from the site of the Project by the Contractor at the Contractor's expense. The Contractor shall not be entitled to any payment hereunder so long as any defective materials, equipment or workmanship in respect to the Project, of which the Contractor shall have had notice, shall not have been replaced or remedied, as the case may be.

b. Notwithstanding any certificate which may have been given by the Owner, if any materials, equipment (except owner-furnished materials) or any workmanship which does not comply with the requirements of this Contract shall be discovered within one (1) year after Completion of Construction of the Project, the Contractor shall replace such defective materials or equipment or remedy any such defective workmanship within thirty (30) days after notice in writing of the existence thereof shall have been given by the Owner. If the Contractor shall be called upon to replace any defective materials or equipment or to remedy defective workmanship as herein provided, the Owner, if so requested by the Contractor shall deenergize that section of the Project involved in such work. In the event of failure by the Contractor to do so, the Owner may replace such defective materials or equipment or remedy such defective workmanship, as the case may be, and in such event the Contractor shall pay to the Owner the cost and expense thereof.

Section 5—Materials Removed. The Contractor will return to the Owner or reuse in the construction of other assembly units all materials removed from the lines under Section H—Conversion Assembly Units and Section I—Removal Assembly Units. Upon completion of each Section of the Project the Contractor will return to the Owner all materials, including usable materials as well as scrap, furnished by the Owner in excess of those required for the construction of the Section as determined from the Final Inventory approved by the Owner. The Contractor will reimburse the Owner at the current invoice cost to the Owner for loss and for breakage through Contractor's negligence of materials furnished by the Owner to the Contractor and for materials removed from the lines by the Contractor.

Section 6—Term of Contract. It is understood and agreed that, notwithstanding any other provisions of this Contract, the Contractor will not be required to commence any construction after the expiration of one year ____, two years ____ following acceptance of this Proposal by the Owner.

Article III—Payment

Section 1—Payments to Contractor. a. Within the first fifteen (15), days of each calendar month, the Owner shall make partial payment to the Contractor for construction accomplished during the preceding calendar month on the basis of completed Construction Units furnished and certified to by the Contractor and approved by the Owner solely for the purpose of payment: Provided, however, that such approval by the Owner shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such estimate approved during the construction of a Section shall be paid by the Owner to the Contractor prior to completion of the Section. Upon completion by the Contractor of the construction of a Section, the Contractor will prepare a Final Inventory of the Section showing the total number and character of Construction Units and, will certify it to the Owner together with a certificate of the total cost of the construction performed. Upon the approval of such certificates, the Owner shall make payment to the Contractor of all amounts to which the Contractor shall be entitled thereunder which shall not have been paid.

b. The Contractor shall be paid on the basis of the number of Construction Units actually installed at the direction of the Owner, as shown by the Inventory based on the Staking Sheets: Provided, however, that the total cost shall not exceed the maximum Contract price for the construction of the Project, unless such excess shall have been approved in writing by the Owner. It is understood and agreed that this maximum Contract price is ____ dollars ($____). It is also agreed that the Contractor shall not be entitled to any claim for damages on account of any reasonable additions to or subtractions from the Project, or of any delay occasioned thereby, or of any changes in the routing of the lines.

c. No payment shall be due while the Contractor is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Contractor the amount of any claim by a third party against either the Contractor the Owner based upon an alleged failure of the Contractor to perform the work hereunder in accordance with the provisions of this Contract.

Section 2—Certificate of Contractor and Indemnity Agreement—Line Extensions. Upon the completion of Construction of any Section of the Project but prior to payment to the Contractor of any amount in excess of 90 percent (90%) of the total cost of all Construction Units comprising the completed Section, the Contractor shall deliver to the Owner in the form attached hereto, (1) a certificate that all persons who have furnished labor in connection with the Project and all manufacturers, materialmen, and subcontractors who have furnished materials or services for the Project have been paid in full, and (2) an agreement to hold the Owner harmless against any liens arising out of the Contractor's performance hereunder which may have been or may be filed against the Owner.

Article IV—Particular Undertakings of the Contractor

Section 1—Protection to Persons and Property. The Contractor shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the ''Manual of Accident Prevention in Construction'' of the Associated General Contractors of America unless such instructions are incompatible with Federal, State, or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

a. The Contractor shall at no time and under no circumstances cause or permit any employee of the Contractor to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in accordance with Article II, Section 1, subsection g.

b. The Contractor shall so conduct the construction of the Project as to cause the least possible obstruction of public highways.

c. The Contractor shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances, and regulations or by local conditions.

d. The Contractor shall do all things necessary or expedient to protect properly any and all parallel, converging, and intersecting lines, joint line poles, highways, and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways, or other property are damaged in the course of the construction of the Project, the Contractor shall at its own expense restore any or all of such damaged

property immediately to as good a state as before such damage occurred.

e. Where the right-of-way of the Project traverses cultivated lands, the Contractor shall limit the movement of his crews and equipment so as to cause as little damage as possible to crops, orchards, or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during the construction of the Project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. Except as otherwise provided in the descriptions of underground plowing and trenching assembly units, the Contractor shall not be responsible for loss of or damage to crops, orchards, or property (other than livestock) on the right-of-way necessarily incident to the construction of the Project and not caused by negligence or inefficient operation of the Contractor. The Contractor shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by the construction of the Project.

f. The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control of the Contractor and during such period of control by the Contractor all risks in connection with the construction of the Project and the materials to be used therein shall be borne by the Contractor. The Contractor shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Contractor by reason of any Act of God or other casualty or cause whether or not the same shall have occurred by reason of the Contractor's negligence.

(i) To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Contractor's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Contractor's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Contractor, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Contractor liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.

(ii) To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Contractor, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Contractor shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Contractor does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Contractor.

(iii) Contractor shall provide to Owner's satisfaction evidence of Contractor's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

g. Any and all excess earth, rock, debris, underbrush, and other useless material shall be removed by the Contractor from the site of the Project as rapidly as practicable as the work progresses.

h. Upon violation by the Contractor of any provisions of this section, after written notice of such violation given to the Contractor by the Owner, the Contractor shall immediately correct such violation. Upon failure of the Contractor to do so the Owner may correct such violation at the Contractor's expense.

i. The Contractor shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.

j. The Contractor shall not proceed with the cutting of trees or clearing of right-of-way without written notification from the Owner that proper authorization has been received from the owner of the property, and the Contractor shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on his land in connection with the Project and shall obtain the consent in writing of the Owner before proceeding in any such case.

Section 2—Insurance. The Bidder shall take out and maintain throughout the period of this Agreement the following types and minimum amounts of insurance:

a. Workers' compensation and employer's liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employee or employee is not subject to workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

b. Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

c. Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million each occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy of policies of insurance, primary and excess including the umbrella or catastrophe form. The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3—Bond. If the estimated cost of the construction of a Section shall exceed $100,000, the Contractor agrees to furnish prior to the commencement of such construction, a bond in the penal sum not less than the estimated cost of such section in the form attached hereto with a Surety or Sureties listed by the United States Treasury Department as acceptable sureties. In the event that the Surety or Sureties on the performance bond delivered to the Owner shall at any time become unsatisfactory to the Owner, the Contractor agrees to deliver to the Owner another or an additional bond.

Section 4—Delivery of Possession and Control to the Owner. Upon written request of the Owner, the Contractor will deliver to the Owner full possession and control of any portion of the Project provided the Contractor shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of possession and control to the Owner, the risks and obligations of the Contractor as set forth in Section 1f of this Article IV with respect to such portion so delivered to the Owner, shall be terminated; Provided, however, that nothing herein contained shall relieve the Contractor of any liability with respect to defective workmanship as specified in Article II, Section 4.

Section 5—Purchase of Materials. The Contractor shall purchase all materials and supplies outright and not subject to any conditional sales agreement, bailment lease, or other agreement reserving to the seller any right, title, or interest therein. All materials and supplies shall become the property of the Owner when erected in place.

Section 6—Assignment of Guarantees. All guarantees of materials and workmanship running in favor of the Contractor shall be transferred and assigned to the Owner on Completion of Construction and at such times as the Contractor receives final payment.

Article V—Remedies

Section 1—Completion on Contractor's Default. If default shall be made by the Contractor or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Contractor and the Surety, if any, a written notice requiring the Contractor to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Contractor and the Surety, if any, such default shall be corrected or arrangements for the correction thereof satisfactory to the Owner shall be made, the Owner may take over the construction of the Project and prosecute the same to completion by contract or otherwise for the account and at the expense of the Contractor, and the Contractor shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliance, and plant belonging to the Contractor or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims, or demands which the Contractor may have against third persons in connection with this Proposal and for such purpose the Contractor does hereby assign, transfer, and set over unto the Owner all such rights, claims, and demands.

Article VI—Miscellaneous

Section 1—Patent Infringement. The Contractor will save harmless and indemnify the Owner from any and all claims, suits, and proceedings for the infringement of any patent or patents covering any equipment used in the work.

Section 2. Materials and Supplies. In the performance of this contract there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, Mexico, or Canada, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States, Mexico, or Canada; provided that other articles, materials, or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. The Contractor agrees to submit to the Purchaser such certificates with respect to compliance with the foregoing provision as the Administrator from time to time may require.

Section 3—Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Contractor.

Section 4—Compliance with Statutes and Regulations. The Contractor will comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Contractor acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. §§ 287, 1001, as amended. The Contractor understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental agencies having jurisdiction in the premises.

Section 5. Equal Opportunity Provisions. a. Contractor's Representations.

The Contractor represents that:

It has ____, does not have ____, 100 or more employees, and if it has, that it has ____, has not ____, furnished the Equal Employment Opportunity—Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964. The Contractor agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Contractor agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000, the Contractor will file such report, as required by law, and notify the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

b. Equal Opportunity Clause. During the performance of this Contract, the Contractor agrees as follows: (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The Contractor will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be cancelled, terminated, or suspended in whole or in part, and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.

(7) The Contractor will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

c. Certificate of Nonsegregated Facilities. The Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or

entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion. or national origin, because of habit, local custom, or otherwise. The Contractor agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 6—Franchises and Rights-of-way. The Contractor will be under no obligation to obtain or assist in obtaining any franchises, authorizations, permits, or approvals required to be obtained by the Owner from Federal, State, County, municipal or other authority; any rights-of-way over private lands or any agreements between the Owner and third parties with respect to the joint use of poles, crossings or any other matter incident to the construction and operation of the Project.

Section 7—Nonassignment of Contract. The Contractor will not assign the Contract effected by an acceptance of this Proposal or any part thereof or enter into any contract with any person, firm or corporation for the performance of the Contractor's obligations thereunder, or any part thereof, without the approval in writing of the Owner.

Section 8—Definitions. a. The term ''Owner'' shall also include an engineer employed by the Owner, or a firm or engineer retained by the Owner, and designated by the Owner to act in that capacity. The Contractor will be notified in writing by the Owner of those designated to act for the Owner at the time of acceptance of this Proposal.

b. The term ''Completion of Construction'' shall mean full performance by the Contractor of the Contractor's obligations under the contract and all amendments and revisions thereof relating to any Section of the Project or to the Project except the Contractor's obligations in respect of (i) Certificate of Contractor and Indemnity Agreement—Line Extensions under Article III, Section 2 hereof and (ii) the Final Inventory referred to in Article III, Section 1a hereof.

c. The term ''Completion'' shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof relating to any Section of the Project or to the Project.

Section 9—Extension to Successors and Assigns. Each and all of the covenants and agreements contained in the Contract effected by the acceptance of the Proposal shall extend to and be binding upon the successors and assigns of the parties thereto.

_____ (Contractor)
By _____ (President)
_____ (Address)
Attest: _____ (Secretary)
_____ Date of Proposal

This Proposal must be signed with the full name of the Contractor. If the Contractor is a partnership, the Proposal must be signed in the partnership name by a partner. If the Contractor is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

Construction Units—New Construction

Section 1—Pole Units

A pole unit consists of one pole in place. It does not include pole-top assembly unit or other parts attached to the pole. The first two digits indicate the length of the pole; the third digit shows the classification per A.S.A. (Example: 25–6 means a pole 25 feet long, class 6.)

Species of Timber: _____
Kind of Preservative: (Check one)
1. Creosote _____; 2. Pentachlorophenol _____; 3. Copper Naphthenate _____; 4. Waterborne preservative—CCA _____ ACZA _____
Method of Treatment: (Check one)
1. Pressure _____; 2. Thermal process: _____
Pole Plan Under Which the Poles are to be Furnished: (Check one)
1. Insured Warranted _____; 2. Independently Inspected _____; 3. Quality Assured _____; 4. Either Insured Warranted, Independently Inspected, or Quality Assured _____
(Owner to complete above)

Unit No.	Unit price		
	Labor	Materials	Labor & materials

Section A—Single Phase Pole Top Assembpy Units

Section B—V Phase Pole Top Assembly Units

A pole top assembly unit consists of the hardware, crossarms, and their appurtenances, insulators, etc., except tie wire, required to support the primary conductors. It does not include the pole. Crossarm pins include 2x2x1/8 inch washer, nut, and locknut.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
A B			

Section C—Three Phase Pole Top Assembly Units

A pole top assembly unit consists of the hardware, crossarms, and their appurtenances, insulators, etc., except tie wire, required to support the primary conductors. It does not include the pole. Crossarm pins include 2x2x1/8 inch washer, nut, and locknut.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
C			

Section D—Conductor Assembly Units

A conductor assembly unit consists of 1,000 feet of conductor or cable for primaries, secondaries or services, and includes tie wires, sleeves for splicing, connectors, and armor rods with clips or armor wire where necessary. Tree trimming necessary for installing services and secondaries on poles not carrying primary line is included with the conductor assembly unit and shall be performed in accordance with the directions of the Owner. The service shall be connected to the secondary or transformer and 2 feet of conductor or cable shall be left for connecting to the consumer's service entrance. In computing the compensation to the Contractor for conductor assembly units only the horizontal distance between conductor supports or pole stakes shall be used. The conductor or cable sizes and types listed are the manufacturer's designation.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
D			

Section E—Guy Assembly Units

A guy assembly unit consists of the hardware and wire, and guy insulator where necessary. An overhead guy assembly consists of an overhead guy, a pole, and a down guy, each of which is listed separately. Guy guards are designated separately.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
E			

Section F—Anchor Assembly Units

An anchor assembly unit consists of the anchor with rod complete, ready for attaching the guy wire.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
F			

Section G—Transformer Assembly Units

A transformer assembly unit consists of the transformer, its protective equipment, and its hardware and leads with their connectors and supporting insulators and pins. This unit does not include the pole top, secondary, service, or grounding assemblies.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
G			

Section J—Secondary Assembly Units

A secondary assembly unit consists of the hardware, insulators, etc., to support the secondary conductors or cable. It does not include the secondary conductor or cable, or any hardware, insulators, etc., required to support service conductors or cable.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
J			

Section K—Service Assembly Units

A service assembly unit consists of the hardware, insulators, etc., required to support the service conductors or cable. It does not include the service conductor or cable, or any hardware, insulators, etc., required to support secondary conductors or cable.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
K			

Section M—Miscellaneous Assembly Units

A miscellaneous assembly unit consists of an additional unit needed in the Project for new line construction but not otherwise listed in the Proposal. This section includes grounding assemblies consisting of the conductor, ground rod, grounding plate, connectors and clamps as shown on the respec tive drawings for the various types. It also includes fuse cutouts, reclosers, sectionalizers, switches, capacitors, regulators, metering and other assembly units.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
M			

Section R—Right-of-Way Clearing Units

R1–10. The unit is 1,000 feet in length and 10 feet in width (to be measured on one side of the pole line) of actual clearing of right-of-way. This includes clearing of underbrush, tree removal, and such tree trimming as is required so that the right-of-way, except for tree stumps which shall not exceed ____ in height, shall be clear from the ground up on one side of the line of poles carrying primary conductors of the width specified. This unit does not include clearing or trimming associated with secondaries or services which is included with conductor units. The length of actual clearing shall be measured in a straight line parallel to the horizontal line between stakes and across the maximum dimension of foliage cleared projected to the ground line. All trees and underbrush across the width of the right-of-way, as designated by the Owner, shall be considered to be grouped together as a single length in measuring the total length of clearing. Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement. All length thus arrived at, added together and divided by 1,000, shall give the number of 1,000-foot R1–10 units of clearing. This unit includes the removal or topping, at the option of the Contractor, of danger trees outside of the right-of-way when so designated by the Owner. (Danger trees are defined as dead or leaning trees which, in falling, will affect the operation of the line.)

The Contractor shall not remove or trim shade, fruit, or ornamental trees unless so directed by the Owner.

R1–20. This unit is identical with R1–10 except that width is 20 feet (to be measured 10 feet on each side of the pole line).

R1–30. This unit is identical with R1–10 except that width is 30 feet (to be measured 15 feet on each side of the pole line).

R1–40. This unit is identical with R1–10 except that width is 40 feet (to be measured 20 feet on each side of the pole line).

RC1–10, RC1–20, RC1–30, RC1–40. These units are identical to the respective R1 units except that chemical treatment of stumps is required in addition to the clearing of underbrush, tree removal and tree trimming.

Additional Requirements (When specifying R1 units denote type of disposal (A or B).)

A. Trees, brush, branches and refuse shall, without delay, be disposed of by such of the following methods as the Owner will direct (Owner to strike out methods not to be used):

1. Burned.
2. Piled on one side of right-of-way.
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (describe) ____.

B. Trees that are felled shall be cut to commercial wood lengths, stacked neatly, and left on the right-of-way for the landowner. Commercial wood length means the length designated by the Owner but in no case shall it be required to be less than ____ (____) feet. Brush, branches, and refuse shall, without delay, be disposed of by such of the following methods as the Owner will direct (Owner to strike out methods not to be used):

1. Burned.
2. Piled on one side of right-of-way.
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (describe) ____.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
R			

Section S—Substation Assembly Units

A substation assembly unit consists of the complete substation ready for connection of the line conductors, as shown on the substation drawings attached.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
S			

Section UD—Underground Cable Assembly Units

An underground cable assembly unit consists of 1,000 feet of cable for underground primaries, secondaries or services. It does not include the conduit, plowing, trenching and backfilling, or the termination of the primary cable which are provided for in other assembly units. It includes the termination, connection and sealing of secondary and service cables and conductors as shown in the specifications and construction drawings, and all primary, secondary and service cable splices (buried cable may be spliced only when and where permitted by the Owner).[1,2] In computing the compensation to the Contractor for underground cable assembly units, only the distance between stakes, paralleling the cable shall be used. The number of units so computed will include all cable installed in place in all specified trenches, risers, conduits, crossings, manholes, transformers, terminal housings and meter boxes.[3]) The conductor or cables listed are the manufacturer's designation of types, size, voltage rating and material. The Contractor and the Owner shall jointly perform cable acceptance tests on installed cable in accordance with the specifications using test equipment furnished by the ____. (Owner to insert Owner or Contractor.)

Unit No.	Unit price		
	Labor	Materials	Labor & materials
UD			

Section UG—Underground Transformer Assembly Units

An underground transformer assembly unit consists of the transformer, its housing, warning sign, switches, over-current protective devices, grounding loop, and hardware and leads with their connectors and supporting insulators installed in place. This unit includes the cable terminations but does not include lightning arresters, fault indicators, ground rods or trenching. For submersible transformers, it includes the cable terminations, the enclosure and cover, drainable material (when specified[4]), and the excavation when required. For pad-mount transformers, it does not include the pad, site preparation, drainable material, backfilling or

[1] ____ Owner check here if primary splices are permitted;

[2] ____ Owner check here if secondary and service splices are permitted.

[3] ____ Owner check here if 12 feet of service conductor is to be left as a coil three feet from the building with ends capped instead of connection to meter box.

[4] ____ Owner check here if drainable material is specified.

compaction which are included in the pad assembly units.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
UG			

Section UK—Underground Secondary and Service Assembly Units

An underground secondary and service assembly unit consists of secondary or service cable terminal housing mounted in place. It includes the power pedestal, stake (when required), mounting hardware, warning sign, directional marker, housing identification marking, and the cable identification tags. It does not include the cable terminations, ground rod, or pad, when required.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
UK			

Section UM—Miscellaneous Underground Assembly Units

A miscellaneous underground assembly unit consists of an additional unit needed in the Project for new construction but not otherwise listed in the Proposal. This section includes the miscellaneous assembly units as shown on the respective underground construction drawings. Where miscellaneous units consist of or include a primary cable termination, the unit includes the preparation of the cable to accommodate the termination, the stress cone and the connection of the cable to the terminal equipment. Pad assembly units are in this section and include the site preparation, bedding, drainable material when specified, cable slot, backfilling, tamping and the pad in place.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
UM			

Section UR—Underground Excavation Assembly Units

UR1–S (D) Plowing Assembly Unit, Soil—Consists of one (1) lineal foot of plowing in soil, measured parallel to the surface of the ground, to a specified depth (D), in inches, including the compacting, except as specifically provided for in other units. This unit includes all material and labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged during the plowing of the cable, except as specifically provided for in other units. This unit does not include underground cable facilities installed in the slot.

Note: Where in the judgment of the Owner greater than normal difficulty will be involved in plowing because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter ''T''. This will be applicable only in those areas predesignated by the Owner on the detail maps herein. All plowing outside of the predesignated area on the map, regardless of the difficulty in placement actually experienced, will be inventoried as the regular UR1–S (D) units. If field conditions show the existence of rock to prevent the placing of the cable in soil to the depth required in the specifications the Owner may specify UR2–R units. Where more than one cable is to be installed in the slot, the UR1–S unit designation should be modified by a suffix corresponding to the number of cables installed. For example, UR1–S (D)3c for 3 cables plowed at one time.

UR2–S (D&W) Trenching Assembly Unit, Soil—Consists of one (1) lineal foot of trenching in soil, measure parallel to the surface of the ground, to a specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting. This unit includes all material and labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units. This unit does not include underground cable facilities installed in the trench or cable bedding assembly units, when required.

Note: Where in the judgment of the Owner greater than normal difficulty will be involved in trenching because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter ''T''. This will be applicable only in those areas predesignated by the Owner on the detail maps herein. Where more than one cable is to be installed in the trench, the regular UR2–S unit designation should be modified by a suffix corresponding to the construction drawing for the type of cable placement desired.

UR2–R (D&W) Trenching Assembly Unit, Rock—Consists of one (1) lineal foot of trenching in rock, measured parallel to the surface of the ground, to specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting to place cable to the depth specified in the Specifications. This unit will be specified by the Owner only when field conditions at the site show the existence of rock at a depth preventing the placing of the cable in soil to the depths required in the Specifications. This unit includes all material and labor required in the repair and/or replacement of streets, roads, drives fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units. This unit does not include underground cable facilities installed in the trench or cable bedding assembly units, when required.

UR–3 Cable Bedding Assembly Unit—Consists of one (1) lineal foot of a two-inch bed of clean and or soil placed in the trench under the cable and a four-inch layer of clean sand or soil backfill over the cable to the width of the trench.

Note: The exact location and number of units shall be determined by the Owner after the trenches are open in those areas where rock or other conditions make special bedding necessary.

UR–4a Pavement Assembly Unit, Asphalt—Consists of the labor and material necessary to remove and restore one (1) lineal foot of asphalt pavement, measured along the route of the cable, including any trenching necessary to place the cable at the required depth. All work shall be performed in accordance with the requirements of state or local authorities.

UR–4c Pavement Assembly Unit, Concrete—Consists of the labor and material necessary to remove and restore one (1) lineal foot of concrete pavement, measured along the route of the cable, including any trenching necessary to place the cable at the required depth. All work shall be performed in accordance with the requirements of state or local authorities.

UR–5 ( ) Underground Pipe Crossing Assembly Unit—Consists of one (1) lineal foot of steel pipe, of the inside diameter, in inches, specified in the last digit of the assembly unit designation, installed in place. This unit includes the pushing of pipe and any excavation, backfilling and tamping necessary for the installation of the pipe. The pipe will be installed at the depth specified by the Owner. Underground cable installed in the pipe is not included in this unit.

UR–6 Underground Nonpipe Crossing Assembly Unit—Consists of the labor in providing a hole in soil one (1) foot in length of a diameter sufficient to accommodate the cable to be installed therein. The depth of the hole below the surface of the ground shall be specified by the Owner. This unit includes any excavation, backfilling and tamping necessary for the installation. This unit may be used where the permanent installation of a steel pipe under the UR–5 unit is not required. Underground cable installed in the hole is not included in this unit.

Unit No.	Unit price		
	Labor	Materials	Labor & materials
UR			

Construction Units—Line Changes

The general heading of Line Changes applies to the changing of existing lines or portions thereof from their existing phasing, wire size, and type to new phasing, wire size, and type and the removal of existing lines or portions thereof and replacing with new lines in close proximity thereto. In general line changes involve three types of assembly units as follows:

Section H—Conversion assembly units;

Section I—Removal assembly units;

Section N—New construction assembly units on existing lines or in replacing lines.

The assembly units that are included in Sections H, I, and N are defined by symbols and descriptions which follow together with the applicable descriptions included under

New Construction. Where the descriptions are not correct or sufficiently explicit, or when special units are not covered by Construction Drawings, descriptions have been provided by the Owner in the respective sections.

Work included in these sections shall be performed under a schedule of deenergization and operating procedures as set forth by the Owner at the time of release of any Section involving work on existing lines. The Contractor will so plan and perform its work that it will be possible to safely reenergize all lines involved at the expiration of the time limits set up in the schedule to resume service to all consumers being served prior to deenergization. Prior to commencement of work each day on lines to be deenergized, and upon completion of work each day on such lines, the Contractor will notify the Owner thereof in writing or in such other manner as the circumstances permit.

Section H—Conversion Assembly Units

Conversion assembly units are pole-top assemblies and cover the furnishing of all labor and additional materials for changing an existing assembly unit to a new assembly unit, utilizing certain items of materials of the existing assembly unit on poles to be left in place. Any materials removed from the existing assembly units which are not required in the construction of the conversion assembly unit are to be reused by the Contractor in the construction of other assembly units, or returned to Owner's warehouse, as directed by the Owner.

Conversion assembly units are specified by the prefix H with the new construction assembly unit designation shown first and the existing assembly unit designation shown last. For example, an H B1–A1 signifies the conversion of an existing A1 assembly unit to a B1 assembly unit (as was defined in the description of construction assembly units). In this instance the Contractor utilizes the existing pin-type insulator, single upset bolt and neutral spool and furnishes the additional crossarm, crossarm pins, braces, machine bolt, carriage bolts, lag screw, and insulator required for the new unit. The Contractor transports the pole-top pin and two machine bolts to the warehouse or uses them on the Project as directed by the Owner.

The Conversion assembly units also include the furnishing of all labor and materials in the transferring, resagging and retying of conductors from one position on the pole to a different position on the pole where such transfers are required. Where replacement of conductor is required, the existing conductor will be removed under Section I and the new conductor installed under Section N.

Where replacement of a pole is required, the existing pole and pole-top assembly will be removed under Section I and the new pole and pole-top assembly will be installed according to Section N and no H units will be involved.

Conversion assemblies are listed in three subsections for converting pole-top assemblies from single to V phase, single to three phase, and V to three phase. The following descriptions apply to only those conversion units not sufficiently explicit:

Unit	Description

Subsection H (B–A)—1 Phase to V Phase

Unit No.	Unit price		
	Labor	Materials	Labor & materials
H			

Subsection H (C–A)—1 Phase to 3 Phase

Unit No.	Unit price		
	Labor	Materials	Labor & materials
H			

Subsection H (C–B)—V Phase to 3 Phase

Unit No.	Unit price		
	Labor	Materials	Labor & materials
H			

Section I—Removal Assembly Units

Removal assembly units cover the furnishing of all labor for the removal of existing units of construction from existing lines, disassembling into material items, and all labor and transportation for the returning of all materials to the warehouse of the Owner in an orderly manner or transporting elsewhere to the site of the Project for reuse in the prosecution of this Contract as directed by the Owner. All materials removed remain the property of the Owner. The provisions for Owner-Furnished materials in the Proposal shall apply if such materials are reused for construction of the Project.

The unit removal prices shall include all materials and labor required to reinstall in accordance with specifications any conductors temporarily detached. The Contractor will reinstall at his own expense any other units removed by him for his own convenience.

The removal units are specified by the prefix I and followed by the assembly unit designation of existing assembly unit to be removed. For example, an I–A1 signifies the removal of an A1 assembly unit. The following special notes apply to specific removal units:

a. Poles. All poles of the same height, regardless of pole class, are designated by the same unit. Thus an I–30-foot pole signifies the removal of a 30-foot pole of any class. The Contractor is not required under this unit to remove from the pole any ground wire or pole numbering attached to the pole. This unit includes the refilling and tamping of holes in a workmanlike manner unless they are to be reused.

b. Pole-top Assemblies. The unit of removal of pole-top assemblies includes, in addition to the removal of the assembly itself, any necessary handling, resagging, and retying of conductors in those cases where an existing pole-top assembly will be removed and replaced by a new pole-top assembly and where any existing conductor is to be reused.

The unit of removal of pole-top assemblies also includes any holding or handling of mainline or tap conductors at tap lines, angles, and deadends where such is involved, and the reinstalling of such conductor in accordance with the specifications; for example, an I–A5–4 will include the disconnection of the tap conductors, snubbing off the tap line at the nearest practical point and the reconnection and resagging of these tap conductors if necessary to the new tap assembly when installed. The new unit of construction, however, will be specified separately in Section N.

c. Conductor. The conductor removal unit covers the removal of 1,000 feet of conductor or cable and reeling or coiling it in a workmanlike manner in such a way that it can be reused by the Contractor or the Owner. The Owner will furnish to the Contractor reels if it is to be returned to the Owner's warehouse on reels. The removal unit for each size of conductor or cable is shown by the prefix I followed by D and the conductor or cable type; thus an I–D 6ACWC signifies the removal unit for 1,000 feet of 6 A Copperweld-copper conductor.

d. Guys. All guys regardless of length, type of attachment, or size of guy strand are specified by the same unit; thus an I–E signifies the removal of any guy.

e. Anchors. Only anchor rods are to be removed by the Contractor in anchor removal units. The anchors will be left in the ground; thus an I–F signifies the removal of any anchor rod. If the rod cannot be unscrewed, the end of the rod shall either be cut off or bent down so that the rod will be at least 18 inches below ground.

f. Transformers. The unit for removal of transformer assembly units is divided into two sections, (1) Conventional Transformer Assembly, and (2) Self-protected Transformer Assembly. Only one unit is specified for each type, and all sizes of transformers from 1 to 15 kVA within each group will be covered by the same unit. ''Self-protected'' refers to transformers where all protective equipment is mounted on or within the transformer. ''Conventional'' refers to transformers where protective equipment is mounted separately from the transformer. The unit is designated by the prefix I followed by the description of the unit to be removed; thus I–G Conventional signifies the removal of a conventional transformer assembly for any size transformer from 1 to 15 kVA.

g. Secondary Units. The unit for removal of secondary assemblies includes, in addition to the removal of the assembly itself, all necessary handling such as untying, resagging, and retying of secondary conductor or cables where existing secondary conductor or cable is to be reused. In addition, the unit for removal of the secondary assembly includes the handling or holding of any conductor at tap lines where such is involved, and the reinstalling of such tap conductor in accordance with the specifications.

h. Service Unit. The unit for removal of service assemblies includes, in addition to the removal of the assembly itself, all

necessary handling such as untying, resagging, and retying of service conductor or cable where existing service conductor or cable is to be reused.

The following descriptions apply only to those removal units not sufficiently explicit:

Unit	Description

Unit No.	Unit labor price
I	

Section N—New Assembly Units

The purpose of this section is to list complete new units of construction where such units are to be added to existing lines or installed in replacing lines.

The units as covered by this section are the same as the units described in Construction Units—New Construction, except that these units are prefixed by the letter N.

For example, an N40–6 unit covers the furnishing of all material and labor for the installation of a 40–6 pole either in an existing distribution line being operated by the Owner or in a new line being constructed to replace an existing distribution line being operated by the Owner.

The following descriptions apply only to those new units not sufficiently explicit:

Unit	Description

Unit No.	Unit price		
	Labor	Materials	Labor & materials
N			

Acceptance

The undersigned hereby accepts the foregoing Proposal of _____, dated _____, to construct the rural electric Project _____ 19____ Line Extensions.

_____ (Owner)

By _____ (President)

_____ Secretary

_____ Date of Contract

[End of clause]

§ 1726.343 Distribution line extension construction contract (labor only), RUS Form 792.

The contract form in this section shall be used when required by this part.

Distribution Line Extension Construction Contract (Labor Only)

Proposal

To: _____ (hereinafter called the ''Owner'').

Article I—General

Section 1—Offer to Construct. The undersigned (hereinafter called the ''Contractor'') hereby proposes to construct for the prices hereinafter stated, with materials furnished by the Owner, the rural electric project _____, 19____ Line Extensions (hereinafter called ''Project'') in strict accordance with the Plans, Specifications, and Construction Drawings hereinafter referred to. The Contractor understands and agrees that the Project will consist of line extensions and additions and line changes or similar work usually associated with overhead or underground distribution system improvement or extension work all located within the area served or ultimately to be served by the Owner and that the exact location and scope of individual sections of the Project (hereinafter called ''Sections'') will be made known to the Contractor from time to time as provided in Article II, Section 1 hereof; and provided, however, that the Contractor shall not be obligated to start construction of any Section unless the cost of construction of the Section computed on the unit prices of this Proposal shall amount to at least _____ dollars ($_____) and provided further that the Owner shall be obligated to release to the Contractor for construction at least one Section pursuant to the provisions of this Proposal.

Section 2—Additional Projects. From time to time the Owner and the Contractor may enter into negotiations for the performance of work at labor prices which may differ from those in the Proposal (such work being hereinafter called ''Additional Projects''). Except as may otherwise be agreed upon in writing by the Owner and the Contractor at the time the supplemental contract for the Additional Project is negotiated, the provisions of the Contract for the Project shall apply.

Section 3—Proposal on Unit Basis. The Contractor understands and agrees that the various Construction Units considered in this Proposal are defined by symbols and descriptions in this Proposal, that the Proposal is made on a unit basis, and that the Owner may specify, as provided in Article II, Section 1 hereof, any number or combination of Construction Units which the Owner, may deem necessary for the construction of the Project. If kinds of Construction Units for which prices are not established in this Proposal are necessary for the construction of the Project, the prices of such additional Units shall be as agreed upon in writing by the Owner and the Contractor prior to the time of installation. The unit prices herein set forth are applicable to work performed on unenergized lines. Such unit prices shall be increased by _____ (_____) percent for all units installed on energized lines in accordance with instructions of the Owner, as provided in Article II, Section 1g.

Section 4—Description of Contract. The Specifications and Construction Drawings set forth in: RUS Form 804, Specifications and Drawings for 7.2/12.5 kV Line Construction; RUS Form 803, Specifications and Drawings for 14.4/24.9 kV Line Construction; RUS Form 806, Specifications and Drawings for Underground Electric Distribution; as applicable, which by this reference are incorporated herein, together with the Plans, Proposal and Acceptance constitute the Contract. The Plans, consisting of maps and special drawings, and approved modifications in standard specifications are attached hereto and identified as follows: _____

Section 5—Familiarity with Conditions. The Contractor acknowledges that it has made a careful examination of the site of the Project and of the Plans, Specifications and Construction Drawings, and has become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, the kind of equipment, tools, and other facilities required before and during the construction of the Project and has become acquainted with the availability status of materials to be furnished by the Owner and with the labor conditions which would affect work on the Project.

Section 6—License. The Contractor warrants that a Contractor's license is ____ is not ____ required, and if required, it possesses Contractor's License No. _____ for the State of _____ in which the Project is located, and said license expires on _____, 19____.

Section 7—Contractor's Resources. The Contractor warrants that it possesses adequate financial resources for the performance of the work covered by this Proposal and that it will provide necessary tools and equipment and a qualified superintendent and other employees.

Section 8—Changes in Construction. The Contractor agrees to make such changes in construction previously installed in the Project by the Contractor as required by the Owner on the following basis: The cost of labor shall be the reasonable cost thereof as agreed upon by the Contractor and the Owner but in no event shall it exceed two (2) times the labor price quoted in the Proposal for the installation of the unit to be changed. Such compensation shall be in lieu of any other payment for the installation and removal of the original unit but shall not include the cost of the installation, if any, of a new or replacing unit, payment for which shall be made at the unit price as quoted in the Proposal. No payment shall be made to the Contractor for correcting errors or omissions on the part of the Contractor which result in construction not in accordance with the Plans and Specifications.

Article II—Construction

Section 1—Time and Manner of Work. The Contractor agrees to be prepared to commence the construction of the Project within fifteen (15) calendar days after written notice by the Owner of acceptance of the Proposal. The Contractor agrees to commence construction of a Section within _____ (_____) days after receipt in writing from the Owner of the following:

a. Location and number of the various Construction Units required for construction of the Section (hereinafter called the ''Staking Sheets'').

b. Itemized list of the materials required for the construction of the Section and an authorization by the Owner for the Contractor to obtain such materials from the Owner's warehouse located at ____.

c. A schedule showing the rate at which construction of the Section shall proceed and the total number of calendar days (excluding Sundays) to be allowed for completion; provided, however, that the required completion time for any Section shall not be

less than _____ (_____) days or _____ (_____) days per mile of line, whichever is the greater, which days shall be calendar days (excluding Sundays). The time of the completion of the Section is of the essence of the contract to be effected by acceptance of this Proposal.

d. A statement that all required easements and rights-of-way have been obtained from the owners of the properties across which the Section is to be constructed (including tenants who may reasonably be expected to object to such construction).

e. A statement that all necessary staking has been completed.

f. A statement that all necessary funds for prompt payment for the construction of the Section will be available.

g. Specific instruction as to location and extent of work to be performed on energized lines, if any. The Contractor will not be required to dig holes, set poles, install anchors, install underground conduit, perform any plowing for the installation of underground cable, or dig trenches if there are more than six (6) inches of frost in the ground nor to perform any construction on such days when in the judgment of the Owner snow, rain, or wind or the results of snow, rain, or frost make it impracticable to perform any operations of construction; provided further that the contractor will not perform any plowing for the installation of underground cable on public roads or highways if there are more than two (2) inches of frost in the ground. To the extent of the time lost due to the conditions described herein and approved in writing by the Owner, the time of completion set out above will be extended. The time for completion shall be extended for a period of any reasonable delay (other than a delay resulting from the failure of the Contractor to secure sufficient labor) which is due exclusively to causes beyond the control and without the fault of the Contractor including acts of God, fires, floods, inability to obtain materials, direction of the Owner to cease construction as herein provided, and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however, that no such extension of time for completion shall be granted the Contractor unless within ten (10) days after the happening of any event relied upon by the Contractor for such an extension of time the Contractor shall have made a written request therefor in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes, except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

Section 2—Changes in Plans, Specifications and Drawings. The Owner may, from time to time during the progress of the construction of the Project, make such changes in, additions to, or subtractions from the Plans, Specifications, and Construction Drawings as conditions may warrant: Provided, however, that if the cost to the Contractor shall be materially increased by any such change or addition, the Owner shall pay the Contractor for the reasonable cost thereof in accordance with a construction contract amendment signed by the Owner and the Contractor, but no claim for additional compensation for any such change or addition will be considered unless the Contractor shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.

Section 3—Supervision and Inspection. a. The Contractor shall cause the construction work on the Project to receive constant supervision by a competent superintendent (hereinafter called the ''Superintendent'') who shall be present at all times during working hours where construction is being carried on. The Contractor shall also employ, in connection with the construction of the Project, capable, experienced, and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent by the Owner shall be binding upon the Contractor.

b. The Owner reserves the right to require the removal from the Project of any employee of the Contractor if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner shall have the right to require the Contractor to increase the number of his employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Contractor of his obligations to complete the work within the time and in the manner specified in this Proposal.

c. The manner of performance of the work, and all equipment used therein, shall be subject to the inspection, tests, and approval of the Owner. The Owner shall have the right to inspect all payrolls and other data and records of the Contractor relevant to the work. The Contractor will provide all reasonable facilities necessary for such inspection and tests. The Contractor shall have an authorized agent accompany the inspector when final inspection is made and, if requested by the Owner, when any other inspection is made.

d. In the event that the Owner shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Contractor, if requested by the Owner, to have an inspection made by an engineer approved by the Owner for the purpose of determining the exact nature, extent, and location of such defects.

Section 4—Defective Workmanship. The acceptance of any workmanship by the Owner shall not preclude the subsequent rejection thereof if such workmanship shall be found to be defective after installation, and any such workmanship found defective before final acceptance of the work or within one (1) year after completion shall be remedied or replaced, as the case may be, by and at the expense of the Contractor. In the event of failure by the Contractor so to do, the Owner may remedy such defective workmanship and in such event the Contractor shall pay to the Owner the cost and expense thereof. The Contractor shall not be entitled to any payment hereunder so long as any defective workmanship, in respect of the Project, of which the Contractor shall have had notice, shall not have been remedied or replaced, as the case may be.

Section 5—Materials. At or prior to the commencement of construction of each Section, the Owner shall make available to the Contractor all materials for such Section which the Owner has on hand, and from time to time as such additional deliveries of materials, if any, are received by the Owner, the Owner shall make such materials available to the Contractor: Provided, however, that the Contractor or his authorized representative will give to the Owner a receipt in such form as the Owner shall approve for all materials furnished by the Owner to the Contractor. The Contractor will return to the Owner or reuse in the construction of other assembly units all materials removed from the lines under Section H—Conversion Assembly Units and Section I—Removal Assembly Units. Upon completion of each Section of the Project the Contractor will return to the Owner all materials, including usable materials as well as scrap, furnished by the Owner in excess of those required for the construction of the Section as determined from the Final Inventory approved by the Owner. The Contractor will reimburse the Owner at the current invoice cost to the Owner for loss and for breakage through Contractor's negligence of materials furnished by the Owner to the Contractor and for materials removed from the lines by the Contractor.

Section 6—Term of Contract. It is understood and agreed that, notwithstanding any other provisions of this Contract, the Contractor will not be required to commence any construction after the expiration of 1 year _____, 2 years _____ following acceptance of this Proposal by the Owner.

Article III—Payment

Section 1—Payments to Contractor. a. Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Contractor for construction accomplished during the preceding calendar month on the basis of completed Construction Units furnished and certified to by the Contractor and approved by the Owner solely for the purpose of payment: Provided, however, that such approval by the Owner shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such estimate approved during the construction of a Section shall be paid by the Owner to the Contractor prior to completion of the Section. Upon completion by the Contractor of the construction of a Section, the Contractor will prepare a Final Inventory of the Section showing the total number and character of Construction Units and, will certify it to the Owner together with a certificate of the total cost of the construction performed. Upon the approval of such certificates, the Owner shall make payment to the Contractor of all amounts to which the Contractor shall be entitled thereunder which shall not have been paid.

b. The Contractor shall be paid on the basis of the number of Construction Units actually installed at the direction of the Owner, as shown by the Inventory based on the Staking

Sheets: Provided, however, that the total cost shall not exceed the maximum Contract price for the construction of the Project, unless such excess shall have been approved in writing by the Owner. It is understood and agreed that this maximum Contract price is _____ dollars ($_____). It is also agreed that the Contractor shall not be entitled to any claim for damages on account of any reasonable additions to or subtractions from the Project, or of any delay occasioned thereby, or of any changes in the routing of the lines.

c. No payment shall be due while the Contractor is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Contractor the amount of any claim by a third party against either the Contractor or the Owner based upon an alleged failure of the Contractor to perform the work hereunder in accordance with the provisions of this Contract.

Section 2—Certificate of Contractor and Indemnity Agreement—Line Extensions. Upon the Completion of Construction of any Section of the Project but prior to payment to the Contractor of any amount in excess of ninety percent (90%) of the total cost of all Construction Units comprising the completed Section, the Contractor shall deliver to the Owner in the form attached hereto, (1) a certificate that all persons who have furnished labor in connection with the Project and subcontractors who have furnished services for the Project have been paid in full, and (2) an agreement to hold the Owner harmless against any liens arising out of the Contractor's performance hereunder which may have been or may be filed against the Owner.

Article IV—Particular Undertakings of the Contractor

Section 1. Protection to Persons and Property. The Contractor shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the ''Manual of Accident Prevention in Construction'' of the Associated General Contractors of America unless such instructions are incompatible with Federal, State, or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

a. The Contractor shall at no time and under no circumstances cause or permit any employee of the Contractor to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in accordance with Article II, Section 1, subsection g.

b. The Contractor shall so conduct the construction of the Project as to cause the least possible obstruction of public highways.

c. The Contractor shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances, and regulations or by local conditions.

d. The Contractor shall do all things necessary or expedient to protect properly any and all parallel, converging, and intersecting lines, joint line poles, highways, and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways, or other property are damaged in the course of the construction of the Project the Contractor shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.

e. Where the right-of-way of the Project traverses cultivated lands, the Contractor shall limit the movement of his crews and equipment so as to cause as little damage as possible to crops, orchards, or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during the construction of the Project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. Except as otherwise provided in the descriptions of underground plowing and trenching assembly units, the Contractor shall not be responsible for loss of or damage to crops, orchards, or property (other than livestock) on the right-of-way necessarily incident to the construction of the Project and not caused by negligence or inefficient operation of the Contractor. The Contractor shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by the construction of the Project.

f. The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control of the Contractor and during such period of control by the Contractor all risks in connection with the construction of the Project and the materials to be used therein shall be borne by the Contractor. The Contractor shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Contractor by reason of any act of God or other casualty or cause whether or not the same shall have occurred by reason of the Contractor's negligence.

(i) To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Contractor's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Contractor's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Contractor, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Contractor liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.

(ii) To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Contractor, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Contractor shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Contractor does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Contractor.

(iii) Contractor shall provide to Owner's satisfaction evidence of Contractor's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

g. Any and all excess earth, rock, debris, underbrush, and other useless material shall be removed by the Contractor from the site of the Project as rapidly as practicable as the work progresses.

h. Upon violation by the Contractor of any provisions of this section, after written notice of such violation given to the Contractor by the Owner, the Contractor shall immediately correct such violation. Upon failure of the Contractor so to do the Owner may correct such violation at the Contractor's expense.

i. The Contractor shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.

j. The Contractor shall not proceed with the cutting of trees or clearing of right-of-way without written notification from the Owner that proper authorization has been received from the owner of the property, and the Contractor shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on his land in connection with the Project and shall obtain the consent in writing of the Owner before proceeding in any such case.

Section 2—Insurance. The Bidder shall take out and maintain throughout the period of this Agreement the following types and minimum amounts of insurance:

a. Workers' compensation and employer's liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employer or employee is not subject to workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

b. Public liability insurance covering all operations under the contract shall have

limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

c. Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million each occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy or policies or insurance, primary and excess including the umbrella or catastrophe form. The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3—Bond. If the estimated cost of the construction of a Section shall exceed $100,000, the Contractor agrees to furnish prior to the commencement of such construction, a bond in the penal sum not less than the estimated cost of such Section in the form attached hereto with a Surety or Sureties listed by the United States Treasury Department as acceptable sureties. In the event that the Surety or Sureties on the performance bond delivered to the Owner shall at any time become unsatisfactory to the Owner, the Contractor agrees to deliver to the Owner another or an additional bond.

Section 4—Delivery of Possession and Control to the Owner. Upon written request of the Owner, the Contractor will deliver to the Owner full possession and control of any portion of the Project provided the Contractor shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of possession and control to the Owner, the risks and obligations of the Contractor as set forth in Section 1f of this Article IV with respect to such portion so delivered to the Owner, shall be terminated; Provided, however, that nothing herein contained shall relieve the Contractor of any liability with respect to defective workmanship as specified in Article 11, Section 4.

Article V—Remedies

Section 1—Completion on Contractor's Default. If default shall be made by the Contractor or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Contractor and the Surety, if any, a written notice requiring the Contractor to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Contractor and the Surety, If any, such default shall be corrected or arrangements for the correction thereof satisfactory to the Owner shall be made, the Owner may take over the construction of the Project and prosecute the same to completion by contract or otherwise for the account and at the expense of the Contractor, and the Contractor shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliance, and plant belonging to the Contractor or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims, or demands which the Contractor may have against third persons in connection with this Proposal and for such purpose the Contractor does hereby assign, transfer, and set over unto the Owner all such rights, claims, and demands.

Article VI—Miscellaneous

Section 1—Patent Infringement. The Contractor will save harmless and indemnify the Owner from any and all claims, suits, and proceedings for the infringement of any patent or patents covering any equipment used in the work.

Section 2—Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Contractor.

Section 3—Compliance with Statutes and Regulations. The Contractor will comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Contractor acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. §§ 287,1001, as amended. The Contractor understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental agencies having jurisdiction in the premises.

Section 4—Equal Opportunity Provisions.

a. Contractor's Representations.

The Contractor represents that:

It has ____, does not have ____, 100 or more employees, and if it has, that it has ____, has not ____, furnished the Equal Employment Opportunity—Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Contractor agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100. The Contractor agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000, the Contractor will file such report, as required by law, and notify the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

b. Equal Opportunity Clause. During the performance of this Contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The Contractor will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be cancelled, terminated, or suspended in whole or in part, and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies

invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.

(7) The Contractor will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

c. Certificate of Nonsegregated Facilities. The Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Contractor agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 5—Franchises and Rights-of-way. The Contractor will be under no obligation to obtain or assist in obtaining any franchises, authorizations, permits, or approvals required to be obtained by the Owner from Federal, State, County, Municipal or other authority; any rights-of-way over private lands or any agreements between the Owner and third parties with respect to the joint use of poles, crossing or any other matter incident to the construction and operation of the Project.

Section 6—Nonassignment of Contract. The Contractor will not assign the Contract effected by an acceptance of this Proposal or any part thereof or enter into any contract with any person, firm or corporation for the performance of the Contractor's obligations thereunder, or any part thereof, without the approval in writing of the Owner.

Section 7—Definitions.

a. The term ''Owner'' shall also include an engineer employed by the Owner, or a firm or engineer retained by the Owner, and designated by the Owner to act in that capacity. The Contractor will be notified in writing by the Owner of those designated to act for the Owner at the time of acceptance of this Proposal.

b. The term ''Completion of Construction'' shall mean full performance by the Contractor of the Contractor's obligations under the contract and all amendments and revisions thereof relating to any Section of the Project or to the Project except the Contractor's obligations in respect of (i) Certificate of Contractor and Indemnity Agreement—Line Extensions under Article III, Section 2 hereof and (ii) the Final Inventory referred to in Article III, Section 1a hereof.

c. The term ''Completion'' shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof relating to any Section of the Project or to the Project.

Section 8—Extension to Successors and Assigns. Each and all of the covenants and agreements contained in the Contract effected by the acceptance of the Proposal shall extend to and be binding upon the successors and assigns of the parties thereto.

_____ (Contractor)
By _____ (President)
_____ (Address)
Attest: _____ (Secretary)
_____ Date of Proposal

This Proposal must be signed with the full name of the Contractor. If the Contractor is a partnership, the Proposal must be signed in the partnership name by a partner. If the Contractor is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

Construction Units—New Construction

Section 1—Pole Units

A pole unit consists of the installation of one pole. The first two digits indicate the length of the pole; the third digit shows the classification per A.S.A. (Example: 25–6 means a pole 25 feet long, class 6.)

Unit No.	Unit labor price

Pole Top Assembly Units

A pole top assembly unit consists of the installation of the hardware, crossarms and their appurtenances, insulators, etc., except tie wire, required to support the primary conductors.

Section A—1 Phase

Unit No.	Unit labor price

Section B—V Phase

Unit No.	Unit labor price

Section C—3 Phase

Unit No.	Unit labor price

Section D—Conductor

A conductor assembly unit consists of the installation of 1,000 feet of conductor or cable for primaries, secondaries or services. Tree trimming necessary for installing services and secondaries on poles not carrying primary line is included with the conductor assembly unit and shall be performed in accordance with the directions of the Owner. The service shall be connected to the secondary or transformer and 2 feet of conductor or cable shall be left for connecting to the consumer's service entrance. In computing the compensation to the Contractor for conductor assembly units only the horizontal distance between conductor supports or pole stales shall be used. The conductor or cable sizes and types listed are the manufacturer's designation.

Unit No.	Unit labor price

Section E—Guy Assembly Units

A guy assembly unit consists of the installation of the hardware and wire, and guy insulator where necessary. An overhead guy assembly unit does not include the associated pole and down guy, each of which is listed separately. Guy guards are designated separately.

Unit No.	Unit labor price

Section F—Anchor Assembly Units

An anchor assembly unit consists of the installation of an anchor with rod complete, ready for attaching the guy wire.

Unit No.	Unit labor price

Section G—Transformer Assembly Units

A transformer assembly unit consists of the installation of the transformer, its protective equipment and its hardware and leads with their connectors and supporting insulators and pins. This unit does not include the installation of the pole top, secondary, service, or grounding assemblies.

Unit No.	Unit labor price

Section J—Secondary Assembly Units

A secondary assembly unit consists of the installation of the hardware, insulators, etc., to support the secondary conductor or cable. It does not include the installation of the secondary conductor or cable, or of any hardware, insulators, etc., required to support service conductors or cable.

Unit No.	Unit labor price

Section K—Service Assembly Units

A service assembly unit consists of the installation of the hardware, insulators, etc. to support the service conductors or cable. It does not include the installation of the service conductor or cable, or of any hardware, insulators etc. required to support secondary conductors or cable.

Unit No.	Unit labor price

Section M—Miscellaneous Assembly Units

A miscellaneous assembly unit consists of the installation of an additional unit needed in the Project for new line construction but not otherwise listed in the Proposal. This section includes the installation of grounding assemblies, fuse cutouts, reclosers, sectionalizers, switches, capacitors, regulators, metering and other assembly units.

Unit No.	Unit labor price

Section R—Right-of-Way Clearing Units

R1–10. The unit is 1,000 feet in length and 10 feet in width (to be measured on one side of the pole line) of actual clearing of right-of-way. This includes clearing of underbrush, tree removal, and such tree trimming as is required so that the right-of-way, except for tree stumps which shall not exceed ____ in height, shall be clear from the ground up on one side of the line of poles carrying primary conductors.

This unit does not include clearing or trimming associated with secondaries or services which is included with conductor units. The length of actual clearing shall be measured in a straight line parallel to the horizontal line between stakes and across the maximum dimension of foliage cleared projected to the ground line. All trees and underbrush across the width of the right-of-ways as designated by the Owner shall be considered to be grouped together as a single length in measuring the total length of clearing. Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement. All length thus arrived at, added together and divided by 1,000, shall give the number of 1,000-foot R1–10 units of clearing. This unit includes the removal or topping, at the option of the Contractor, of danger trees outside of the right-of-way when so designated by the Owner. (Danger trees are defined as dead or leaning trees which, in falling, will affect the operation of the line.)

The Contractor shall not remove or trim shade, fruit, or ornamental trees unless so directed by the Owner.

R1–20. This unit is identical with R1–10 except that width is 20 feet (to be measured 10 feet on each side of the pole line).

R1–30. This unit is identical with R1–10 except that width is 30 feet (to be measured 15 feet on each side of the pole line).

R1–40. This unit is identical with R1–10 except that width is 40 feet (to be measured 20 feet on each side of the pole line).

RC1–10, RC1–20, RC1–30, RC1–40. These units are identical to the respective R1 units except that chemical treatment of stumps is required in addition to the clearing of underbrush, tree removal and tree trimming.

Additional Requirements (When specifying R1 units denote type of disposal (A or B).)

A. Trees, brush, branches and refuse shall, without delay, be disposed of by such of the following methods as the Owner will direct (Owner to strike out methods not to be used):

1. Burned.
2. Piled on one side of right-of-way.
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (describe) ____.

B. Trees that are felled shall be cut to commercial wood lengths, stacked neatly, and left on the right-of-way for the landowner. Commercial wood length means the length designated by the Owner but in no case shall it be required to be less than ____ (____) feet. Brush, branches, and refuse shall, without delay, be disposed of by such of the following methods as the Owner will direct (Owner to strike out methods not to be used):

1. Burned.
2. Piled on one side of right-of-way.
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (describe)____.

Unit No.	Unit labor price

Section S—Substation Assembly Units

A substation assembly unit consists of the complete substation ready for connection of the line conductors, as shown on the substation drawings attached.

Unit No.	Unit labor price

Section UD—Underground Cable Assembly Units

An underground cable assembly unit consists of the installation of 1,000 feet of cable for underground primaries, secondaries or services. It does not include the plowing, trenching and backfilling, or the termination of the primary cable which are provided for in other assembly units. It includes the labor for the termination, connection and sealing of secondary and service cables and conductors as shown in the specifications and construction drawings, and the labor for making all primary, secondary and service cable splices (buried cable may be spliced only when and where permitted by the Owner [1,2].) In computing the compensation to the Contractor for underground cable assembly units, only the distance between stakes, paralleling the cable shall be used. The number of units so computed includes all installation of cable in all specified trenches, risers, conduits, crossings, manholes, transformers, terminal housings and meter boxes [3]. The conductor or cables listed are the manufacturer's designation of types, size, voltage rating and material. The Contractor and the Owner shall jointly perform cable acceptance tests on installed cable in accordance with the specifications using test equipment furnished by the ____ (Owner to insert Owner or Contractor).

Unit No.	Unit labor price

Section UG—Underground Transformer Assembly Units

An underground transformer assembly unit consists of the installation of the transformer, its housing, warning sign, switches, over-current protective devices, grounding loop, and its hardware and leads with their connectors and supporting insulators. This unit also includes the installation of primary cable terminations but not of lightning arresters, fault indicators or ground rods, nor does it include any trenching. For pad-mount transformers, it does not include installation of the pad, drainable material, backfilling, compaction, or site preparation which are included in the pad assembly units. For submersible transformers it includes the installation of cable terminations, of the enclosure and cover, of drainable material (when specified [4]) and the excavation.

Unit No.	Unit labor price

Section UK—Underground Secondary and Service Assembly Units

An underground secondary and service assembly unit consists of the installation of the secondary or service cable terminal housing. It includes the installation of the power pedestal, stake (when required), mounting hardware, warning sign, directional marker, housing identification marking, and the cable identification tags. It does not include the installation of the cable terminations, ground rod, or pad, when required.

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[1] ____ Owner check here if primary splices are permitted.

[2] ____ Owner check here if secondary and service splices are permitted.

[3] ____ Owner check here if 12 feet of service conductor is to be left as a coil 3 feet from the building with ends capped instead of connection to meter box.

[4] ____ Owner check here if drainable material is specified.

Unit No.	Unit labor price

Section UM—Miscellaneous Underground Assembly Units

A miscellaneous underground assembly unit consists of the installation of an additional unit needed in the Project for new construction, but not otherwise listed in the Proposal. This section includes the installation of the miscellaneous assembly units as shown on the respective underground construction drawings. Where miscellaneous units consist of or include the installation of a primary cable termination, the unit includes the preparation of the cable to accommodate the termination, the installation of the stress cone, and the connection of the cable to the terminal equipment. Pad assembly units are in this section and include the installation of the bedding, drainable material (when specified), cable slot, and site preparation, backfilling and tamping.

Unit No.	Unit labor price

Section UR—Underground Excavation Assembly Units

UR1–S (D) Plowing Assembly Unit, Soil—Consists of one (1) lineal foot of plowing in soil, measured parallel to the surface of the ground, to a specified depth (D), in inches, including the compacting, except as specifically provided for in other units. This unit includes all labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged during the plowing of the cable, except as specifically provided for in other units.

Note: Where in the judgment of the Owner greater than normal difficulty will be involved in plowing because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter ''T''. This will be applicable only in those areas predesignated by the Owner on the detail maps herein. All plowing outside of the predesignated area on the map, regardless of the difficulty in placement actually experienced, will be inventoried as the regular UR1–S (D) units. If field conditions show the existence of rock to prevent the placing of the cable in soil to the depth required in the specifications the Owner may specify UR2–R units. Where more than one cable is to be installed in the slot, the UR1–S unit designation should be modified by a suffix corresponding to the number of cables installed. For example, UR1–S (D) 3c for 3 cables plowed at one time.

UR2–S (D&W) Trenching Assembly Unit, Soil—Consists of one (1) lineal foot of trenching in soil, measured parallel to the surface of the ground, to a specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting. This unit includes all labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units.

Note: Where in the judgment of the Owner greater than normal difficulty will be involved in trenching because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter ''T''. This will be applicable only in those areas predesignated by the Owner on the detail maps herein. Where more than one cable is to be installed in the trench, the regular UR2–S unit designation should be modified by a suffix corresponding to the construction drawing for the type of cable placement desired.

UR2–R (D&W) Trenching Assembly Unit, Rock—Consists of one (1) lineal foot of trenching in rock, measured parallel to the surface of the ground, to specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting to place cable to the depth specified in the Specifications. This unit will be specified by the Owner only when field conditions at the site show the existence of rock at a depth preventing the placing of the cable in soil to the depths required in the Specifications. This unit includes all labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units. This unit does not include underground cable facilities installed in the trench or cable bedding assembly units, when required.

UR–3 Cable Bedding Assembly Unit—Consists of the installation of one (1) lineal foot of a 2-inch bed of clean sand or soil placed in the trench under the cable and a 4-inch layer of clean sand or soil backfill over the cable to the width of the trench.

Note: The exact location and number of units shall be determined by the Owner after the trenches are open in those areas where rock or other conditions make special bedding necessary.

UR–4a Pavement Assembly Unit, Asphalt—Consists of the labor necessary to remove and restore one (1) lineal foot of asphalt pavement, measured along the route of the cable, including any trenching necessary to place the cable at the required depth. All work shall be performed in accordance with the requirements of State or local authorities.

UR–4c Pavement Assembly Unit, Concrete—Consists of the labor necessary to remove and restore one (1) lineal foot of concrete pavement, measured along the route of the cable, including any trenching necessary to place the cable at the required depth. All work shall be performed in accordance with the requirements of State or local authorities.

UR–5 ( ) Underground Pipe Crossing Assembly Unit—Consists of the installation of one (1) lineal foot of steel pipe, of the inside diameter, in inches, specified in the last digit of the assembly unit designation, installed in place. This unit includes the pushing of pipe and any excavation, backfilling and tamping necessary for the installation of the pipe. The pipe will be installed at the depth specified by the Owner. The installation of underground cable in the pipe is not included in this unit.

UR6 Underground Nonpipe Crossing Assembly Unit—Consists of the labor in providing a hole in soil one (1) foot in length of a diameter sufficient to accommodate the cable to be installed therein. The depth of the hole below the surface of the ground shall be specified by the Owner. This unit includes any excavation, backfilling and tamping necessary for the installation. This unit may be used where the permanent installation of a steel pipe under the UR–5 unit is not required. The installation of underground cable in the pipe is not included in this unit.

Unit No.	Unit labor price

Construction Units—Line Changes

The general heading of Line Changes applies to the changing of existing lines or portions thereof from their existing phasing, wire size, and type to new phasing, wire size, and type and the removal of existing lines or portions thereof and replacing with new lines in close proximity thereto. In general line changes involve three types of assembly units as follows:

Section H—Conversion assembly units;

Section I—Removal assembly units;

Section N—New construction assembly units on existing lines or in replacing lines.

The assembly units that are included in Sections H, I, and N are defined by symbols and descriptions which follow together with the applicable descriptions included under New Construction. Where the descriptions are not correct or sufficiently explicit, or when special units are not covered by Construction Drawings, descriptions have been provided by the Owner in the respective sections.

Work included in these sections shall be performed under a schedule of deenergization and operating procedures as set forth by the Owner at the time of release of any Section involving work on existing lines.

The Contractor will so plan and perform its work that it will be possible to safely reenergize all lines involved at the expiration of the time limits set up in the schedule to resume service to all consumers being served prior to deenergization. Prior to commencement of work each day on lines to be deenergized, and upon completion of work each day on such lines, the Contractor will notify the Owner thereof in writing or in such other manner as the circumstances permit.

Section H—Conversion Assembly Units

Conversion assembly units are pole-top assemblies and cover the furnishing of all labor for changing an existing assembly unit to a new assembly unit, utilizing certain items of materials of the existing assembly unit on poles to be left in place. Any materials removed from the existing assembly units which are not required in the construction of the conversion assembly unit are to be reused by the Contractor in the construction of other assembly units, or returned to Owner's warehouse, as directed by the Owner. Conversion assembly units are specified by the prefix H with the new construction assembly unit designation shown first and the existing assembly unit designation shown last. For example, an H B1–A1 signifies the conversion of an existing A1 assembly unit to a B1 assembly unit (as was defined in the description of construction assembly units). In this instance the Contractor utilizes the existing pin-type insulator, single upset bolt and neutral spool and installs the additional crossarm, crossarm pins, braces, machine bolt, carriage bolts, lag screw, and insulator supplied by the Owner required for the new unit. The Contractor transports the pole-top pin and two machine bolts to the warehouse or uses them on the Project as directed by the Owner.

The Conversion assembly units also include the furnishing of all labor in the transferring, resagging and retying of conductors from one position on the pole to a different position on the pole where such transfers are required. Where replacement of conductor is required, the existing conductor will be removed under Section I and the new conductor installed under Section N.

Where replacement of a pole is required, the existing pole and pole-top assembly will be removed under Section I and the new pole and pole-top assembly will be installed according to Section N and no H units will be involved.

Conversion assemblies are listed in three subsections for converting pole-top assemblies from single to V phase, single to three phase, and V to three phase. The following descriptions apply to only those conversion units not sufficiently explicit:

Unit	Description

Subsection H (B–A)—1 Phase to V Phase

Unit No.	Unit labor price

Subsection H (C–A)—1 Phase to 3 Phase

Unit No.	Unit labor price

Subsection H (C–B)—V Phase to 3 Phase

Unit No.	Unit labor price

Section I—Removal Assembly Units

Removal assembly units cover the furnishing of all labor for the removal of existing units of construction from existing lines, disassembling into material items, and all labor and transportation for the returning of all materials to the warehouse of the Owner in an orderly manner or transporting elsewhere to the site of the Project for reuse in the prosecution of this Contract as directed by the Owner.

The unit removal prices shall include all labor required to reinstall in accordance with specifications any conductors temporarily detached. The Contractor will reinstall at his own expense any other units removed by him for his own convenience.

The removal units are specified by the prefix I and followed by the assembly unit designation of existing assembly unit to be removed. For example, an I–A1 signifies the removal of an A1 assembly unit. The following special notes apply to specific removal units:

a. Poles. All poles of the same height, regardless of pole class, are designated by the same unit. Thus an I–30-foot pole signifies the removal of a 30-foot pole of any class. The Contractor is not required under this unit to remove from the pole any ground wire or pole numbering attached to the pole. This unit includes the refilling and tamping of holes in a workmanlike manner unless they are to be reused.

b. Pole-top Assemblies. The unit of removal of pole-top assemblies includes, in addition to the removal of the assembly itself, any necessary handling, resagging, and retying of conductors in those cases where an existing pole-top assembly will be removed and replaced by a new pole-top assembly and where any existing conductor is to be reused.

The unit of removal of pole-top assemblies also includes any holding or handling of mainline or tap conductors at tap lines, angles, and deadends where such is involved, and the reinstalling of such conductor in accordance with the Specifications; for example, an I–A5–4 will include the disconnection of the tap conductors, snubbing off the tap line at the nearest practical point and the reconnection and resagging of these tap conductors if necessary to the new tap assembly when installed. The new unit of construction, however, will be specified separately in Section N.

c. Conductor. The conductor removal unit covers the removal of 1,000 feet of conductor or cable and reeling or coiling it in a workmanlike manner in such a way that it can be reused by the Contractor or the Owner. The Owner will furnish to the Contractor reels if it is to be returned to the Owner's warehouse on reels. The removal unit for each size of conductor or cable is shown by the prefix I followed by D and the conductor or cable type; thus an I–D 6ACWC signifies the removal unit for 1,000 feet of 6 A Copperweld-copper conductor.

d. Guys. All guys regardless of length, type of attachment, or size of guy strand are specified by the same unit; thus an I–E signifies the removal of any guy.

e. Anchors. Only anchor rods are to be removed by the Contractor in anchor removal units. The anchors will be left in the ground; thus an I–F signifies the removal of any anchor rod. If the rod cannot be unscrewed, the end of the rod shall either be cut off or bent down so that the rod will be at least 18 inches below ground.

f. Transformers. The unit for removal of transformer assembly units is divided into two sections, (1) Conventional Transformer Assembly, and (2) Self-protected Transformer Assembly. Only one unit is specified for each type, and all sizes of transformers from 1 to 15 kVA within each group will be covered by the same unit. ''Self-protected'' refers to transformers where all protective equipment is mounted on or within the transformer. ''Conventional'' refers to transformers where protective equipment is mounted separately from the transformer. The unit is designated by the prefix I followed by the description of the unit to be removed; thus, I–G Conventional signifies the removal of a conventional transformer assembly for any size transformer from 1 to 15 kVA.

g. Secondary Units. The unit for removal of secondary assemblies includes, in addition to the removal of the assembly itself, all necessary handling such as untying, resagging, and retying of secondary conductor or cables where existing secondary conductor or cable is to be reused.

In addition, the unit for removal of the secondary assembly includes the handling or holding of any conductor at tap lines where such is involved, and the reinstalling of such tap conductor in accordance with the Specifications.

h. Service Unit. The unit for removal of service assemblies includes, in addition to the removal of the assembly itself, all necessary handling such as untying, resagging, and retying of service conductor or cable where existing service conductor or cable is to be reused.

The following descriptions apply only to those removal units not sufficiently explicit:

Unit	Description

Unit No.	Unit labor price

Section N—New Assembly Units

The purpose of this section is to list complete new units of construction where such units are to be added to existing lines or installed in replacing lines.

The units as covered by this section are the same as the units described in Construction Units—New Construction, except that these units are prefixed by the letter N.

For example, an N40–6 unit covers the furnishing of all labor for the installation of a 40–6 pole either in an existing distribution line being operated by the Owner or in a new line being constructed to replace an existing distribution line being operated by the Owner.

The following descriptions apply only to those new units not sufficiently explicit:

Unit	Description

Unit No.	Unit labor price

Acceptance

The undersigned hereby accepts the foregoing Proposal of ____, dated ____, to construct the rural electric Project ____19____ Line Extensions.

____ (Owner)
By ____ President
____ Secretary
____ Date of Contract

[End of clause]

§ 1726.344 [Reserved]

§ 1726.345 Certificate of contractor and indemnity agreement (line extensions), RUS Form 792b.

The closeout form in this section shall be used when required by this part.

Certificate of Contractor and Indemnity Agreement (Line Extensions)

____, certifies that he is the ____ (title or designation), of ____ (name of contractor), the Contractor, in a contract dated ____ 19____ entered into between the Contractor and ____ (name of RUS Borrower) ____, the Owner, for the construction of a rural electric Project (hereinafter referred to as Project), which bears the Project Designation ____ 19____ Line Extensions, and that he is authorized to and does make this Certificate and Indemnity Agreement on behalf of said Contractor in order to induce the Owner to make payment to the Contractor, in accordance with the provisions of the said contract.

Undersigned further says that all persons who have furnished labor in connection with the Section of the Project represented by the Final Inventory dated ____, in the amount of $____, have been paid in full; that all manufacturers, materialmen and subcontractors which furnished any materials or services, or both, for the said Section of the Project have been paid in full; that no lien has been filed against the Project and no person has any right to claim any lien against the Project.

Undersigned further says that if the Owner pays the Contractor the contract price for the said Section of the Project the Contractor will indemnify and hold harmless and does hereby undertake and agree to indemnity and hold harmless the Owner from any claim or lien arising out of the negligence or other fault of the Contractor in respect of the performance of the contract which may have been or may be filed against the Owner.

____ Signature of Contractor (President, Vice-President, Partner or Owner, or, if signed by other than one of foregoing, Power of Attorney signed by one of the foregoing should be attached. Indicate applicable designation.)

[End of clause]

§ 1726.346 Supplemental contract for additional project, RUS Form 792c.

The form in this section shall be used when required by RUS Form 201, 790, or 792.

Supplemental Contract For Additional Project

Date ____
To: ____ Contractor

Pursuant to Article I, Section 2 of the Contractor's Proposal dated ____, for the rural electric Project ____, we request that you construct Additional Project No. ____, consisting of approximately the following system improvement and line extension work: ____.

The Additional Project is to be constructed in accordance with all of the provisions of the Contractor's Proposal, except:

1. The time for completion of the Additional Project shall be ____

2. The prices for Construction Units for the Additional Project are attached.

Please indicate your acceptance of the foregoing by signing below, return two signed copies and retain one copy.

Sincerely,
____ Owner
By ____ President, Vice President (strike out inapplicable designation.)

Acceptance:

____ Contractor
By ____ President, Vice President, Partner (strike out inapplicable designation.)
Date ____

[End of clause]

§§ 1726.347–1726.350 [Reserved]

§ 1726.351 Electric system construction contract (labor and materials), RUS Form 830.

The contract form in this section shall be used when required by this part. This form refers to guide drawings, which do not contain requirements, and, hence, are not included in this part. The guide drawings are included in the printed form available from GPO (See § 1726.300.).

Electric System Construction Contract (Labor and Materials)

Notice And Instructions To Bidders

1. Sealed proposals for the construction, including the supply of necessary labor, materials and equipment, of a rural electric project of ____ (hereinafter called the ''Owner'') to be known as ____ Project will be received by the Owner on or before ____ o'clock ____ M., ____, 19____, at its office at ____ at which time and place the proposals will be publicly opened and read. Any proposals received subsequent to the time specified will be promptly returned to the Bidder unopened.

2. Description of Project: The Project will consist of approximately:

Overhead Distribution Line Construction

____ miles of ____ kV Single Phase Lines
____ miles of ____ kV V-Phase Lines
____ miles of ____ kV Three-Phase Lines
____ miles of secondary on secondary poles
____ miles of services for ____ consumers

Underground Distribution Facilities

____ miles of ____ kV Single-Phase Construction
____ miles of ____ kV V-Phase Construction
____ miles of ____ kV Three-Phase Construction
____ miles of ____ Volt Secondary and Service Construction for ____ Consumers.

Distribution Line Changes, Conversion, and Removal

____ miles of ____

Transmission Line Construction

____ miles ____ kV; ____ miles ____ kV
____ miles ____ kV underbuild

Substations and Other Major Facilities

____ kVA ____ Voltage ____ Name

This Project is located in ____ Counties, in the State(s) of ____ all as more fully described in the Plans, Specifications, Construction Drawings, and Contractor's Proposal therefore hereinafter referred to.

3. Work on Energized Lines. Unless stated below all construction work including attachments to existing poles and line changes, is to be done with the line deenergized. The hours during which existing lines will be deenergized are shown in the Contractor's Proposal. Approximately ____ miles of the line changes are to be made with the lines energized and such lines are in the following locations or areas: ____ and are more fully described in the Plans, Specifications, and Contractor's Proposal. For work in these locations the Bidder must provide personnel capable of working on energized lines. All such work shall be performed to meet at least the safety rules and regulations prescribed by the Owner for its own employees including the use of rubber gloves, hot sticks and associated protective equipment, a copy of which rules and regulations may be examined at the office of the Owner.

4. Owner-Furnished Materials. The unit prices in the Contractor's Proposal should include provisions for Owner-Furnished Materials since as stated in Article I, Section 3 of the Contractor's Proposal, the value of the Owner-Furnished Materials, if any, will be deducted from payments to the Bidder for completed Construction Units.

5. Obtaining Documents. The Plans, Specifications and Construction Drawings, together with all necessary forms and other documents for bidders may be obtained from the Owner, or from the Engineer ____ at the latter's office at ____ upon the payment of $____, which payment will not be subject to refund. The Plans, Specifications, and Construction Drawings may be examined at the office of the Owner or at the office of the Engineer. A copy of the Loan Contract (if the Project is to be financed, in whole or in part, pursuant to a loan contract) between the Owner and the United States of America acting through the Administrator of the Rural Utilities Service and of the loan contract between the Owner and any other lender may be examined at the office of the Owner. Each

set of Plans, Specifications and Construction Drawings will have a serial number, given by the Engineer, and the number of each set with the name of the purchaser will be recorded by the Engineer. Bids will be accepted only from the original purchaser.

6. Manner of Submitting Proposals. Proposals and all supporting instruments must be submitted on the forms furnished by the Owner and must be delivered in a sealed envelope addressed to the Owner. The name and address of the Bidder, its license number if a license is required by the State, and the date and hour of the opening of bids must appear on the envelope in which the Proposal is submitted. Proposals must be filled in in ink or typewritten. No alterations or interlineations will be permitted, unless made before submission, and initialed and dated.

7. Familiarity with Conditions. Prior to the submission of the Proposal the Bidder shall make and shall be deemed to have made a careful examination of the site of the Project and of the Plans, Specifications, Construction Drawings, and forms of Contractor's Proposal and Contractor's Bond on file with the Secretary of the Owner and with the Engineer, and shall become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, the kind of facilities required before and during the construction of the Project, general local conditions and all other matters that may affect the cost and time of completion of the Project. Bidders will be required to comply with all applicable statutes, regulations, etc., including those pertaining to the licensing of contractors, and the so-called ''Kick-Back Statute'' (48 State. 948) and regulations issued pursuant thereto.

8. Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.

9. Alternate Designs. The Owner reserves the right to confine its consideration of the several bids to one type of design regardless of alternate types of design which may be specified in the Plans and Specifications and offered in the Proposals.

10. Proposals for Distribution and Transmission Facilities. If the Project includes both distribution and transmission facilities, bidders shall bid on both of the facilities and the Owner will evaluate the Proposals on the basis of low total bid for both facilities.

11. The Time for Completion of Construction of the Project shall be as specified by the Engineer in the Proposal.

12. Bid Bond. Each Proposal must be accompanied by a Bid Bond in the form attached or a certified check on a bank that is a member of the Federal Deposit Insurance Corporation, payable to the order of the Owner, in an amount equal to ten percent (10%) of the maximum bid price. Each Bidder agrees, provided its Proposal is one of the three low Proposals, that, by filing its Proposal together with such Bid Bond or check in consideration of the Owner's receiving and considering such Proposals, said Proposal shall be firm and binding upon each such Bidder and such Bid Bond or check shall be held by the Owner until a Proposal is accepted and a satisfactory Contractor's Bond is furnished (where required) by the successful Bidder and such acceptance has been approved by the Administrator, or for a period not to exceed sixty (60) days from the date hereinbefore set for the opening of Proposals, whichever period shall be the shorter. If such Proposal is not one of the three low Proposals, the Bid Bond or check will be returned in each instance within a period of ten (10) days to the Bidder furnishing same.

13. Contractor's Bond. The successful Bidder will be required to execute two additional counterparts of the Proposal and, for a Contract in excess of $100,000, to furnish a Contractor's Bond in triplicate in the form attached hereto with sureties listed by the United States Treasury Department as Acceptable Sureties, in a penal sum not less than the contract price.

14. Failure to Furnish Contractor's Bond. Should the successful Bidder fail or refuse to execute such counterparts or to furnish a Contractor's Bond (where required) within ten (10) days after written notification of the acceptance of the Proposal by the Owner, the Bidder will be considered to have abandoned the Proposal. In such event, the Owner shall be entitled (a) to enforce the Bid Bond in accordance with its terms, or (b) if a certified check has been delivered with the Proposal, to retain from the proceeds of the certified check, the difference (not exceeding the amount of the certified check) between the amount of the Proposal and such larger amount for which the Owner may in good faith contract with another party to construct the Project. The term ''Successful Bidder'' shall be deemed to include any Bidder whose Proposal is accepted after another Bidder has previously refused or has been unable to execute the counterparts or to furnish a satisfactory Contractor's Bond (where required.)

15. Contract is Entire Agreement. The Contract to be effected by the acceptance of the Proposal shall be deemed to include the entire agreement between the parties thereto, and the Bidder shall not claim any modifications thereof resulting from any representation or promise made at any time by any officer, agent or employee of the Owner or by any other person.

16. Minor Irregularities. The Owner reserves the right to waive minor irregularities or minor errors in any Proposal, if it appears to the Owner that such irregularities or errors were made through inadvertence. Any such irregularities or errors so waived must be corrected on the Proposal in which they occur prior to the acceptance thereof by the Owner.

17. Balanced Bid. The Owner reserves the right to reject any or all Proposals. The attention of Bidders is specially called to the desirability of a proper balance between prices for labor and materials and between the total prices for the respective Construction Units. Lack of such balance may be considered as a reason for rejecting a Proposal.

18. Discrepancy in Unit Prices. Where the unit prices in the Contractor's Proposal are separated into three columns designated as ''Labor,'' ''Materials,'' and ''Labor and Materials,'' and where a discrepancy appears between the sum shown in the ''Labor and Materials'' column and the correct addition of the sums appearing in the ''Labor'' column and the ''Materials'' column, the correct addition of the sums appearing in the ''Labor'' column and the ''Materials'' column shall control.

19. Definition of Terms. The terms ''Administrator,'' ''Engineer,'' ''Supervisor,'' ''Project,'' ''Completion of Construction,'' and ''Completion of the Project'' as used throughout this Contract shall be as defined in Article VI, Section 1, of the Contractor's Proposal.

20. The Owner Represents: a. If by provisions of the Contractor's Proposal the Owner shall have undertaken to furnish any materials for the construction of the Project, such materials are on hand at locations specified or if such materials are not on hand they will be made available by the Owner to the successful Bidder at the locations specified before the time such materials are required for construction.

b. All easements and rights-of-way, except as shown on maps included in the Plans and Specifications, have been obtained from the owners of the properties across which the Project is to be constructed (including tenants who may reasonably be expected to object to such construction). The remaining easements and rights-of-way, if any, will be obtained as required to avoid delay in construction.

c. All staking, except as shown on the maps included in the Plans and Specifications, has been completed and sufficient staking crews will be available to maintain stakes at all times in advance of construction.

d. Where underground distribution construction is required, permission has been obtained from state and local highway and road authorities to install underground distribution power facilities and set pedestals, if any, on the highway and road right-of-way in the Project area. Notwithstanding such permission granted to the Owner, each Bidder is responsible for ascertaining that the equipment, methods of construction, and repair proposed to be used on the Project will meet all requirements of public authorities having jurisdiction over highway and road right-of-way. The successful Bidder will be required to furnish proof satisfactory to the Owner of compliance with this requirement. If required by highway or road authorities, the successful Bidder will furnish to such authorities a bond or meet other guaranty requirements to assure the prompt repair of all damages to highways and roads and their associated rights-of-way caused by the Bidder during construction of the Project. This requirement is in addition to and independent of the Contractor's Bond required under this Contract. The acceptance of a bid from any Bidder is not to be construed as approval of the Bidder's equipment or proposed construction methods by or on behalf of the highway and road authorities. Bidders may obtain information concerning the requirements of highway and road authorities by communicating with the following ____.

e. All funds necessary for prompt payment for the construction of the Project will be

available. If the Owner shall fail to comply with any of the undertakings contained in the foregoing representation or if any of such representations shall be incorrect, the Bidder will be entitled to an extension of time of completion for a period equal to the delay, if any, caused by the failure of the Owner to comply with such undertakings or by any such incorrect representation; provided the Bidder shall have promptly notified the Owner in writing of its desire to extend the time of completion in accordance with the foregoing; provided, however, that such extension, if any, of the time of completion shall be the sole remedy of the Bidder for the Owner's failure, because of conditions beyond the control and without the fault of the Owner, to furnish materials in accordance with subparagraph a. above.

Owner ____
By ____
____. 19____

Contractor's Proposal

(Proposal shall be submitted in ink or typewritten)

To: ____ (hereinafter called the ''Owner'')

Article I—General

Section 1. Offer to Construct. The undersigned (hereinafter called the ''Bidder'') hereby proposes to receive and install such materials and equipment as may hereinafter be specified to be furnished by the Owner, and to furnish all other materials and equipment, all machinery, tools, labor, transportation and other means required to construct the rural electric project ____ in strict accordance with the Plans, Specifications and Construction Drawings for the prices hereinafter stated.

The total length of the project lines shall be determined by taking the sum of all straight horizontal span distances between pole stakes or from center to center of poles, or centerline of structures, carrying conductors, plus the length of service drops, if any, measured horizontally from center of last pole to the point of attachment to the consumer's building.

Section 2. Materials and Equipment. The Bidder agrees to furnish and use in the construction of the Project under this Proposal, in the event the Proposal is accepted, only such ''fully listed'' and ''conditionally listed'' materials and equipment as are included in the current ''List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers,'' including revisions adopted prior to the Bid Opening. The use of ''conditionally listed'' materials and equipment requires prior consent by the Owner or Engineer. For distribution lines, the Bidder further agrees to furnish and use guy wire with ASTM Class ____ (Engineer to insert A or B) zinc coating.

All leads on equipment such as transformers, reclosers, etc., shall be of #6 minimum copper conductivity using ____ (Engineer to insert standard soft drawn copper or aluminum alloy) conductor. All conductor ties on insulators shall be of the materials and methods shown in the following Tying Guide Drawings: ____ (Engineer to insert appropriate drawing numbers).

Ground rods and butt-type pole grounding plates shall be ____ (Engineer to insert galvanized steel or copper).

Underground primary cable shall have ____ coated copper neutral (Engineer to insert round or flat).

For transmission lines, the Bidder further agrees to furnish and use guy wire, overhead ground wire, and pole ground wire with ASTM Class ____ (Engineer to insert A, B, or C) zinc coating. Guy wire shall be the same size and grade as the overhead ground wire. Where overhead ground wire is not specified, the guy wire shall be ____ size, ____ grade.

The Bidder further agrees to furnish and use poles, crossarms, and other timber products, of which the physical characteristics, method of treatment, type of preservative, instructions on inspection and general procedure shall be in accordance with RUS standards and requirements.

Crossarms shall be ____ (Engineer to insert Douglas fir or Southern Yellow Pine), treated with ____ (Engineer to insert type of preservative.)

The Bidder agrees that the prices for poles, crossarms, and other timber products set forth herein shall include the cost of preservative treatment and inspection, insured warranty, or quality assurance. The Bidder further agrees to obtain from the supplier inspection and treatment reports or insured warranties, for checking against the delivered timber, and to submit such reports or warranties to the Owner as one of the prerequisites to monthly and final payments.

Section 3. Owner-Furnished Materials. The Bidder understands and agrees that, if this Proposal is accepted, the Owner will furnish to the Bidder the material set forth in the attached ''List of Owner's Materials on Hand'' (see page ____) and the Bidder will give a receipt (see page ____) therefore in writing to the Owner. The Bidder, further, will on behalf of the Owner accept delivery of such of the materials set forth in the attached ''List of Materials Ordered by Owner but Not Delivered'' (see page ____) as may be subsequently delivered and will promptly forward to the Owner for payment the supplier's invoice, together with the Bidder's receipt in writing for such materials. The materials referred to are on hand at, or will be delivered to, the locations specified in the List and the Bidder will use such materials in constructing the Project.

The value of the completed Construction Units certified by the Bidder each month pursuant to Article III, Section 1.a of the Proposal shall be reduced by an amount equal to the value of the materials installed by the Bidder during the preceding month which have been furnished by the Owner or the delivery of which has been accepted by the Bidder on behalf of the Owner. Only ninety percent (90%) of the remainder shall be paid prior to the Completion of the Project. The value of such materials shall be computed on the basis of the unit prices stated in the Lists. Materials, if any, not required for the Project, which have been furnished to the Bidder by the Owner or delivery of which has been accepted by the Bidder on behalf of the Owner, shall be returned to the Owner by the Bidder upon completion of construction of the Project. The value of all materials not installed in the Project nor returned to the Owner shall be deducted from the final payment to the Bidder.

The Owner shall not be obligated to furnish materials in excess of the quantities, size, kind and type set forth in the attached Lists. If the Owner furnishes, and the Bidder accepts, materials in excess thereof, the values of such excess materials shall be their actual cost as stated by the Owner.

Information on the shipping schedules of materials on the ''List of Materials Ordered by Owner But Not Delivered'' will be furnished to the Bidder as necessary during progress of the work. Upon delivery the Bidder shall promptly receive, unload, transport and handle all materials and equipment on the ''List of Materials Ordered by Owner But Not Delivered'' at its expense and shall be responsible for demurrage, if any.

Section 4. Purchase of Materials Not Furnished By Owner. The Bidder will purchase all materials and equipment (other than Owner-furnished materials) outright and not subject to any conditional sales agreements, bailment, lease or other agreement reserving unto the seller any right, title or interest therein.

Section 5. Proposal on Unit Basis. The Bidder understands and agrees that the various Construction Units on which bids are made are defined by symbols and descriptions in this Proposal, that all said bids are on a unit basis, and that the Owner may specify any number or combination of Construction Units that the Owner may deem necessary for the construction of the Project. Separate Construction Units are designated for each different arrangement which may be used in the construction of the Project. This Proposal is based on a consideration of each unit in place and includes only the materials listed on the corresponding Construction Drawings or description of unit where no drawing exists.

Section 6. Description of Contract. The Notice and Instructions to Bidders and Plans attached hereto and made a part hereof, and the Specifications and Construction Drawings set forth in:

RUS Bulletin 50–3, Specifications and Drawings for 12.5/7.2 kV Line Construction;

RUS Form 803, Specifications and Drawings for 14.4/24.9 kV Line Construction;

RUS Form 806, Specifications and Drawings for Underground Electric Distribution;

RUS Bulletin 50–2, RUS Specifications T–805A, Electric Transmission Specifications and Drawings, 34.5 kV through 69 kV;

RUS Bulletin 50–1, RUS Specification T–805B, Electric Transmission Specifications and Drawings for 115 kV through 230 kV; as applicable, which by this reference are incorporated herein, together with the Proposal and Acceptance constitute the Contract. The Plans, consisting of maps and special drawings, and approved modifications in standard specifications are attached hereto and identified as follows: _____.

Section 7. Familiarity with Conditions. The Bidder has made a careful examination of the site of the Project to be constructed and of

the Plans, Specifications, Construction Drawings, and form of Contractor's Bond attached hereto, and has become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, and the kind of facilities required before and during the construction of the Project, and has become acquainted with the labor conditions, state and local laws, and regulations which would affect work on the proposed construction.

Section 8. License. The Bidder warrants that a Contractor's License is ____ is not ____ required, and if required it posses Contractor's License No. ____ for the State of ____ in which the Project is located and said license expires on ____, 19____.

Section 9. Warranty of Good Faith. The Bidder warrants that this Proposal is made in good faith and without collusion or connection with any person or persons bidding for the same work.

Section 10. Warranty of Financial Resources. The Bidder warrants that it possesses adequate financial resources and agrees that in the event this Proposal is accepted and a Contractor's Bond is required, it will furnish a Contractor's Bond in the form attached hereto, in a penal sum not less than the maximum Contract price, with a surety or sureties listed by the United States Department of Treasury as Acceptance Sureties.

In the event that the surety or sureties on the performance bond delivered to the Owner contemporaneously with the execution of the Contract or on any bond or bonds delivered in substitution thereof or in addition thereto shall at any time become unsatisfactory to the Owner or the Administrator, the Bidder agrees to deliver to the Owner another or an additional bond.

Section 11. Taxes. The unit prices for Construction Units in this Proposal include provisions for the payment of all monies which will be payable by the Bidder or the Owner in connection with the construction of the Project on account of taxes imposed by any taxing authority upon the sale, purchase or use of materials, supplies and equipment, or services or labor of installation thereof, to be incorporated in the Project as part of such Construction Units. The Bidder agrees to pay all such taxes, except taxes upon the sale, purchase or use of owner-furnished materials and it is understood that, as to owner-furnished materials, the values stated in the attached ''List of Owner's Materials on Hand'' and ''List of Materials Ordered by Owner But Not Delivered'' include taxes upon the sale, purchase or use of owner-furnished materials, if applicable. The Bidder will furnish to the appropriate taxing authorities all required information and reports pertaining to the Project, except as to the Owner-furnished materials.

Section 12. Changes in Quantities. The Bidder understands and agrees that the quantities called for in this Proposal are approximate, and that the total number of units upon which payment shall be made shall be as set forth in the inventory. If the Owner changes the quantity of any unit or units specified in this Proposal by more than fifteen percent (15%) and the materials cost to the Bidder is increased thereby to an extent which would not be adequately compensated by application of the unit prices in this Proposal to the revised quantity of such unit or units, such change, to the extent of the quantities of such units in excess of such fifteen percent (15%) shall be regarded as a change in the construction within the meaning of Article II, Section 1(d) of this proposal.

LIST OF OWNER'S MATERIALS ON HAND

Item [1]	Description of material	Catalog No.	Quantity	Unit price	Extended price
Total: Above Materials are Located at:					

Notes: 1. Item corresponds with item in list of materials in construction drawings. Under Article I, Section 3, the value of these materials will be deducted from payments to the Bidder for completed Construction Units.

LIST OF MATERIALS ORDERED BY OWNER BUT NOT DELIVERED

Item [1]	Supplier name and address	Scheduled delivery date	Description of material	Catalog No.	Quantity	Unit price	Extended price
Total: Above Material to be Delivered to:							

Notes: 1. Item corresponds with item in list of materials in construction drawings. Under Article I, Section 3, the value of these materials will be deducted from payments to the Bidder for completed Construction Units.

Article II—Construction

Section 1. Time and Manner of Construction.

a. The Bidder agrees to commence construction of the Project on a date (hereinafter called the ''Commencement Date'') which shall be determined by the Engineer after notice in writing from the Bidder that the Bidder has sufficient materials to warrant commencement and continuation of construction, but in no event will the Commencement Date be later than _____ calendar days after date of approval of the Contract by the Administrator. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Plans, Specifications and Construction Drawings within _____ (_____) calendar days (excluding Sundays) after Commencement Date: Provided, however, that the Bidder will not be required to dig holes, set poles, install anchors, install underground conduit, perform any plowing for the installation of underground cable, or dig trenches if there are more than six (6) inches of frost on the ground nor to perform any construction on such days when in the judgment of the Engineer snow, rain, or wind, or the results of snow, rain, or frost make it impracticable to perform any operation of construction; provided further that the Bidder will not be required to perform any plowing for the installation of underground cable on public roads or highways if there are more than two (2) inches of frost in the ground. To the extent of the time lost due to the conditions described herein and approved in writing by the Engineer, the time of completion set out above will be extended if the Bidder makes a written request therefore to the Owner as provided in subsection b of this Section 1.

b. The time for Completion of Construction shall be extended for the period of any reasonable delay which is due exclusively to causes beyond the control and without the fault of the Bidder, including Acts of God, fires, floods, inability to obtain materials and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however that no such extension of time for completion shall be granted the Bidder unless within ten (10) days after the happening of any event relied upon by the Bidder for such an extension of time the Bidder shall have made a request therefore in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

c. The sequence of construction shall be as set forth below, the number or names being the designations of extensions or areas (hereinafter called the ''Sections'') corresponding to the numbers or names shown on the maps attached hereto, or if no Sections are set forth below, the sequence of construction shall be as determined by the Bidder, subject to the approval of the Engineer. _____

d. The Owner, acting through the Engineer may from time to time during the progress of the construction of the Project make such changes, additions or subtractions from the Plans, Specifications, Construction Drawings, List of Materials and sequence of construction provided for in the previous paragraph which are part of the Contractor's Proposal as conditions may warrant: Provided, however, that if any change in the construction to be done shall require an extension of time, a reasonable extension will be granted if the Bidder shall make a written request therefore to the Owner within (10) days after any such change is made. And provided further, that if the cost to the Bidder of construction of the project shall be materially increased by any such change or addition, the Owner shall pay the Bidder for the reasonable cost thereof in accordance with a Construction Contract Amendment signed by the Owner and the Bidder, but no claim for additional compensation for any such change or addition will be considered unless the Bidder shall have made a written request therefore to the Owner prior to the commencement of work in connection with such change or addition.

e. The Bidder will not perform any work hereunder on Sundays unless there is urgent need for such Sunday work and the Owner consents thereto in writing. The time for completion specified in subsection a of this Section 1 shall not be affected in any way by inclusion of this subsection nor by the Owner's consent or lack of consent to Sunday work hereunder.

Section 2. Environmental Protection. The Bidder shall perform work in such a manner as to maximize preservation of beauty, consideration of natural resources and minimize marring and scarring of the landscape and silting of streams. The Bidder shall not deposit trash in streams or waterways, and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures. The Bidder shall follow the criteria relating to environmental protection as specified herein by the Engineer.

Section 3. Tools, Equipment, and Qualified Personnel. The Bidder agrees that in the event this Proposal is accepted it will make available for use in connection with the proposed construction all necessary tools and equipment and qualified superintendents and foremen.

Section 4. Changes in Construction. The Bidder agrees to make such changes in construction previously erected in the Project by the Bidder as required by the Owner for prices arrived at as follows:

a. For substations and other units where only a portion of the complete unit is affected by the change, the compensation for such change shall be as agreed upon in writing by the Bidder and the Owner prior to the commencement of work in connection with such change.

b. For all other units, the compensation for such change shall be the reasonable cost thereof as agreed upon by the Bidder and the Owner, but in no event shall it exceed two (2) times the labor price quoted in the Proposal for the installation of the unit to be changed. Such compensation shall be in lieu of any other payment for the installation and removal of the original unit. (If a new or replacing unit is installed, payment for such new or replacing unit shall be made as shown in the final inventory.)

No payment shall be made to the Bidder for materials or labor involved in correcting errors or omissions on the part of the Bidder which result in construction not in accordance with the Plans and Specifications. Section 5. Construction Not in Proposal. The Bidder also agrees that when it is necessary to construct units not shown in the Proposal it will construct such units for a price arrived at as follows:

a. The cost of materials shall be determined by the invoices.

b. The cost of labor shall be the reasonable cost thereof, but in no event shall it exceed an amount determined by calculating the ratio of the total labor costs to the total material costs in the section of the Proposal involved, and multiplying the cost of materials for the unit in question by this ratio: Provided, however, that in respect of sections H, M, and N, the ratio shall be calculated for only those units of the section which are similar to the new unit for which a price is to be determined.

Section 6. Supervision and Inspection.

a. The Bidder shall cause the construction work on the Project to receive constant supervision by a competent superintendent (hereinafter called the ''Superintendent'') who shall be present at all times during working hours where construction is being carried on. The Bidder shall also employ, in connection with the construction of the Project, capable, experienced and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent shall be binding upon the Bidder.

b. The Owner reserves the right to require the removal from the Project of any employee of the Bidder if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner or the Supervisor, if any, shall have the right to require the Bidder to increase the number of its employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner or Supervisor; but the failure of the Owner or Supervisor to give any such directions shall not relieve the Bidder of its obligations to complete the work within the time and in the manner specified in this Proposal.

c. The construction of the Project and all materials and equipment used therein, shall be subject to the inspection, tests, and acceptance by the Owner and the Administrator and the Bidder shall furnish all information required by the Owner or by the Administrator concerning the nature or source of any materials incorporated or to be incorporated in the Project. The Owner and the Administrator shall have the right to inspect all payrolls, invoices of materials, and other data and records of the Bidder and of any subcontractor, relevant to the construction of the Project. The Bidder shall provide all reasonable facilities necessary for such inspection and tests and shall maintain an office at the site of the Project, with telephone service where obtainable and at least one office employee to whom directions and instructions of the Owner may be delivered. Delivery of such directions or instructions in writing to the employee of the Bidder at such office shall constitute delivery to the Bidder. The Bidder shall have an authorized agent accompany the Engineer when final inspection is made and, if requested by the Owner, when any other inspection is made.

d. In the event that the Owner, or the Administrator, shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Bidder and the Bidder's Surety or Sureties, if any, to have an inspection made by an engineer approved by the Owner for the purpose of determining the exact nature, extent and location of such defects.

e. The Engineer may recommend to the Owner that the Bidder suspend the work wholly or in part for such period or periods as the Engineer may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for satisfactory prosecution of the work or because of the failure of the Bidder to comply with any of the provisions of the Contract: Provided, however, that the Bidder shall not suspend work pursuant to this provision without written authority from the Owner so to do. The time of completion hereinabove set forth shall be increased by the number of days of any such suspension, except when such suspension is due to the failure of the Bidder to comply with any of the provisions of this Contract. In the event that work is suspended by the Bidder with the consent of the Owner, the Bidder before resuming work shall give the Owner at least twenty-four (24) hours notice thereof in writing.

Section 7. Defective Materials and Workmanship.

a. The acceptance of any materials, equipment (except Owner-furnished materials) or any workmanship by the Owner or the Engineer shall not preclude the subsequent rejection thereof if such materials, equipment, or workmanship shall be found to be defective after delivery or installation, and any such materials, equipment or workmanship found defective before final acceptance of the construction shall be replaced or remedied, as the case may be, by and at the expense of the Bidder. Any such condemned material or equipment shall be immediately removed from the site of the Project by the Bidder at the Bidder's expense. The Bidder shall not be entitled to any payment hereunder so long as any defective materials, equipment or workmanship in respect to the Project, of which the Bidder shall have had notice, shall not have been replaced or remedied, as the case may be.

b. Notwithstanding any certificate which may have been given by the Owner or the Engineer, if any materials, equipment (except Owner-furnished materials) or any workmanship which does not comply with the requirements of this Contract shall be discovered within one (1) year after Completion of Construction of the Project, the Bidder shall replace such defective materials or equipment or remedy any such defective workmanship within thirty (30) days after notice in writing of the existence thereof shall have been given by the Owner. If the Bidder shall be called upon to replace any defective materials or equipment or to remedy defective workmanship as herein provided, the Owner, if so requested by the Bidder shall deenergize that section of the Project involved in such work. In the event of failure by the Bidder so to do, the Owner may replace such defective materials or equipment or remedy such defective workmanship, as the case may be, and in such event the Bidder shall pay to the Owner the cost and expense thereof.

Article III—Payments and Release of Liens

Section 1. Payments to Bidder

a. Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Bidder for construction accomplished during the preceding calendar month on the basis of completed Construction Units furnished and certified to by the Bidder, recommended by the Engineer and approved by the Owner solely for the purposes of payment: Provided, however, that such approval shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such estimate approved during the construction of the Project shall be paid by the Owner to the Bidder prior to Completion of the Project: Provided, however, that at any time after work, which, in the sole determination of the Engineer, amounts to fifty percent (50%) of the maximum Contract price has been completed, the Owner may elect, in lieu of paying ninety percent (90%) of each such subsequent estimate, to pay each such subsequent estimate in full. Upon completion by the Bidder of the construction of the Project, the Engineer will prepare an inventory of the Project showing the total number and character of Construction Units and, after checking such inventory with the Bidder, will certify it to the Owner. Upon the approval by the Owner and the Administrator of a Certificate of Completion—Contract Construction, RUS Form 187, showing the total cost of the construction performed, the Owner shall make payment to the Bidder of all amounts to which the Bidder shall be entitled thereunder which shall not have been paid: Provided, however, that such final payment shall be made not later than ninety (90) days after the date of Completion of Construction of the Project, as specified in the Certificate of Completion, unless withheld because of the fault of the Bidder.

b. The Bidder shall be paid on the basis of the number of Construction Units actually installed at the direction of the Owner shown by the inventory based on the staking sheets or structure lists; Provided, however, that the total cost shall not exceed the maximum Contract price for the construction of the Project as set forth in the Acceptance plus the costs of any additional change orders, unless such excess shall have been approved in writing by the Owner.

c. Notwithstanding the provisions of Section 1.a above, the Bidder may, by giving written notice thereof to the Owner, elect to receive payment in full for any Section of the Project upon:

(1) completion of such Section as certified by the Engineer and approved by the Owner;

(2) submission to the Owner of the releases of lien and the certificate referred to in Section 2 hereof;

(3) approval by the Owner of the inventory in respect of such Section; and

(4) submission to the Owner and the Administrator of the consent in writing by the Surety or Sureties, if any, on the Contractor's Bond to payment in full for such Section prior to Completion of the Project. If no Sections are designated in Article II, Section 1c, the term ''Section'' shall mean for purposes of this subsection c and Article IV, Section 3b only, a part of the Project as designated by the Owner which represents at least twenty-five percent (25%) of the maximum Contract price as stated in Article III, Section 1, and which is capable of being energized and operated by the Owner.

d. Interest at the rate of ____ percent [1] (____%) per annum shall be paid by the Owner to the Bidder on all unpaid balances due on monthly estimates, commencing fifteen (15) days after the due date; provided the delay in payment beyond the due date is not caused by any condition within the control of the Bidder. The due date for purposes of such monthly payment or interest on all unpaid balances shall be the fifteenth (15) day of each calendar month provided (1) the Bidder on or before the fifth (5) day of such month shall have submitted its certification of Construction Units completed during the preceding month and (2) the Owner on or before the fifteenth (15) day of such month shall have approved such certification. If, for reasons not due to the Bidder's fault, such approval shall not have been given on or before the fifteenth (15) day of such month, the due date for purposes of this subsection d shall be the fifteenth (15) day of such month notwithstanding the absence of the approval of the certification.

e. Interest at the rate of ____ percent [2] (____%) per annum shall be paid by the Owner to the Bidder on the final payment for the Project or any completed Section thereof, commencing fifteen (15) days after the due date. The due date for purposes of such final payment or interest on all unpaid balances shall be the date of approval by the Owner of all of the documents requiring such approval, as a condition precedent to the making of final payment, or ninety (90) days after the date of Completion of Construction of the Project, as specified in the Certificate of Completion, whichever date is earlier.

f. No payment shall be due while the Bidder is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Bidder the amount of any claim by a third party against either the Bidder or the Owner based upon an alleged failure of the Bidder to perform the work hereunder in accordance with the provisions of this Contract.

Section 2. Release of Liens and Certificate of Contractor. (See RUS Form 224, Waiver and Release of Lien and RUS Form 231, Certificate of Contractor). Upon the completion by the Bidder of the construction of the Project (or any Section thereof if the Bidder shall elect to receive payment in full for any Section when completed as provided above) but prior to final payment to the Bidder, the Bidder shall deliver to the Owner, in duplicate, releases of all liens and of rights to claim any lien, in the form attached hereto from all manufacturers, material suppliers, and subcontractors furnishing services or materials for the Project or such Section and a certificate in the form attached hereto to the effect that all labor used on or for the Project or such Section has been paid and that all such releases have been submitted to the Owner.

Section 3. Payments to Material Suppliers and Subcontractors. The Bidder shall pay each material supplier, if any, within five (5) days after receipt of any payment from the Owner, the amount thereof allowed the Bidder for and on account of materials furnished or construction performed by each material supplier or each subcontractor.

Article IV—Particular Undertakings of the Bidder

Section 1. Protection to Persons and Property. The Bidder shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the ''Manual of Accident Prevention in Construction'' of the Associated General Contractors of America unless such instructions are incompatible with Federal, State, or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

a. The Bidder shall at no time and under no circumstances cause or permit any employee of the Bidder to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in the Notice and Instructions to Bidders.

b. The Bidder shall so conduct the construction of the Project as to cause the least possible obstruction of public highways.

c. The Bidder shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances and regulations or by local conditions.

d. The Bidder shall do all things necessary or expedient to properly protect any and all parallel, converging and intersecting lines, joint line poles, highways and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways

[1] The Owner shall insert a rate equal to the lowest ''Prime Rate'' listed in the ''Money Rates'' section of the Wall Street Journal on the date such invitation to bid is issued.

[2] See Footnote 1.

or other property are damaged in the course of the construction of the Project the Bidder shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.

e. Where the right-of-way of the Project traverses cultivated lands, the Bidder shall limit the movement of its crews and equipment so as to cause as little damage as possible to crops, orchards or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during the construction of the Project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. Except as otherwise provided in the descriptions of underground plowing and trenching assembly units, the Bidder shall not be responsible for loss of or damage to crops, orchards or property (other than livestock) on the right-of-way necessarily incident to the construction of the Project and not caused by negligence or inefficient operation of the Bidder. The Bidder shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by the construction of the Project. The right-of-way for purposes of this said section shall consist of an area extending ____ feet on both sides of the center line of the poles along the route of the Project lines, plus such area reasonably required by the Bidder for access to the route of the Project lines from Public roads to carry on construction activities.

f. The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control of the Bidder and during such period of control by the Bidder all risks in connection with the construction of the Project and the materials to be used therein shall be borne by the Bidder. The Bidder shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Bidder by reason of any act of God or other casualty or cause whether or not the same shall have occurred by reason of the Bidder's negligence.

(i) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Bidder's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Bidder's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.

(ii) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Bidder, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Bidder shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Bidder does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Bidder.

(iii) Bidder shall provide to Owner's satisfaction evidence of Bidder's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

g. Any and all excess earth, rock, debris, underbrush and other useless materials shall be removed by the Bidder from the site of the Project as rapidly as practicable as the work progresses.

h. Upon violation by the Bidder of any of the provisions of this section, after written notice of such violation given to the Bidder by the Engineer or the Owner, the Bidder shall immediately correct such violation. Upon failure of the Bidder so to do the Owner may correct such violation at the Bidder's expense: Provided, however, that the Owner may, if it deems it necessary or advisable, correct such violation at the Bidder's expense without such prior notice to the Bidder.

i. The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.

j. The Bidder shall not proceed with the cutting of trees or clearing of right-of-way without written notification from the Owner that proper authorization has been received from the owner of the property, and the Bidder shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on its land in connection with the Project and shall obtain the consent in writing of the Owner before proceeding in any such case.

k. The Bidder will furnish, prior to the commencement of underground distribution construction, proof, satisfactory to the Owner, of compliance with requirements of highway and road authorities having jurisdiction, including without limitation, the furnishing of a bond or other guaranty, and approval by such authorities of the equipment and methods of construction and repair to be used by the Bidder.

Section 2. Insurance. The Bidder shall take out and maintain throughout the period of this Agreement the following types and minimum amounts of insurance:

a. Workers' compensation and employers' liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employer or employee is not subject to the workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

b. Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

c. Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million each occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3. Delivery of Possession and Control to Owner.

a. Upon written request of the Owner the Bidder shall deliver to the Owner full possession and control of any portion of the Project provided the Bidder shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of the possession and control of any portion of the Project to the Owner, the risk and obligations of the Bidder as set forth in Article IV, Section 1f hereof with respect to such portion of the Project so delivered to the Owner shall be terminated; Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials and workmanship as contained in Article II, Section 6 hereof.

b. Where the construction of a Section as hereinbefore defined in Article II, Section 1c

and Article III, Section 1c shall have been completed by the Bidder, the Owner agrees, after receipt of a written request from the Bidder, to accept delivery of possession and control of such Section upon the issuance by the Engineer of a written statement that the Section has been inspected and found acceptable by the Engineer. Upon such delivery of the possession and control of any such Section to the Owner, the risk and obligations of the Bidder as set forth in Article IV, Section 1f hereof with respect to such Section so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials or workmanship as contained in Article II, Section 6 hereof.

Section 4. Energizing the Project.

a. Prior to Completion of the Project the Owner, upon written notice to the Bidder, may test the construction thereof by temporarily energizing any portion or portions thereof. During the period of such test the portion or portions of the Project so energized shall be considered as within the possession and control of the Owner and governed by the provisions of Section 3 of this Article. Upon written notice to the Bidder by the Owner of the completion of such test and upon deenergizing the lines involved therein said portion or portions of the Project shall be considered as returned to the possession and control of the Bidder unless the Owner shall elect to continue possession and control in the manner provided in Section 3 of this Article.

b. The Owner shall have the right to energize permanently any portion or portions of the Project delivered to its possession and control pursuant to the provisions of Section 3 of this Article.

Section 5. Assignment of Guarantees. All guarantees of materials and workmanship running in favor of the Bidder shall be transferred and assigned to the Owner prior to the time the Bidder receives final payment.

Article V—Remedies

Section 1. Completion on Bidder's Default. If default shall be made by the Bidder or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Bidder and the Surety or Sureties, if any, upon the Contractor's Bond or Bonds a written notice requiring the Bidder to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Bidder such default shall be corrected or arrangements for the correction thereof satisfactory to both the Owner and the Administrator shall be made by the Bidder or its Surety or Sureties, if any, the Owner may take over the construction of the Project and prosecute the same to completion by Contract or otherwise for the account and at the expense of the Bidder, and the Bidder and its Surety or Sureties, if any, shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliances, and plant belonging to the Bidder or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims or demands which the Bidder may have against third persons in connection with this Contract and for such purpose the Bidder does hereby assign, transfer and set over unto the Owner all such rights, claims and demands.

Section 2. Liquidated Damages. The time of the Completion of Construction of the Project is of the essence of the Contract. Should the Bidder neglect, refuse or fail to complete the construction within the time herein agreed upon, after giving effect to extensions of time if any, herein provided, then, in that event and in view of the difficulty of estimating with exactness damages caused by such delay, the Owner shall have the right to deduct from and retain out of such moneys which may be then due, or which may become due and payable to the Bidder the sum of _____ dollars (_____) per day for each and every day that such construction is delayed in its completion beyond the specified time, as liquidated damages and not as a penalty; if the amount due and to become due from the Owner to the Bidder is insufficient to pay in full any such liquidated damages, the Bidder shall pay to the Owner the amount necessary to effect such payment in full: Provided, however, that the Owner shall promptly notify the Bidder in writing of the manner in which the amount retained, deducted or claimed as liquidated damages was computed.

Section 3. Cumulative Remedies. Every right or remedy herein conferred upon or reserved to the Owner or the Government or the Administrator shall be cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election: Provided, however, that the provisions of Section 2 of this Article shall be the exclusive measure of damages for failure by the Bidder to complete the construction of the Project within the time herein agreed upon.

Article VI—Miscellaneous

Section 1. Definitions.

a. The term ''Administrator'' shall mean the Administrator of the Rural Utilities Service of the United States of America and his duly authorized representative or any other person in whom or authority in which may be vested the duties and functions which the Administrator is now authorized by law to perform.

b. The term ''Engineer'' shall mean the Engineer employed by the Owner, to provide engineering services for the Project and said Engineer's duly authorized assistants and representatives.

c. The term ''Supervisor'' shall mean the person, if any, appointed by the Administrator as the representative of the Government under the provisions of the Loan Contract providing for such appointment in special cases. The term is limited to such special representative of the Government, if any, who is responsible exclusively to the Administrator and does not refer to the Manager or any other person employed by the Owner and responsible to it.

d. The term ''Project'' shall mean the rural electric system, or portion thereof, described in the Plans and Specifications, Construction Drawings.

e. The term ''Completion of Construction'' shall mean full performance by the Bidder's obligations under the Contract and all amendments and revisions thereof except the Bidder's obligations in respect of (1) Releases of Liens and Certificate of Contractor under Article III, Section 2 hereof, (2) the inventory referred to in Article III, Section 1 hereof, and (3) other final documents. The term ''Completion of the Project'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof. The Certificate of Completion, signed by the Engineer and approved in writing by the Owner, shall be the sole and conclusive evidence as to the date of Completion of Construction and as to the fact of Completion of the Project.

Section 2. Materials and Supplies. In the performance of this contract there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, Mexico, or Canada, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States, Mexico, or Canada; provided that other articles, materials, or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. The Seller agrees to submit to the Purchaser such certificates with respect to compliance with the foregoing provision as the Administrator from time to time may require.

Section 3. Patent Infringement. The Bidder shall hold harmless and indemnify the Owner from any and all claims, suits and proceedings for the infringement of any patent or patents covering any materials or equipment used in construction of the Project.

Section 4. Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Bidder.

Section 5. Compliance with Statutes and Regulations. The Bidder shall comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. §§ 287, 1001, as amended. The Bidder understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental Agencies having jurisdiction in the premises.

Section 6. Equal Opportunity Provisions.

(a) Bidder's Representations.

The Bidder represents that:

It has ____, does not have ____, 100 or more employees, and if it has, that it has ____, has

not ____ furnished the Equal Employment Opportunity-Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Bidder agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Bidder agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000, the Bidder will file such report, as required by law, and notify the owner in writing of such filing prior to the Owner's acceptance of this Proposal.

(b) Equal Opportunity Clause. During the performance of this Contract, the Bidder agrees as follows:

(1) The Bidder will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Bidder will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotions or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection of training, including apprenticeship. The Bidder agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Bidder will, in all solicitations or advertisements for employees placed by or on behalf of the Bidder, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) The Bidder will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representative of the Bidder's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Bidder will comply with all provisions of Executive Order 11246 of September 24, 1965, and the rules, regulations and relevant orders of the Secretary of Labor.

(5) The Bidder will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Bidder's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part, and the Bidder may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.

(7) The Bidder will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Bidder will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; Provided, however, that in the event Bidder becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Bidder may request the United States to enter into such litigation to protect the interests of the United States.

(c) Certificate of Nonsegregated Facilities. The Bidder certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 7. Franchises and Rights-of-Way. The Bidder shall be under no obligation to obtain or assist in obtaining: Any franchises, authorizations, permits or approvals required to be obtained by the Owner from Federal, State, County, Municipal or other authorities; any rights-of-way over private lands; or any agreements between the Owner and third parties with respect to the joint use of poles, crossings, or other matter incident to the construction and operation of the Project.

Section 8. Nonassignment of Contract. The Bidder shall perform directly and without subcontracting not less than twenty-five percent (25%) of the construction of the Project, to be calculated on the basis of the total Contract price. The Bidder shall not assign the Contract effected by an acceptance of this Proposal or any interest in any funds that may be due or become due hereunder or enter into any contract with any person, firm or corporation for the performance of the Bidder's obligations hereunder or any part thereof, without the approval in writing of the Owner and of the Surety or Sureties, if any, on any bond furnished by the Bidder for the faithful performance of the Bidder's obligations hereunder. If the Bidder, with the consent of the Owner and any Surety or Sureties on the Contractor's Bond or Bonds, shall enter into a subcontract with any subcontractor for the performance of any part of this Contract, the Bidder shall be as fully responsible to the Owner and the Government for the acts and omissions of such subcontractor and of persons employed by such subcontractor as the Bidder would be for its own acts and omissions and those of persons directly employed by it.

Section 9. Extension to Successors and Assigns. Each and all of the covenants and agreements herein contained shall extend to and be binding upon the successors and assigns of the parties hereto.

Section 10. Contractor. Upon acceptance of this Proposal, the successful Bidder shall be the Contractor and all references in the Proposal to the Bidder shall apply to the Contractor.

_____ (Bidder)
By _____ (President)
_____ (Address)
Attest: _____ (Secretary)
Date _____

The Proposal must be signed with the full name of the Bidder. If the Bidder is a partnership, the Proposal must be signed in the partnership name by a partner. If the Bidder is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

Distribution Construction Units—New Construction

Section 1—Pole Units

A pole unit consists of one pole in place. It does not include pole-top assembly unit or other parts attached to the pole. The first two digits indicate the length of the pole; the third digit shows the classification per ANSI (Example: 35–5 means a pole 35 feet long, class 5.)

Species of Timber: _____

Kind of Preservative: (Check one)

1. Creosote ____; 2. Pentachlorophenol ____; 3. Copper Naphthenate ____; 4. Waterborne preservative—CCA ____ ACZA ____

Method of Treatment: (Check one)

1. Pressure ____; 2. Thermal Process ____

Pole Plan Under Which the Poles are to be Furnished: (Check one)

1. Insured Warranted ____; 2. Independently Inspected ____; 3. Quality Assured ____; 4. Either Insured Warranted, Independently Inspected, or Quality Assured ____

(Engineer to complete above)

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	

Total, Section 1—_____

Section A—Single Phase Pole Top Assembly Units

A pole top assembly unit consists of the hardware, crossarms, and their appurtenances, insulators, etc., except tie wire, required to support the primary conductors. It does not include the pole. Crossarm pins include washer, nut, and locknut.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	

Total, Section A—_____

Section B—V Phase Pole Top Assembly Units

A pole top assembly units consists of the hardware, crossarms, and their appurtenances, insulators, etc., except tie wire, required to support the primary conductors. It does not include the pole. Crossarm pins include washer, nut, and locknut.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	

Total, Section B—_____

Section C—Three Phase Pole Top Assembly Units

A pole top assembly unit consists of the hardware, crossarms, and their appurtenances, insulators, etc., except tie wire, required to support the primary conductors. It does not include the pole. Crossarm pins include washer, nut, and locknut.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	

Total, Section C—_____

Section D—Conductor Assembly Units

A conductor assembly unit consists of 1,000 feet of conductor or cable for primaries, secondaries or services, and includes tie wires, sleeves for splicing, connectors, and armor rods with clips or armor wire where necessary.

Tree trimming necessary for installing services and secondaries on poles not carrying primary line is included with the conductor assembly unit and shall be performed in accordance with the directions of the Engineer. The service shall be connected to the secondary or transformer and 2 feet of conductor or cable shall be left for connecting to the consumer's service entrance. In computing the compensation to the Bidder for conductor assembly units only the horizontal distance between conductor supports or pole stakes shall be used. The conductor or cable sizes and types listed are the manufacturer's designation.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	

Total, Section D—_____

Section E—Guy Assembly Units

A guy assembly unit consists of the hardware and wire, and guy insulator where necessary. An overhead guy assembly consists of an overhead guy, a pole, and a down guy, each of which is listed separately. Guy markers are designated separately.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
E					

Total, Section E—_____

Section F—Anchor Assembly Units

An anchor assembly unit consists of the anchor with rod complete, ready for attaching the guy wire.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
F					

Total, Section F—_____

Section G—Transformer Assembly Units

A transformer assembly units consists of the transformer, its protective equipment, and its hardware and leads with their connectors and supporting insulators and pins. this units does not include the pole top, secondary, service, or grounding assemblies.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	

Total, Section G—_____

Section J—Secondary Assembly Units

A secondary assembly unit consists of the hardware, insulators, etc., to support the secondary conductors or cable. It does not include the secondary conductor or cable, or any hardware, insulators, etc. required to support service conductors or cable.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
J					

Total, Section J—_____

Section K—Service Assembly Units

A service assembly unit consists of the hardware, insulators, etc., required to support the service conductors or cable. It does not include the service conductor or cable, or any hardware, insulators, etc., required to support secondary conductors or cable.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
K					

Total, Section K—_____

Section M—Miscellaneous Assembly Units

A miscellaneous assembly unit consists of an additional unit needed in the Project for new line construction but not otherwise listed in the Proposal. This section includes grounding assemblies consisting of the conductor, ground rod, grounding plate, connectors and clamps as shown on the respective drawings for the various types. It also includes fuse cutouts, reclosers, sectionalizers, switches, capacitors, regulators, metering and other assembly units.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
M					

Total, Section M—_____

Section R—Right-of-Way Clearing Units

R1–10. The unit is 1,000 feet in length and 10 feet in width (to be measured on one side of the pole line) of actual clearing of right-of-way. This includes clearing of underbrush, tree removal, and such tree trimming as is required so that the right-of-way, except for tree stumps which shall not exceed _____ in height, shall be clear from the ground up on one side of the line of poles carrying primary conductors of the width specified. This unit does not include clearing or trimming associated with secondaries or services which is included with conductor units. The segmental length of actual clearing shall be measured in a straight line parallel to the transmission centerline using the maximum dimension of foliage cleared and projected to the ground line. All trees and underbrush across this width of the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing. Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement. All length thus arrived at, added together and divided by 1,000, shall give the number of 1,000-foot R1–10 units of clearing. This unit includes the removal or topping, at the option of the Bidder, of danger trees outside of the right-of-way when so designated by the Engineer. (Danger trees are defined as dead or leaning trees which, in falling, will affect the operation of the line.) The Bidder shall not remove or trim shade, fruit, or ornamental trees unless so directed by the Engineer.

R1–20. This unit is identical with R1–10 except that the width is 20 feet (to be measured 10 feet on each side of the pole line).

R1–30. This unit is identical with R1–10 except that the width is 30 feet (to be measured 15 feet on each side of the pole line).

R1–40. This unit is identical with R1–10 except that width is 40 feet (to be measured 20 feet on each side of the pole line).

RC1–10, RC1–20, RC1–30, RC1–40. These units are identical to the respective R1 units except that chemical treatment of stumps is required in addition to the clearing of underbrush, tree removal and tree trimming.

Additional Requirements (When specifying R1 units denote type of disposal (A or B).)

A. Trees, brush, branches and refuse shall, without delay, be disposed of by one of the following methods as the Engineer will direct (Engineer to strike out methods not to be used):

1. Burned
2. Piled on one side of right-of-way
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (describe) _____

B. Trees that are felled shall be cut to commercial wood lengths, stacked neatly, and left on the right-of-way for the landowner. Commercial wood length means the length designated by the Engineer but in no case shall it be required to be less than ____ (____) feet. Brush, branches, and refuse shall, without delay, be disposed of by such of the following methods as the Engineer will direct (Engineer to strike out methods not to be used):

1. Burned
2. Piled on one side of right-of-way
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (describe) _____

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
R					

Total, Section R—_____

Section UD—Underground Cable Assembly Units

An underground cable assembly unit consists of 1,000 feet of cable for underground primaries, secondaries or services. It does not include the conduit, plowing, trenching and backfilling, or the termination of the primary cable which are provided for in other assembly units. It includes the termination, connection and sealing of secondary and service cables and conductors as shown in the specifications and construction drawings, and all primary, secondary and service cable splices (buried cable may be spliced only when and where permitted by the Owner [3, 4].) In computing the compensation to the Bidder for underground cable assembly units, only the distance between stakes, paralleling the cable shall be used. The number of units so computed will include all cable installed in place in all specified trenches, risers, conduits, crossings, manholes, transformers, terminal housings and meter boxes.[5] The conductor or cables listed are the manufacturer's designation of types, size, voltage rating and material. The Bidder and the Owner shall jointly perform cable acceptance tests on installed cable in accordance with the specifications using test equipment furnished by the _____. (Engineer to insert Owner or Bidder).

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
UD					

Total, Section UD_____

Section UG—Underground Transformer Assembly Units

An underground transformer assembly unit consists of the transformer, its housing, warning sign, switches, over-current protective devices, grounding loop, and hardware and leads with their connectors and supporting insulators installed in place.

[3] ____ Engineer check here if primary splices are permitted.

[4] ____ Engineer check here if secondary and service splices are permitted.

[5] ____ Engineer check here if 12 feet of service conductor is to be left as a coil 3 feet from the building with ends capped instead of connection to meter box.

This unit includes the cable terminations but does not include lightning arresters, fault indicators, ground rods or trenching. For submersible transformers, it includes the cable terminations, the enclosure and cover, drainable material (when specified [6]), and the excavation when required. For pad-mount transformers, it does not include the pad, site preparation, drainable material, backfilling or compaction which are included in the pad assembly units.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
UG					

Total, Section UG—_____

Section UK—Underground Secondary and Service Assembly Units

An underground secondary and service assembly unit consists of secondary or service cable terminal housing mounted in place. It includes the power pedestal, stake (when required), mounting hardware, warning sign, directional marker, housing identification marking and the cable identification tags. It does not include the cable terminations, ground rod, or pad, when required.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
UK					

Total, Section UK _____

Section UM—Miscellaneous Underground Assembly Units

A miscellaneous underground assembly unit consists of an additional unit needed in the Project for new construction but not otherwise listed in the Proposal. This section includes the miscellaneous assembly units as shown on the respective underground construction drawings. Where miscellaneous units consist of or include a primary cable termination, the unit includes the preparation of the cable to accommodate the termination, the stress cone and the connection of the cable to the terminal equipment. Pad assembly units are in this section and include the site preparation, bedding, drainable material when specified, cable slot, backfilling, tamping and the pad in place.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
UM					

Total, Section UM—_____

Section UR—Underground Excavation Assembly Units

UR 1–S(d) Plowing Assembly Unit, Soil—Consists of one (1) lineal foot of plowing in soil, measured parallel to the surface of the ground, to a specified depth (D), in inches, including the compacting, except as specifically provided for in other units. This unit includes all material and labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged during the plowing of the cable, except as specifically provided for in other units. This unit does not include underground cable facilities installed in the slot.

Note: Where in the judgment of the Owner greater than normal difficulty will be involved in plowing because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter ''T''. This will be applicable only in those areas predesignated by the Owner on the detail maps herein. All plowing outside of the predesignated area on the map, regardless of the difficulty in placement actually experienced, will be inventoried as the regular UR 1–S(D) units. If field conditions show the existence of rock to prevent the placing of the cable in soil to the depth required in the specifications, the Owner may specify UR 2–R units. Where more than one cable is to be installed in the slot, the UR1–S unit designation should be modified by a suffix corresponding to the number of cables installed. Example: UR1–S(D) 3c for 3 cables plowed at one time.

UR 2–S(D&W) Trenching Assembly Unit, Soil—Consists of one (1) lineal foot of trenching in soil, measured parallel to the surface of the ground, to a specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting. This unit includes all material and labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, under-ground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units. This unit does not include underground cable facilities installed in the trench or cable bedding assembly units, when required.

Note: Where in the judgment of the Owner greater than normal difficulty will be involved in trenching because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter ''T''. This will be applicable only in those areas predesignated by the Owner on the detail maps herein. Where more than one cable is to be installed in the trench, the regular UR 2–S unit designation should be modified by a suffix corresponding to the construction drawing for the type of cable placement desired.

UR 2–R (D&W) Trenching Assembly Unit, Rock—Consists of one (1) lineal foot of trenching in rock, measured parallel to the surface of the ground, to specified depth (D) and width(W), in inches, including the excavation, and backfilling and compacting to place cable to the depth specified in the Specifications. This unit will be specified by the Owner only when field conditions at the site show the existence of rock at a depth preventing the placing of the cable in soil to the depths required in the Specifications. This unit includes all material and labor required in the repair and/or replacement of

[6] ____ Engineer check here if drainable material is specified.

streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units. This unit does not include underground cable facilities installed in the trench or cable bedding assembly units, when required.

UR–3 Cable Bedding Assembly Unit—Consists of one (1) lineal foot of a 2-inch bed of clean sand or soil placed in the trench under the cable and a 4-inch layer of clean sand or soil backfill over the cable to the width of the trench.

Note: The exact location and number of units shall be determined by the Owner after the trenches are open in those areas where rock or other conditions make special bedding necessary.

UR–4a Pavement Assembly Unit, Asphalt—Consists of the labor and material necessary to remove and restore one (1) lineal foot of asphalt pavement, measured along the route of the cable. All work shall be performed in accordance with the requirements of state or local authorities. Any trenching which may be necessary is included in this unit.

UR–4c Pavement Assembly Unit, Concrete—Consists of the labor and material necessary to remove and restore one (1) lineal foot of concrete pavement, measured along the route of the cable. All work shall be performed in accordance with the requirements of state or local authorities. Any trenching which may be necessary is included in this unit.

UR–5( ) Underground Pipe Crossing Assembly Unit—Consists of one (1) lineal foot of steel pipe, of the inside diameter, in inches, specified in the last digit of the assembly unit designation, installed in place. This unit includes the pushing of pipe and any excavation, backfilling and tamping necessary for the installation of the pipe. The pipe will be installed at the depth specified by the Owner. Underground cable installed in the pipe is not included in this unit.

UR–6 Underground Nonpipe Crossing Assembly Unit—Consists of the labor in providing a hole in soil one (1) foot in length of a diameter sufficient to accommodate the cable to be installed therein. The depth of the hole below the surface of the ground shall be specified by the Owner. This unit includes any excavation, backfilling and tamping necessary for the installation. This unit may be used where the permanent installation of a steel pipe under the UR–5 unit is not required. Underground cable installed in the hole is not included in this unit.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
UR					

Total, Section UR—_____

Distribution Construction Units—Line Changes

The general heading of Line Changes applies to the changing of existing lines or portion thereof from their existing phasing, wire size, and type to new phasing, wire size, and type and the removal of existing lines or portion thereof and replacing with new lines in close proximity thereto. In general line changes involve three types of assembly units as follows:

Section H—Conversion assembly units;
Section I—Removal assembly units;
Section N—New construction assembly units on existing lines or in replacing lines.

The assembly units that are included in Section H, I, and N are defined by symbols and descriptions which follow together with the applicable descriptions included under New construction. Where the descriptions are not correct or sufficiently explicit, or when special units are not covered by Construction Drawings, descriptions have been provided by the Engineer in the respective sections.

Work included in these sections shall be performed under the schedule as set forth below: _____.

Schedule of Deenergization of Existing Distribution Lines Under Which Work Under Sections H, I, and N Shall be Performed

Line section (To be designated by point to point description on detail map)	Hours and days of week when lines will be deenergized to permit line changes

The Bidder will so plan and perform its work on the above lines that it will be possible for the Owner to safely reenergize all lines involved at the expiration of the time limits set up in the above schedule to resume service to all consumers being served prior to deenergization. Prior to commencement of work each day on lines to be deenergized, the Bidder will notify the Owner in writing thereof, designating the lines to be deenergized and upon receipt of such notice, the Owner will deenergize such lines. Upon completion of work each day on such deenergized lines, the Bidder will notify the Owner thereof in writing or in such other manner as the circumstances permit designating the lines to be reenergized and stating that such lines may be safely reenergized and upon receipt of such notice, the Owner will reenergize such lines.

Section H—Conversion Assembly Units

Conversion assembly units are pole-top assemblies and cover the furnishing of all labor and additional materials for changing an existing assembly unit to a new assembly unit, utilizing certain items of materials of the existing assembly unit on poles to be left in place. The unit prices for materials should include only additional material that is required to complete the new unit, less suitable allowance for material removed. Any materials removed from the existing assembly units which are not required in the construction of the conversion assembly unit become the property of the Bidder and may, with the permission of the Engineer, be reused by the Bidder in the construction of other assembly units called for in the Construction Contract. Conversion assembly units are specified by the prefix H with the new construction assembly unit designation shown first and the existing assembly unit designation shown last. For example, a H B1–A1 signifies the conversion of an existing A1 assembly unit to a B1 assembly unit (as was defined in the description of construction assembly units). In this instance the Bidder utilizes the existing pin-type insulator, single upset bolt and neutral spool in the construction of the new assembly unit. The Bidder furnishes the additional crossarm, crossarm pins, braces, machine bolt, carriage bolts, lag screw, and insulator required for the new unit. The Bidder takes possession of the pole-top pin and two machine bolts and with the permission of the Engineer may reuse these elsewhere in the construction of the Project. The Bidder will not be held accountable to the Owner for the materials he so acquires.

The Conversion assembly units also include the furnishing of all labor and materials in the transferring, resagging and retying of conductors from one position on the pole to a different position on the pole where such transfers are required. Where replacement of conductor is required, the existing conductor will be removed under Section I and the new conductor installed under Section N.

Where replacement of a pole is required, the existing pole and pole-top assembly will be removed under Section I and the new pole and pole-top assembly will be installed according to Section N and no H units will be involved.

Conversion assemblies are listed in three subsections for converting pole-top assemblies from single to V phase, single to three phase, and V to three phase. The following descriptions apply to only those units not sufficiently explicit.

Unit	Description
H	

Section H—Conversion Assembly Units

Subsection H (B–A) 1 Phase to V Phase

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
H					

Total, Section H (B–A)—_____

Section H—Conversion Assembly Units

Subsection H (C–A) 1 Phase to 3 Phase

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
H					

Total, Subsection H (C–A)——_____

Section H—Conversion Assembly Units

Subsection H (C–B) V Phase to 3 Phase

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
H					

Total, Subsection H (C-B)—_____
Total, Subsection H (B-A)—_____
Total, Subsection H (C-A)—_____
Total, Section H—_____

Section I—Removal Assembly Units

Removal assembly units cover the furnishing of all labor for the removal of existing units of construction from existing lines, disassembling into material items, and all labor and transportation for the returning of all materials to the warehouse of the Owner in an orderly manner or transporting elsewhere to the site of the Project for reuse in the prosecution of this Contract as approved by the Engineer.

The Bidder will be charged by the Owner for the full value of all materials removed under this section at the value shown in Table C. Such charges will be placed against the Bidder as units are removed and the value will be deducted from the total value of installed assembly units for determination of the work accomplished for purposes of monthly progress payments to the Bidder.

Of the materials listed in Table C to be removed from existing lines, certain materials will be reused in the construction of the Project. Such materials to be reused are listed in Table C–1. Materials other than those listed in Table C–1 shall, if not damaged in handling, be returned to the Owner for full credit at the values shown in Table D. The Bidder will be allowed full credit for all material items, other than those listed in Table C–1, returned to the Owner which, in the opinion of the Engineer, were not damaged by the Bidder in removal and handling even though the materials may not be reusable for reasons of obsolescence or deterioration. Such credits shall be allowed the Bidder as materials are returned to the Owner's warehouse and shall be added to the total value of installed assembly units for determination of the work accomplished for purposes of monthly progress payments to the Bidder.

The unit removal prices shall include all material and labor required to reinstall in accordance with specifications any conductors temporarily detached. The Bidder will reinstall at his own expense any other units removed by him for his own convenience.

The removal units are specified by the prefix I and followed by the assembly unit designation of existing assembly unit to be removed. For example, an I-A1 signifies the removal of an A1 assembly unit. The following special notes apply to specific removal units: _____.

a. Poles. All poles of the same height, regardless of pole class, are designated by the same unit. Thus an I–30-foot pole signifies the removal of a 30-foot pole of any class. The Bidder is not required under this unit to remove from the pole any ground wire or pole numbering attached to the pole. This unit includes the refilling and tamping of holes in a workmanlike manner unless they are to be reused.

b. Pole-Top Assemblies. The unit of removal of pole-top assemblies includes, in addition to the removal of the assembly itself, any necessary handling, resagging, and retying of conductors in those cases where an existing pole-top assembly will be removed and replaced by a new pole-top assembly and where any existing conductor is to be reused.

The unit of removal of pole-top assemblies also includes any holding or handling of mainline or tap conductors at tap lines, angles, and deadends where such is involved, and reinstalling of such conductor in accordance with the specifications; for example, an I-A5–4 will include the disconnection of the tap conductors, snubbing off the tap line at the nearest practical point and the reconnection and resagging of these tap conductors if necessary to the new tap assembly when installed. The new unit of construction, however, will be specified separately in Section N.

c. Conductor. The conductor removal unit covers the removal of 1,000 feet of conductor or cable and reeling or coiling it in a workmanlike manner in such a way that it can be reused by the Bidder or the Owner. The Owner will furnish to the Bidder reels if it is to be returned to the Owner's warehouse on reels. The Bidder will retain possession of all jumpers, tie wire, armor rods, connectors, and other conductor accessories removed. These items will not be returned to the Owner. The removal unit for each size of conductor or cable is shown by the prefix I followed by D and the conductor or cable type; thus an I-D–6ACWC signifies the removal unit for 1,000 feet of 6A Copperweld-copper conductor.

d. Guys. All guys regardless of length, type of attachment, or size of guy strand are specified by the same unit; thus an I-E signifies the removal of any guy.

e. Anchors. Only anchor rods are to be removed by the Bidder in anchor removal units. The anchor will be left in the ground; thus an I-F signifies the removal of any anchor rod. If the rod cannot be unscrewed, the end of the rod shall either be cut off or bent down so that the rod will be at least 18 inches below ground.

f. Transformers. The unit for removal of transformer assembly units is divided into two sections, (1) Conventional Transformer Assembly, and (2) Self-Protected Transformer

Assembly. Only one unit is specified for each type, and all sizes of transformers from 1 to 25 kVA within each group will be covered by the same unit. ''Self-protected'' refers to transformers where all protective equipment is mounted on or within the transformer. ''Conventional'' refers to transformers where protective equipment is mounted separately from the transformer. The unit is designated by the prefix I followed by the description of the unit to be removed; thus IG Conventional signifies the removal of a conventional transformer assembly for any size transformer from 1 to 25 kVA.

g. Secondary Units. The unit for removal of secondary assemblies includes, in addition to the removal of the assembly itself, all necessary handling such as untying, resagging, and retying of secondary conductor or cables where existing secondary conductor or cable is to be reused.

In addition, the unit for removal of the secondary assembly includes the handling or holding of any conductor at tap lines where such is involved, and the reinstalling of such tap conductor in accordance with the specifications.

h. Service Unit. The unit for removal of service assemblies includes, in addition to the removal of the assembly itself, all necessary handling such as untying, resagging, and retying of service conductor or cable where existing service conductor or cable is to be reused.

The following descriptions apply only to those removal units not sufficiently explicit:

Unit	Description

Unit No.	No. of units	Labor	
		Unit price	Extended price

Total, Section I—_____

TABLE C.—UNIT MATERIAL VALUES OF I UNITS CHARGEABLE TO BIDDER

Unit No.	No. of units	Unit material value [1]	Extended value

Notes: 1. Unit values are based on item values from Table D.

TABLE C–1—MATERIAL ITEMS TO BE REUSED

RUS Item letter designation [1]	Description of material item	No. of items

Notes: 1. See ''List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers''.

TABLE D. VALUES OF MATERIAL ITEMS CREDITABLE TO BIDDER

RUS Item letter designation [1]	Description of material item	Item value

Notes: 1. See ''List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers''.

Section N—New Assembly Units

The purpose of this section is to list complete new units of construction where such units are to be added to existing lines or installed in replacing lines.

The units as covered by this section are the same as the units described in Distribution Construction Units—New Construction, except that these units are prefixed by the letter N.

For example, an N40–6 unit covers the furnishing of all material and labor for the installation of a 40–6 pole either in an existing distribution line being operated by the Owner or in a new line being constructed to replace an existing distribution line being operated by the Owner.

The following descriptions apply only to those new units not sufficiently explicit:

Unit	Description

Section N—New Assembly Units

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
N					

Total, Section N—_____

Proposal Summary

Recapitulation of Sections

New Construction

Overhead

Section—1 _____ $_____
Section—A _____ _____
Section—B _____ _____
Section—C _____ _____
Section—D _____ _____
Section—E _____ _____
Section—F _____ _____
Section—G _____ _____
Section—J _____ _____
Section—K _____ _____
Section—M _____ _____
Section—R _____ _____
Total Overhead _____

Underground

Section—UD _____ $_____
Section—UG _____ _____
Section—UK _____ _____
Section—UM _____ _____
Section—UR _____ _____
Total Underground _____
Total New Construction $_____

Line Changes

Section—H _____ $_____
Section—I _____ _____
Section—N _____ _____
Total Line Changes $_____
Total Distribution Line Construction $_____

Transmission Construction Units

Section 1—Pole Units

A pole unit consists of one pole in place. It does not include pole-top assembly unit or other parts attached to the pole. The first two digits indicate the length of the pole; the third digit shows the classification per ANSI (Example: 60–3 means a pole 60 feet long, class 3.)

Species of Timber: _____

Kind of Preservative: (Check one)

1. Creosote ____; 2. Pentachlorophenol ____; 3. Copper Naphthenate ____; 4. Waterborne preservative—CCA ____ ACZA ____

Method of Treatment: (Check one)

1. Pressure _____; 2. Thermal Process _____

Pole Plan Under Which the Poles are to be Furnished: (Check one)

1. Insured Warranted ____; 2. Independently Inspected ____; 3. Quality Assured ____; 4. Either Insured Warranted, Independently Inspected, or Quality Assured ____

(Engineer to complete above)

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor and materials	
Total, Section 1—					

Section 2—Pole Top Assembly Units

A pole top assembly unit consists of the hardware, crossarms and their appurtenances, insulators, etc., except tie wire, required to support the power conductors and overhead ground wire. It does not include the pole, the downlead, and butt coil, which are separate units.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor and materials	
TH TP TS TSS TSZ Total, Section 2—					

Section 3—Conductor Assembly Units

A conductor assembly unit consists of 1,000 feet of a single conductor or overhead ground wire, and includes tie wire, sleeves for splicing, and armor rods with clips or armor wire where necessary. The length of conductor or overhead ground wire shall be determined by taking the sum of all straight horizontal span distances between pole stakes or from center to center of the poles carrying the conductors. The conductor sizes and types listed are the manufacturer's designation.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor and materials	
Total, Section 3—					

As provided for in the specifications, prior to beginning of work the Bidder will furnish the Engineer the following data on tension equipment:
Diameter Bull Wheel _____ in.
Diameter Groove _____ in.
Conductor Bending Radius _____ in.
Thickness of Neoprene at Bottom of Groove _____ in.
Stringing Sheave Diameter; Tangent _____ in., Large Angle _____ in.

Section 4—Guy Assembly Units (TG Units)

A guy assembly unit consists of the hardware and wire. Guy guards are designated separately.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor and materials	
TG–1 TG–2 TG–3 TG–4 TG–5 Total, Section 4—					

Section 5—Anchor Assembly Units

An anchor assembly unit consists of the anchor with rod or rods, complete, ready for attaching the guy wire.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor and materials	
TA–1–5 TA–1–8 TA–3 Total, Section 5—					

Section 6—Miscellaneous Assembly Units

A miscellaneous assembly unit consists of an additional unit needed in the Project for line construction but not otherwise listed in the Proposal.

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor and materials	
TM Total, Section 6—					

Section 7—Right-of-Way Clearing Units

TM–12. The unit is 1,000 feet in length and _____ (_____) feet in width (to be measured _____ (_____) feet on one side of pole line or centerline of structures) of actual clearing of right-of-way. This includes clearing of underbrush, tree removal, and such tree trimming as is required so that the right-of-way, except for tree stumps which shall not exceed _____ in height, shall be clear from the ground up on one side of the line of poles carrying conductors. (See Detail A, Drawing TM–12–2A.) The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or centerline of structures and across the maximum dimension of foliage cleared projected to the ground line. (See Detail B, Drawing TM–12–2A.) All trees and underbrush across the width of the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing. (See Detail C, Drawing TM–12–2A.) Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement. All length thus arrived at, added together and divided by 1,000 shall give the number of 1,000-foot TM–12 units of clearing. The Bidder shall not remove or trim shade, fruit, or ornamental trees unless so directed by the Engineer in writing.

TM–12 (1). This unit is identical with TM–12, except the full width of the right-of-way to be cleared shall be _____ (_____) feet wide (to be measured _____ (_____) feet on each side of the pole line or centerline of structures). (See Detail D, Drawing TM–12–2A.) TMC–12, TMC–12 (1). These units are identical to the respective TM units except that chemical treatment of stumps is required in addition to the clearing of underbrush, tree removal and tree trimming.

TM–13. The unit, for purpose of quoting, is 1,000 feet in length of clearing off the right-of-way. The Engineer will select those trees off the right-of-way that he deems to be a hazard to the line and will designate them to the Bidder in writing as danger trees. When so designated, the Bidder shall remove or top such trees at his option except that the Bidder shall trim and not remove shade, fruit, or ornamental trees unless otherwise directed by the Engineer in writing. (See Drawings TM–12–2A and TM–13 for examples of danger trees.)

The measurement of the length of clearing off the right-of-way shall be considered as a straight line parallel to the horizontal line between poles or centerline of structures, such measurement of length to be based on maximum dimension of foliage (not trunk) projected to the ground line. (See Details E, F, G, and H, Drawing TM–12–2A.) Dead trees having no foliage shall be measured across the maximum dimension and multiplied by two. (See Detail F, Drawing TM–12–2A.) Each tree so removed shall be added together to determine the total length of clearing. All length thus arrived at, added together and divided by 1,000, shall give the number of TM–13 units. (Example: Details E, F, G, and H, Drawing TM–12–2A, total .1 of a TM–13 unit.)

TM–14. The unit is 1,000 feet in length and _____ (_____) feet in width (to be measured _____ (_____) feet on one side of right-of-way centerline) of actual clearing of right-of-way. Trees and underbrush should be cleared from the ground up within 10 feet of any structure location. The Engineer will mark the trees and brush to be cleared to provide ''undulating'' boundaries. Low growing trees and brush are to be left in the right-of-way to the extent it will not be hazardous to the line or will not interfere with the access road. The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or centerline of structures and across the maximum dimension of foliage cleared projected to the ground line (See Detail B, Drawing TM–12–2A.) All trees and underbrush cleared across the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A.) Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement.

TM–14 (1). This unit is identical with TM–14 except the full width of the right-of-way to be cleared shall be _____ (_____) feet in width (to be measured _____ (_____) feet wide (See Detail D, Drawing TM–12–2A.)

TM–15. The unit is 1,000 feet in length and _____ (_____) feet in width (to be measured _____ (_____) feet on one side of the right-of-way centerline) of actual clearing of the right-of-way. Trees and underbrush should be cleared from ground up within 10 feet of any structure location. The Engineer will mark the trees and brush to be cleared to provide a ''feathered'' appearance in the right-of-way. Low growing trees and brush are to be left in the right-of-way to the extent it will not be hazardous to the line or will not interfere with the access road.

The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or centerline of structures and across the maximum dimension of foliage cleared projected to ground line (See Detail B, Drawing TM–12–2A). All trees and underbrush cleared across the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A). Spaces along the right-of-way which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement.

TM–15 (1). This unit is identical to TM–15 except the full width of the right-of-way to be cleared shall be _____ (_____) feet wide (See Detail D, Drawing TM–12–2A).

Additional Requirements (When specifying TM units denote type of disposal (A or B).)

A. Trees, brush, branches and refuse shall, without delay, be disposed of by such of the following methods as the Engineer will direct (Engineer to strike out methods not to be used):

1. Burned
2. Piled on one side of right-of-way
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (describe) _____

B. Trees that are felled shall be cut to commercial wood lengths, stacked neatly, and left on the right-of-way for the landowner. Commercial wood length means

the length designated by the Engineer but in no case shall it be required to be less than _____ (_____) feet. Brush, branches, and refuse shall, without delay, be disposed of by such of the following methods as the Engineer will direct (Engineer to strike out methods not to be used):

1. Burned
2. Piled on one side of right-of-way
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (describe) _____

Unit No.	No. of units	Unit price			Extended price—labor & materials
		Labor	Materials	Labor and materials	
Total, Section 6—					

Proposal Summary

Recapitulation of Sections:

Section—1 _____ $_____
Section—2 _____ _____
Section—3 _____ _____
Section—4 _____ _____
Section—5 _____ _____
Section—6 _____ _____
Section—7 _____ _____
Total Transmission Line Construction _____

Section 8—Substation Assembly Units

Description of Construction Units. Each Construction Unit consists of a complete installation of the designated portion of a substation as specified on the drawings, together with connections to associated equipment. Each Construction Unit represents all labor and material including necessary accessories completely installed and tested in satisfactory operation. Full identification of each Construction Unit and all necessary specifications of the installation is shown on the drawings.

Items of material in each Construction Unit shall be of the designated size, rating, type, voltage, or other specification in accordance with the drawings. The bill of material drawing for each substation shows the identification of the Construction Units under which the material is to be installed and shows which items of material may be partly or entirely found on the lists of Owner-furnished materials. All items of equipment, unless otherwise specified, are mounted on a structure which shall be a Construction Unit of Group A.

Each Construction Unit is designated by the letter of the Group to which it belongs and an identifying number. The same item of equipment carries the same Construction Unit designation in all the substations. Items of equipment designated by the same Construction Unit in one substation are of only one kind as to voltage, type and other specifications. The tabulation of Construction units for each substation is separate and contains all units necessary for construction of that substation.

Group A. Structures. A Construction Unit consists of a structure, or structures, with bus supports including insulators and fittings, buses, conductors and overhead ground wires to adjacent structures within the substation, grounding material to connect equipment with the ground bus, and associated material including mounting brackets, supports for equipment, clamps and connectors, all as specified in the drawings.

Group B. Three-Pole Group Operated Air Break Switches. A Construction Unit consists of one 3-pole group operated air break switch with all accessories and operating mechanisms as specified in the drawings.

Group C. Lightning Arresters. A Construction Unit consists of one single arrester.

Group D. Single Pole Disconnecting Switches. A Construction Unit consists of one single pole disconnecting or by-pass switch as specified in the drawings. If a fuse disconnect switch is specified, the fuse is included with the switch.

Group E. Oil Circuit Breakers. A Construction Unit consists of one complete three-phase power circuit breaker complete with supporting frame and control cabinet, unless shown otherwise in the drawings, mounted as specified in the drawings.

Group F. Oil Circuit Reclosers. A Construction Unit consists of a complete single-phase or three phase oil circuit recloser as specified in the drawings.

Group G. Meters, Relays and Instrument Transformers. A Construction Unit consists of one meter, relay potential transformer or current transformer.

Group H. Transformers. A Construction Unit consists of one power transformer or one station service transformer either single-phase or three-phase as specified in the drawings.

Group I. Voltage Regulators. A Construction Unit consists of one single-phase or three-phase voltage regulator as specified in the drawings.

Group J. Communications and Supervisory Control Equipment. A Construction Unit consists of carrier current equipment, microwave, or other types of communications and supervisory control equipment as specified in the drawings.

Group K. Conduit and Cable. A Construction Unit consists of the wire, cable, conduit and accessories necessary to complete the installation of equipment in accordance with the specifications and drawings, where such installation has not been included in other Groups.

Group L. Foundations. A Construction Unit consists of concrete footings and foundations except for the fence, as specified in the drawings.

Group M. Site Preparation. A Construction Unit consists of clearing, grading, drainage work, and surfacing, as specified in the drawings.

Group N. Fence. A Construction Unit consists of the complete installation of the fence, gates, etc., as specified in the drawings.

Group O. Station Grounding. A Construction Unit consists of the complete ground bus including ground rods, grounding mats or platforms, except as otherwise provided in other Groups, with connections to structures, equipment, and fence as specified in the drawings.

Group P. Building. A Construction Unit consists of a control building or cabinet, on a foundation of Group L and the facilities and equipment installed therein as specified in the drawings, except as otherwise provided in other Groups.

Other Groups. The Engineer shall specify such additional Groups as may be necessary for the completion of the Project. Description of these Groups shall be provided by an addition to this Section of the Specifications for Construction.

_____ Station Construction Units

Unit No. _____
Name and Description of Construction Unit _____
No. of Units _____
Unit Prices
Labor _____
Materials _____
Labor and Materials _____
Extended Price—Labor and Materials _____

Total Price _____

Proposal Summary

_____ Substation $_____
_____ Substation _____
_____ Substation _____
_____ Switching Station _____
_____ Switching Station _____

Total Station Construction $_____

Proposed Recapitulation

Distribution line construction $_____
Transmission line construction _____
Substation and Switching Station Construction _____

Total $_____

Acceptance

The Owner hereby accepts the foregoing Proposal of the Bidder, _____ for the construction of the following:

Distribution Construction Units: Sections: _____

Transmission Construction Units: Sections: _____

Substation and Switching Station Construction: Stations (name): _____

_____ Owner
By _____ President
_____ Secretary
_____ Date of Contract

[End of clause]

§ 1726.352 Electric transmission construction contract (labor and materials), RUS Form 831.

The contract form in this section shall be used when required by this part. This form refers to guide drawings, which do not contain requirements, and, hence, are not included in this part. The guide drawings are included in the printed form available from GPO (See § 1726.300.).

Electric Transmission Construction Contract (Labor and Materials)

Notice and Instructions to Bidders

1. Sealed proposals for the construction, including the supply of necessary labor, materials and equipment, of a rural electric project of _____ (hereinafter called the ''Owner'') to be known as Project will be received by the Owner on or before _____ o'clock _____ M., _____, 19_____ at its office at _____ at which time and place the proposals will be publicly opened and read. Any proposal received subsequent to the time specified will be promptly returned to the Bidder unopened.

2. Description of Project: The Project will consist of approximately:

Transmission Line Construction

_____ miles _____ kV; _____ miles _____ kV

_____ miles _____ kV underbuild

Substations and Other Major Facilities

_____ kVA _____ Voltage _____ Name

The Project is located in _____ Counties, in the State of _____ all as more fully described in the Plans, Specifications, Construction Drawings and Contractor's Proposal therefore hereinafter referred to.

3. Owner Furnished Materials. The unit prices in the Contractor's Proposal shall include provisions for Owner Furnished Materials since as stated in Article 1, Section 3 of the Contractor's Proposal, the value of the Owner Furnished Materials, if any, will be deducted from payments to the Bidder for completed Construction Units.

4. Obtaining Documents. The Plans, Specifications and Construction Drawings together with all necessary forms and other documents for bidders may be obtained from the Owner, or from the Engineer, _____ at the latter's office at _____ upon the payment of $_____, which payment will not be subject to refund. The Plans, Specifications and Construction Drawings may be examined at the office of the Owner or at the office of the Engineer. A copy of the Loan Contract (if the Project is to be financed, in whole or in part, pursuant to a loan contract) between the Owner and the United States of America acting through the Administrator of the Rural Utilities Service (hereinafter called the Administrator) and of the loan contract between the Owner and any other lender may be examined at the office of the Owner. Each set of Plans, Specifications and Construction Drawings will have a serial number, given by the Engineer, and the number of each set with the name of the Purchaser will be recorded by the Engineer. Bids will be accepted only from the original purchaser.

5. Manner of Submitting Proposals. Proposals and all supporting instruments must be submitted on the forms furnished by the Owner and must be delivered in a sealed envelope addressed to the Owner. The name and address of the Bidder, its license number if a license is required by the State, and the date and hour of the opening of bids must appear on the envelope in which the Proposal is submitted. Proposals must be filled in in ink or typewritten. No alterations or interlineations will be permitted, unless made before submission, and initialed and dated.

6. Familiarity with Conditions. Prior to the submission of the Proposal the Bidder shall make and shall be deemed to have made a careful examination of the site of the Project and of the Plans, Specifications, Construction Drawings, and forms of Contractor's Proposal and Contractor's Bond on file with the Secretary of the Owner and with the Engineer, and shall become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, the kind of facilities required before and during the construction of the Project, general local conditions and all other matters that may affect the cost and the time of completion of the Project. Bidders will be required to comply with all applicable statutes, regulations, etc., including those pertaining to the licensing of contractors, and the so-called ''Kick-back Statute'' (48 Stat. 948) and regulations issued pursuant thereto.

7. Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.

8. Alternate Designs. The Owner reserves the right to confine its consideration of the several bids to one type of design regardless of alternate types of design which may be specified in the Plans and Specifications and offered in the Proposals.

9. The Time for Completion of Construction of the Project shall be as specified by the Engineer in the Proposal.

10. Bid Bond. Each Proposal must be accompanied by a Bid Bond in the form attached or a certified check on a bank that is a member of the Federal Deposit Insurance Corporation, payable to the order of the Owner, in an amount equal to ten percent (10%) of the maximum bid price. Each Bidder agrees, provided its Proposal is one of the three low Proposals, that, by filing its Proposal together with such Bid Bond or check in consideration of the owner's receiving and considering such Proposals, said Proposal shall be firm and binding upon each such Bidder and such Bid Bond or check shall be held by the Owner until a Proposal is accepted and a satisfactory Contractor's Bond is furnished (where required) by the successful Bidder and such acceptance has been approved by the Administrator, or for a period not to exceed sixty (60) days from the date hereinbefore set for the opening of Proposals, whichever period shall be the shorter. If such Proposal is not one of the three low Proposals, the Bid Bond or check will be returned in each instance within a period of ten (10) days to the Bidder furnishing same.

11. Contractor's Bond. The successful Bidder will be required to execute two additional counterparts of the Proposal and, for a Contract in excess of $100,000, to furnish a Contractor's Bond in triplicate in the form attached hereto with sureties listed by the United States Treasury Department as Acceptable Sureties, in a penal sum not less than the contract price.

12. Failure to Furnish Contractor's Bond. Should the successful Bidder fail or refuse to execute such counterparts or to furnish a Contractor's Bond (where required) within ten (10) days after written notification of the acceptance of the Proposal by the Owner, the Bidder will be considered to have abandoned the Proposal. In such event, the Owner shall be entitled (a) To enforce the Bid Bond in accordance with its terms, or (b) if a certified check has been delivered with the Proposal, to retain from the proceeds of the certified check, the difference (not exceeding the amount of the certified check) between the amount of the Proposal and such larger amount for which the Owner may in good faith contract with another party to construct the Project. The term ''Successful Bidder'' shall be deemed to include any Bidder whose Proposal is accepted after another Bidder has previously refused or has been unable to execute the counterparts or to furnish a satisfactory Contractor's Bond (where required.)

13. Contract is Entire Agreement. The Contract to be effected by the acceptance of the Proposal shall be deemed to include the entire agreement between the parties thereto, and the Bidder shall not claim any modification thereof resulting from any representation or promise made at any time by any officer, agent or employee of the Owner or by any other person.

14. Minor Irregularities. The Owner reserves the right to waive minor irregularities or minor errors in any Proposal, if it appears to the Owner that such irregularities or errors were made through inadvertence. Any such irregularities or errors so waived must be corrected on the Proposal in which they occur prior to the acceptance thereof by the Owner.

15. Balanced Bid. The Owner reserves the right to reject any or all Proposals. The attention of Bidders is specially called to the desirability of a proper balance between prices for labor and materials and between the total prices for the respective Construction Units. Lack of such balance may be considered as a reason for rejecting a Proposal.

16. Discrepancy in Unit Prices. Where the unit prices in the Contractor's Proposal are separated into three columns designated as ''Labor,'' ''Materials'' and ''Labor and Materials,'' and where a discrepancy appears between the sum shown in the ''Labor and Materials'' column and the correct addition of the sums appearing in the ''Labor'' column and the ''Materials'' column, the correct addition of the sums appearing in the ''Labor'' column and the ''Materials'' column shall control.

17. Definition of Terms. The terms ''Administrator,'' ''Engineer,'' ''Supervisor,''

''Project,'' ''Completion of Construction'' and ''Completion of the Project'' as used throughout this Contract shall be as defined in Article VI, Section 1, of the Contractor's Proposal.

18. The Owner Represents:

a. If by provisions of the Contractor's Proposal the Owner shall have undertaken to furnish any materials for the construction of the Project, such materials are on hand at locations specified or if such materials are not on hand they will be made available by the Owner to the successful Bidder at the locations specified before the time such materials are required for construction.

b. All easements and rights-of-way, except as shown on maps included in the Plans and Specifications, have been obtained from the owners of the properties across which the Project is to be constructed (including tenants who may reasonably be expected to object to such construction). The remaining easements and rights-of-way, if any, will be obtained as required to avoid delay in construction.

c. All staking, except as shown on the maps included in the Plans and Specifications, has been completed and sufficient staking crews will be available to maintain stakes at all times in advance of construction.

d. Prompt payment for the construction of the Project will be made with funds pursuant to the Loan Contract, or with funds otherwise available to the Owner.

If the Owner shall fail to comply with any of the undertakings contained in the foregoing representations or if any of such representations shall be incorrect, the Bidder will be entitled to an extension of time of completion for a period equal to the delay, if any, caused by the failure of the Owner to comply with such undertakings or by any such incorrect representation; provided the Bidder shall have promptly notified the Owner in writing of its desire to extend the time of completion in accordance with the foregoing; provided, however, that such extension, if any, of the time and completion shall be the sole remedy of the Bidder for the Owner's failure, because of conditions beyond the control and without the fault of the Owner, to furnish materials in accordance with subparagraph a hereof.

_____ Owner

By _____

_____, 19____

Contractor's Proposal

(Proposal shall be submitted in ink or typewritten)

To: _____ (Hereinafter called the ''Owner'')

Article I—General

Section 1. Offer to Construct. The undersigned (hereinafter called the ''Bidder'') hereby proposes to receive and install such materials and equipment as may hereinafter be specified to be furnished by the Owner, and to furnish all other materials and equipment, all machinery, tools, labor, transportation and other means required to construct the rural electric project _____ in strict accordance with the Plans, Specifications and Construction Drawings therefor, attached hereto and made a part hereof, for the prices hereinafter stated. The total length of the project lines shall be determined by taking the sum of all straight horizontal span distances between pole stakes or from center to center of poles, or centerline of structures, carrying conductors.

Section 2. Materials and Equipment. The Bidder agrees to furnish and use in the construction of the Project under this Proposal, in the event the Proposal is accepted, only such materials and equipment as are included in the current ''List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers,'' including revisions adopted prior to the Bid Opening.

The Bidder further agrees to furnish:

	Type	Size	Galvanizing class
Overhead ground wire			
Guy wire			
Structure ground wire			

(Engineer to insert Type, Size and Galvanizing Class as appropriate)

The Bidder further agrees to furnish and use poles, crossarms, and other timber products, of which the physical characteristics, method of treatment, type of preservative, instructions on inspection and general procedure shall be in accordance with RUS standards and requirements.

Crossarms shall be _____ (Engineer to insert Douglas Fir or Southern Yellow Pine), treated with _____

(Engineer to insert type of preservative.)

Section 3. Owner-Furnished Materials. The Bidder understands and agrees that, if this Proposal is accepted, the Owner will furnish to the Bidder the material set forth in the attached ''List of Owner's Materials on Hand'' (see page ____) and the Bidder will give a receipt (see page ____) therefor in writing to the Owner. The Bidder, further, will on behalf of the Owner accept delivery of such of the materials set forth in the attached ''List of Materials Ordered by Owner but Not Delivered'' (see page ____) as may be subsequently delivered and will promptly forward to the Owner for payment the supplier's invoice, together with the Bidder's receipt in writing for such materials. The materials referred to are on hand at, or will be delivered to, the locations specified in the Lists and the Bidder will use such materials in constructing the Project.

The value of the completed Construction Units certified by the Bidder each month pursuant to Article III, Section 1(a) of this Proposal shall be reduced by an amount equal to the value of the materials installed by the Bidder during the preceding month which have been furnished by the Owner or the delivery of which has been accepted by the Bidder on behalf of the Owner. Only ninety percent (90%) of the remainder shall be paid prior to the Completion of the Project. The value of such materials shall be computed on the basis of the unit prices stated in the Lists, Materials, if any, not required for the Project, which have been furnished to the Bidder by the Owner or delivery of which has been accepted by the Bidder on behalf of the Owner, shall be returned to the Owner by the Bidder upon completion of construction of the Project. The value of all materials not installed in the Project nor returned to the Owner shall be deducted from the final payment to the Bidder.

The Owner shall not be obligated to furnish materials in excess of the quantities, size, kind and type set forth in the attached Lists. If the Owner furnished, and the Bidder accepts, materials in excess therefor, the values of such excess materials shall be their actual cost as stated by the Owner.

Information on the shipping schedules of materials on the ''List of Materials Ordered by Owner But Not Delivered'' will be furnished to the Bidder as necessary during progress of the work.

Upon delivery the Bidder shall promptly receive, unload, transport and handle all materials and equipment on the ''List of Materials Ordered by Owner But Not Delivered'' at its expense and shall be responsible for demurrage, if any.

Section 4. Purchase of Materials Not Furnished by Owner. The Bidder will purchase all materials and equipment (other than owner-furnished materials) outright and not subject to any conditional sales agreements, bailment, lease or other agreement reserving unto the seller any right, title or interest therein. All such materials and equipment shall become the property of the Owner when erected in place.

Section 5. Proposal on Unit Basis. The Bidder understands and agrees that the various Construction Units on which bids are made are defined by symbols and descriptions in this Proposal, that all said bids are on a unit basis, and that the Owner may specify any number or combination of Construction Units that the Owner may deem necessary for the construction of the Project. Separate Construction Units are designated for each different arrangement which may be used in the construction of the Project. This Proposal is based on a consideration of each unit in place and includes only the materials listed on the corresponding Construction Drawings or description of unit where no drawing exists.

Section 6. Description of Contract. The Notice and Instructions to Bidders and Plans attached hereto and made a part hereof, and the Specifications and Construction Drawings set forth in the Electric Transmission Specifications & Drawings, RUS Form 805, as applicable, together with the Proposal and Acceptance constitute the Contract. The plans, consisting of maps and special drawings, are identified as follows: _____.

Section 7. Familiarity with Conditions. The Bidder has made a careful examination of the site of the Project to be constructed and of the Plans, Specifications, Construction Drawings, and form of Contractor's Bond attached hereto, and has become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, and the kind of facilities required before and during the construction of the Project, and has become acquainted

with the labor conditions, state and local laws and regulations which would affect work on the proposed construction.

Section 8. License. The Bidder warrants that a Contractor's License is ____ is not ____ required, and if required it possesses Contractor's License No. _____ for the State of _____ in which the Project is located and said license expires on _____, 19____.

Section 9. The Bidder warrants that this Proposal is made in good faith and without collusion or connection with any person or persons bidding for the same work.

Section 10. The Bidder warrants that it possesses adequate financial resources and agrees that in the event this Proposal is accepted and a Contractor's Bond is required, it will furnish a Contractor's Bond in the form attached hereto, in a penal sum not less than the maximum Contractor price, with a surety or sureties listed by the United States Treasury Department as Acceptance Sureties.

In the event that the surety or sureties on the performance bond delivered to the Owner contemporaneously with the execution of the Contract or on any bond or bonds delivered in substitution therefor or in addition thereto shall at any time become unsatisfactory to the Owner or the Administrator, the Bidder agrees to deliver to the Owner another or an additional bond.

Section 11. Taxes. The unit prices for Construction Units in this Proposal include provisions for the payment of all monies which will be payable by the Bidder or the Owner in connection with the construction of the Project on account of taxes imposed by any taxing authority upon the sale, purchase or use of materials, supplies and equipment, or services or labor of installation thereof, to be incorporated in the Project as part of such Construction Units. The Bidder agrees to pay all such taxes, except taxes upon the sale, purchase or use of owner-furnished materials and it is understood that, as to owner-furnished materials, the values stated in the attached ''List of Owner's Materials on Hand'' and ''List of Materials Ordered by Owner But Not Delivered'' include taxes upon the sale, purchase or use of owner-furnished materials, if applicable. The Bidder will furnish to the appropriate taxing authorities all required information and reports pertaining to the Project, except as to the owner-furnished materials.

Section 12. Changes in Quantities. The Bidder understands and agrees that the quantities called for in this Proposal are approximate, and that the total number of units upon which payment shall be made shall be as set forth in the Inventory. If the Owner changes the quantity of any Assembly Unit or Assembly Units specified in this Proposal by more than 15%, and the materials cost to the Bidder is increased thereby to an extent which would not be adequately compensated by application of the unit prices in this Proposal to the revised quantity of such unit or units, such change, to the extent of the quantities of such units in excess of such 15%, shall be regarded as a change in the construction within the meaning of Article II, Section 1(d) of this proposal.

Section 13. Description of Contract. The Notice and Instructions to Bidders, Plans, Specifications for Construction and Construction Drawings, all attached hereto and made a part hereof together with the Proposal and Acceptance constitute the contract. The Plans and Construction Drawings are identified as follows: _____

LIST OF OWNER'S MATERIALS ON HAND

Item [1]	Description of material	Catalog No.	Quantity	Unit price	Extended price
Total Above materials are located at:					

Notes: 1. Item corresponds with item in list of materials in construction drawings. Under Article I, Section 3, the value of these materials will be deducted from payments to the Bidder for completed Construction Units.

LIST OF MATERIALS ORDERED BY OWNER BUT NOT DELIVERED

Item [2]	Supplier name and address	Scheduled delivery date	Description of material	Catalog No.	Quantity	Unit price	Extended price
Total Above material to be delivered to:							

Notes: 2. Item corresponds with item in list of materials in construction drawings. Under Article I, Section 3, the value of these materials will be deducted from payments to the Bidder for completed Construction Units.

Article II—Construction

Section 1. Time and Manner of Construction

a. The Bidder agrees to commence construction of the Project on a date (hereinafter called the ''Commencement Date'') which shall be determined by the Engineer after notice in writing of approval of the Contract by the Administrator and notice in writing from the Bidder that the Bidder has sufficient materials to warrant commencement and continuation of construction, but in no event will the Commencement Date be later than ____ calendar days after date of approval of the Contract by the Administrator. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Plans, Specifications and Construction Drawings within ____ (____) calendar days (excluding Sundays) after Commencement Date: Provided, however, that the Bidder will not be required to dig holes, set poles or install anchors if there are more than six (6) inches of frost in the ground nor to perform any construction on such days when in the judgment of the Engineer snow, rain, or wind, or the results of snow, rain, or frost make it impracticable to perform any operation of construction and to the extent of the time lost due to the conditions described herein and approved in writing by the Engineer, the time of completion set out above will be extended if the Bidder makes a written request therefor to the Owner as provided in subsection b of this Section 1.

b. The time for Completion of Construction shall be extended for the period of any reasonable delay which is due exclusively to causes beyond the control and without the fault of the Bidder, including Acts of God, fires, floods, inability to obtain materials and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: *Provided, however,* that no such extension of time for completion shall be granted the Bidder unless within ten (10) days after the happening of any event relied upon by the Bidder for such an extension of time the Bidder shall have made a request therefor in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

c. The sequence of construction shall be as set forth below, the numbers or names being the designations of extensions or areas (hereinafter called the ''Sections'') corresponding to the numbers or names shown on the maps attached hereto, or if no

Sections are set forth below, the sequence of construction shall be as determined by the Bidder, subject to the approval of the Engineer. _____

d. The Owner, acting through the Engineer and with the approval of the Administrator,[1] may from time to time during the progress of the construction of the Project make such changes in, additions to or subtractions from the Plans, Specifications, Construction Drawings, List of Materials and sequence of construction provided for in the previous paragraph which are part of the Contractor's Proposal as conditions may warrant: Provided, however, that if any change in the construction to be done shall require an extension of time, a reasonable extension will be granted if the Bidder shall make a written request therefor to the Owner within ten (10) days after any such change is made. And provided further, that if the cost to the Bidder of construction of the Project shall be materially increased by any such change or addition, the Owner shall pay the Bidder for the reasonable cost thereof in accordance with a Construction Contract Amendment signed by the Owner and the Bidder and approved by the Administrator,[2] but no claim for additional compensation for any such change or addition will be considered unless the Bidder shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.

e. The Bidder will not perform any work hereunder on Sundays unless there is urgent need for such Sunday work and the Owner consents thereto in writing. The time for completion specified in subsection a of this Section 1 shall not be affected in any way by inclusion of this subsection nor by the Owner's consent or lack of consent to Sunday work hereunder.

Section 2. Environmental Protection. The Bidder shall perform work in such a manner as to maximize preservation of beauty, conservation of natural resources and minimize marring and scarring of the landscape and silting of streams. The Bidder shall not deposit trash in streams or waterways, and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures. The Bidder shall follow, under the general direction of the Engineer, the criteria relating to environmental protection as specified herein by the Engineer.

Section 3. The Bidder agrees that in the event this Proposal is accepted it will make available for use in connection with the proposed construction all necessary tools and equipment and qualified superintendents and foremen.

Section 4. Changes in Construction. The Bidder agrees to make such changes in construction previously installed in the Project by the Bidder as required by the Owner for prices arrived at as follows:

a. For substations and other units where only a portion of the complete unit is affected by the change, the compensation for such change shall be as agreed upon in writing by the Bidder and the Owner and approved by the Administrator[3] prior to the commencement of work in connection with such change.

b. For all other units, the compensation for such change shall be the reasonable cost thereof as agreed upon in writing by the Bidder and the Owner prior to the commencement of work in connection with such change, but in no event shall it exceed two (2) times the labor price quoted in the Proposal for the installation of the unit to be changed. Such compensation shall be in lieu of any other payment for the installation and removal of the original unit. (If a new or replacing unit is installed, payment for such new or replacing unit shall be made as shown in the final inventory.)

No payment shall be made to the Bidder for materials or labor involved in correcting errors or omissions on the part of the Bidder which result in construction not in accordance with the Plans and Specifications.

Section 5. Construction Not in Proposal. The Bidder also agrees that when it is necessary to construct units not shown in the Proposal it will construct such units for a price arrived at as follows:

a. The cost of materials shall be determined by the invoices.

b. The cost of labor shall be the reasonable cost thereof, but in no event shall it exceed an amount determined by calculating the ratio of the total labor costs to the total material costs in the section of the Proposal involved, and multiplying the cost of materials for the unit in question by this ratio.

Section 6. Supervision and Inspection.

a. The Bidder shall cause the construction work on the Project to receive constant supervision by a competent superintendent (hereinafter called the ''Superintendent'') who shall be present at all times during working hours where construction is being carried on. The Bidder shall also employ, in connection with the construction of the Project, capable, experienced and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent shall be binding upon the Bidder.

b. The Owner reserves the right to require the removal from the Project of any employee of the Bidder if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner or the Supervisor, if any, shall have the right to require the Bidder to increase the number of its employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner or Supervisor; but the failure of the Owner or Supervisor to give any such directions shall not relieve the Bidder of its obligations to complete the work within the time and in the manner specified in this Proposal.

c. The manner of construction of the Project, and all materials and equipment used therein, shall be subject to the inspection, tests and approval of the Owner and the Administrator, and the Bidder shall furnish all information required by the Owner or by the Administrator concerning the nature or source of any materials incorporated or to be incorporated in the Project. The Owner and the Administrator shall have the right to inspect all payrolls, invoices of materials, and other data and records of the Bidder and of any subcontractor, relevant to the construction of the Project. The Bidder shall provide all reasonable facilities necessary for such inspection and tests and shall maintain an office at the site of the Project, with telephone service where obtainable and at least one office employee to whom directions and instructions of the Owner may be delivered. Delivery of such directions or instructions in writing to the employee of the Bidder at such office shall constitute delivery to the Bidder. The Bidder shall have an authorized agent accompany the Engineer when final inspection is made and, if requested by the Owner, when any other inspection is made.

d. In the event that the Owner, or the Administrator, shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Bidder and the Bidder's Surety or Sureties, if any, to have an inspection made by an engineer approved by the Owner and the Administrator for the purpose of determining the exact nature, extent and location of such defects.

e. The Engineer may recommend to the Owner that the Bidder suspend the work wholly or in part for such period or periods as the Engineer may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for the satisfactory prosecution of the work or because of the failure of the Bidder to comply with any of the provisions of the Contract: Provided, however, that the Bidder shall not suspend work pursuant to this provision without written authority from the Owner so to do. The time of completion hereinabove set forth shall be increased by the number of days of any such suspension, except when such suspension is due to the failure of the Bidder to comply with any of the provisions of this Contract. In the event that work is suspended by the Bidder with the consent of the Owner, the Bidder before resuming work shall give the Owner at least twenty-four (24) hours notice thereof in writing.

Section 7. Defective Materials and Workmanship.

a. The acceptance of any materials, equipment (except owner furnished materials) or any workmanship by the Owner or the Engineer shall not preclude the subsequent rejection thereof if such materials, equipment, or workmanship shall be found to be defective after delivery or installation, and any such materials, equipment or workmanship found defective before final acceptance of the construction

[1] As long as the total price of this contract including all amendments is less than 120 percent of the original contract price as stated in the acceptance hereto, amendments executed on RUS Form 238 are not subject to the approval of the Administrator. Whenever an amendment to this contract causes the total amended contract to exceed 120 percent of the original contract price, that amendment and all subsequent amendments to this contract shall be made subject to the approval of the Administrator.

[2] See Footnote 1.

[3] See Footnote 1.

shall be replaced or remedied, as the case may be, by and at the expense of the Bidder. Any such condemned material or equipment shall be immediately removed from the site of the Project by the Bidder at the Bidder's expense. The Bidder shall not be entitled to any payment hereunder so long as any defective materials, equipment or workmanship in respect to the Project, of which the Bidder shall have had notice, shall not have been replaced or remedied, as the case may be.

b. Notwithstanding any certificate which may have been given by the Owner or the Engineer, if any materials, equipment (except owner-furnished materials) or any workmanship which does not comply with the requirements of this Contract shall be discovered within one (1) year after Completion of Construction of the Project, the Bidder shall replace such defective materials or equipment or remedy any such defective workmanship within thirty (30) days after notice in writing of the existence thereof shall have been given by the Owner. If the Bidder shall be called upon to replace any defective materials or equipment or to remedy defective workmanship as herein provided, the Owner, if so requested by the Bidder shall deenergize that section of the Project involved in such work. In the event of failure by the Bidder so to do, the Owner may replace such defective materials or equipment or remedy such defective workmanship, as the case may be, and in such event the Bidder shall pay to the Owner the cost and expense thereof.

Article III—Payments and Release of Liens

Section 1. Payments to Bidder.

a. Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Bidder for construction accomplished during the preceding calendar month on the basis of completed Assembly Units furnished and certified to by the Bidder, recommended by the Engineer and approved by the Owner solely for the purposes of payment: Provided, however, that such approval shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such estimate approved during the construction of the Project shall be paid by the Owner to the Bidder prior to Completion of the Project: Provided, however, that at any time after work, which, in the sole determination of the Engineer, amounts to fifty percent (50%) of the Maximum Contract Price has been completed, the Owner may elect, in lieu of paying ninety percent (90%) of each such subsequent estimate, to pay each such subsequent estimate in full. Upon completion by the Bidder of the construction of the Project, the Engineer will prepare a Final Inventory of the Project showing the total number and character of Assembly Units and, after checking such Inventory with the Bidder, will certify it to the Owner, together with a certificate of the total cost of the construction performed. Upon the approval of such certificates by the Owner and the Administrator, the Owner shall make payment to the Bidder of all amounts to which the Bidder shall be entitled thereunder which shall not have been paid: Provided, however, that such final payment shall be made not later than ninety (90) days after the date of Completion of Construction of the Project, as specified in the Certificate of Completion, unless withheld because of the fault of the Bidder.

b. The Bidder shall be paid on the basis of the number of Construction Units actually installed at the direction of the Owner shown by the inventory based on the staking sheets or structure lists; Provided, however, that the total cost shall not exceed the maximum Contract price for the construction of the Project as set forth in the Acceptance, unless such excess shall have been approved in writing by the Administrator[4].

c. Notwithstanding the provisions of Section 1a above, the Bidder may, by giving written notice thereof to the Owner, elect to receive payment in full for any Section of the Project upon:

(1) completion of construction of such Section as certified by the Engineer and approved by the Owner and the Administrator;

(2) submission to the Owner and the Administrator of the releases of lien and the certificate referred to in Section 2 hereof;

(3) approval by the Owner and the Administrator of the inventory in respect of such Section; and

(4) submission to the Owner and the Administrator of the consent in writing by the Surety or Sureties, if any, on the Contractor's Bond to payment in full for such Section prior to Completion of the Project.

If no Sections are designated in Article II, Section lc, the term ''Section'' shall mean for purposes of this subsection c and Article IV, Section 3b only, a part of the Project as designated by the Owner which represents at least twenty-five percent (25%) of the maximum Contract price as stated in Article III, Section 1, and which is capable of being energized and operated by the Owner.

d. Interest at the rate of ____ percent[5] (____%) per annum shall be paid by the Owner to the Bidder on all unpaid balances due on monthly estimates, commencing fifteen (15) days after the due date; provided the delay in payment beyond the due date is not caused by any condition within the control of the Bidder. The due date for purposes of such monthly payment shall be the fifteenth day of each calendar month provided (1) the Bidder on or before the fifth day of such month shall have submitted its certification of Construction Units completed during the preceding month and (2) the Owner on or before the fifteenth day of such month shall have approved such certification. If, for reasons not due to the Bidder's fault, such approval shall not have been given on or before the fifteenth day of such month, the due date for purposes of this subsection d shall be the fifteenth day of such month notwithstanding the absence of the approval of the certification.

e. Interest at the rate of ____ percent[6] (____%) per annum shall be paid by the Owner to the Bidder on the final payment for the Project or any completed Section thereof, commencing fifteen (15) days after the due date. The due date for purposes of such final payment shall be the date of approval by the Administrator of all of the documents requiring such approval, as a condition precedent to the making of final payment, or ninety (90) days after the date of Completion of Construction of the Project, as specified in the Certificate of Completion, whichever date is earlier.

f. No payment shall be due while the Bidder is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Bidder the amount of any claim by a third party against either the Bidder or the Owner based upon an alleged failure of the Bidder to perform the work hereunder in accordance with the provisions of this Contract.

Section 2. Release of Liens and Certificate of Contractor. (See sample RUS Form 224, Waiver and Release of Lien and sample RUS Form 231, Certificate of Contractor.) Upon the completion by the Bidder of the Project (or any Section thereof if the Bidder shall elect to receive payment in full for any Section when completed as provided above) but prior to final payment to the Bidder, the Bidder shall deliver to the Owner, in duplicate, releases of all liens and of rights to claim any lien, in the form attached hereto from all manufacturers, materialmen, and subcontractors furnishing services or materials for the Project or such Section and a certificate in the form attached hereto to the effect that all labor used on or for the Project or such Section has been paid and that all such releases have been submitted to the Owner for approval.

Section 3. Payments to Materialmen and Subcontractors. The Bidder shall pay each materialman, and each subcontractor, if any, within five (5) days after receipt of any payment from the Owner, the amount thereof allowed the Bidder for and on account of materials furnished or construction performed by each materialman or each subcontractor.

Article IV—Particular Undertakings of the Bidder

Section 1. Protection to Persons and Property. The Bidder shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the ''Manual of Accident Prevention in Construction'' of the Associated General Contractors of America unless such instructions are incompatible with Federal, State, or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements.

a. The Bidder shall at no time and under no circumstances cause or permit any employee of the Bidder to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in the Notice and Instructions to Bidders.

[4] See Footnote 1.

[5] The Owner shall insert a rate equal to the lowest ''Prime Rate'' listed in the ''Money Rates'' section of the Wall Street Journal on the date such invitation to bid is issued.

[6] See Footnote 5.

b. The Bidder shall so conduct the construction of the Project as to cause the least possible obstruction of public highways.

c. The Bidder shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances and regulations or by local conditions.

d. The Bidder shall do all things necessary or expedient to properly protect any and all parallel, converging and intersecting lines, joint line poles, highways and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways or other property are damaged in the course of the construction of the Project the Bidder shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.

e. Where the right-of-way of the Project traverses cultivated lands, the Bidder shall limit the movement of its crews and equipment so as to cause as little damage as possible to crops, orchards or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during the construction of the Project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. The Bidder shall not be responsible for loss of or damage to crops, orchards or property (other than livestock) on the right-of-way necessarily incident to the construction of the Project and not caused by negligence or inefficient operation of the Bidder. The Bidder shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by the construction of the Project. The right-of-way for purposes of this said section shall consist of an area extending ____ feet on both sides of the center line of the poles along the route of the Project lines, plus such area reasonably required by the Bidder for access to the route of the Project lines from Public roads to carry on construction activities.

f. The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control of the Bidder and during such period of control by the Bidder all risks in connection with the construction of the Project and the materials to be used therein shall be borne by the Bidder. The Bidder shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Bidder by reason of any Act of God or other casualty or cause whether or not the same shall have occurred by reason of the Bidder's negligence.

(i) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Bidder's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Bidder's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Bidder, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Bidder liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.

(ii) To the maximum extent permitted by law, Bidder shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Bidder, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Bidder shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Bidder does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Bidder.

(iii) Bidder shall provide to Owner's satisfaction evidence of Bidder's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

g. Any and all excess earth, rock, debris, underbrush and other useless material shall be removed by the Bidder from the site of the Project as rapidly as practicable as the work progresses.

h. Upon violation by the Bidder of any of the provisions of this Section, after written notice of such violation given to the Bidder by the Engineer or the Owner, the Bidder shall immediately correct such violation. Upon failure of the Bidder so to do the Owner may correct such violation at the Bidder's expense: Provided, however, that the Owner may, if it deems it necessary or advisable, correct such violation at the Bidder's expense without such prior notice to the Bidder.

i. The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.

j. The Bidder shall not proceed with the cutting of trees or clearing of right-of-way without written notification from the owner that proper authorization has been received from the owner of the property, and the Bidder shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on its land in connection with the Project and shall obtain the consent in writing of the Owner before proceeding in any such case.

Section 2. Insurance. The Bidder shall take out and maintain throughout the period of this Agreement the following types and minimum amounts of insurance:

a. Workers' compensation and employers' liability insurance as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employer or employee is not subject to the workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

b. Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million for each occurrence, and $1 million aggregate for accidents during the policy period. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or polices of insurance, primary and excess including umbrella or catastrophe form.

c. Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million for each occurrence, and property damage limits of $1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsection ''b'' and ''c'' of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections ''b'' and ''c'' of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Bidder shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3. Delivery of Possession and Control to Owner.

a. Upon written request of the Owner the Bidder shall deliver to the Owner full possession and control of any portion of the Project provided the Bidder shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of the possession and control of any portion of the Project to the Owner, the risk and obligations of the Bidder as set forth in Article IV, Section 1f hereof with respect to such portion of the Project so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials and workmanship as contained in Article II, Section 6 hereof.

b. Where the construction of a Section as hereinbefore defined in Article II, Section 1c and Article III, Section 1c shall have been completed by the Bidder, the Owner agrees, after receipt of a written request from the Bidder, to accept delivery of possession and control of such Section upon the issuance by the Engineer of a written statement that the Section has been inspected and found acceptable by the Engineer. Upon such delivery of the possession and control of any such Section to the Owner, the risk and obligations of the Bidder as set forth in Article IV, Section 1f hereof with respect to such Section so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Bidder of any liability with respect to defective materials or workmanship as contained in Article II, Section 6 hereof.

Section 4. Energizing the Project.

a. Prior to Completion of the Project the Owner, upon written notice to the Bidder, may test the construction thereof by temporarily energizing any portion or portions thereof. During the period of such test the portion or portions of the Project so energized shall be considered as within the possession and control of the Owner and governed by the provisions of Section 3 of this Article. Upon written notice to the Bidder by the Owner of the completion of such test and upon deenergizing the lines involved therein said portion, or portions of the Project shall be considered as returned to the possession and control of the Bidder unless the Owner shall elect to continue possession and control in the manner provided in Section 3 of this Article.

b. The Owner shall have the right to energize permanently any portion or portions of the Project delivered to its possession and control pursuant to the provisions of Section 3 of this Article.

Section 5. Assignment of Guarantees. All guarantees of materials and workmanship running in favor of the Bidder shall be transferred and assigned to the Owner prior to the time the Bidder receives final payment.

Article V—Remedies

Section 1. Completion on Bidder's Default. If default shall be made by the Bidder or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Bidder and the Surety or Sureties, if any, upon the Contractor's Bond or Bonds a written notice requiring the Bidder to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Bidder such default shall be corrected or arrangements for the correction thereof satisfactory to both the Owner and the Administrator shall be made by the Bidder or its Surety or Sureties, if any, the Owner may take over the construction of the Project and prosecute the same to completion by Contract or otherwise for the account and at the expense of the Bidder, and the Bidder and its Surety or Sureties, if any, shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliances, and plant belonging to the Bidder or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims or demands which the Bidder may have against third persons in connection with this Contract and for such purpose the Bidder does hereby assign, transfer and set over unto the Owner all such rights, claims and demands.

Section 2. Liquidated Damages. The time of the Completion of Construction of the Project is of the essence of the Contract. Should the Bidder neglect, refuse or fail to complete the construction within the time herein agreed upon, after giving effect to extensions of time, if any, herein provided, then, in that event and in view of the difficulty of estimating with exactness damages caused by such delay, the Owner shall have the right to deduct from and retain out of such moneys which may be then due, or which may become due and payable to the Bidder the sum of ____ dollars (____) per day for each and every day that such construction is delayed in its completion beyond the specified time, as liquidated damages and not as a penalty; if the amount due and to become due from the Owner to the Bidder is insufficient to pay in full any such liquidated damages, the Bidder shall pay to the Owner the amount necessary to effect such payment in full; Provided, however, that the Owner shall promptly notify the Bidder in writing of the manner in which the amount retained, deducted or claimed as liquidated damages was computed.

Section 3. Cumulative Remedies. Every right or remedy herein conferred upon or reserved to the Owner or the Government or the Administrator shall be cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election: Provided, however, that the provisions of Section 2 of this Article shall be the exclusive measure of damages for failure by the Bidder to complete the construction of the Project within the time herein agreed upon.

Article VI—Miscellaneous

Section 1. Definitions.

a. The term ''Administrator'' shall mean the Administrator of the Rural Utilities Service of the United States of America and his duly authorized representatives or any other person in whom or authority in which may be vested the duties and functions which the Administrator is now authorized by law to perform.

b. The term ''Engineer'' shall mean the engineer employed by the Owner, with the approval of the Administrator, to provide engineering services for the Project and said Engineer's duly authorized assistants and representatives.

c. The term ''Supervisor'' shall mean the person, if any, appointed by the Administrator as the representative of the Government under the provisions of the Loan Contract providing for such appointment in special cases. The term is limited to such special representative of the Government, if any, who is responsible exclusively to the Administrator and does not refer to the Manager or any other person employed by the Owner and responsible to it.

d. The term ''Project'' shall mean the rural electric system, or portion thereof, described in the Plans and Specifications, Construction Drawings and maps attached hereto.

e. The term ''Completion of Construction'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof except the Bidder's obligations in respect of (1) Releases of Liens and Certificate of Contractor under Article III, Section 2 hereof, (2) the inventory referred to in Article III, Section 1 hereof, and (3) other final documents. The term ''Completion of the Project'' shall mean full performance by the Bidder of the Bidder's obligations under the Contract and all amendments and revisions thereof. The Certificate of Completion, signed by the Engineer and approved in writing by the Owner and the Administrator, shall be the sole and conclusive evidence as to the date of Completion of Construction and as to the fact of Completion of the Project.

Section 2. Materials and Supplies. In the performance of this contract there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, Mexico, or Canada, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States, Mexico, or Canada; provided that other articles, materials, or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. The Seller agrees to submit to the Purchaser such certificates with respect to compliance with the foregoing provision as the Administrator from time to time may require.

Section 3. Patent Infringement. The Bidder shall save harmless and indemnify the Owner from any and all claims, suits and proceedings for the infringement of any patent or patents covering any materials or equipment used in construction of the Project.

Section 4. Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Bidder.

Section 5. Compliance with Statutes and Regulations. The Bidder shall comply with all applicable statutes, ordinances, rules and regulations pertaining to the work. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called ''Kick-Back'' Statute thereto, and 18 U.S.C. §§ 287, 1001, as amended. The Bidder understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental Agencies having jurisdiction in the premises.

Section 6. Equal Opportunity Provisions.

a. Bidder's Representations.

The Bidder represents that:

It has ____, does not have ____, 100 or more employees, and if it has, that it has ____, has not ____, furnished the Equal Employment Opportunity-Employers Information Report EEO–1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Bidder agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Bidder agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than $10,000, the Bidder will file such report, as required by law, and notify the owner in writing of such filing prior to the Owner's acceptance of this Proposal.

b. Equal Opportunity Clause. During the performance of this Contract, the Bidder agrees as follows:

(1) The Bidder will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Bidder will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotions or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection of training, including apprenticeship. The Bidder agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) The Bidder will, in all solicitations or advertisements for employees placed by or on behalf of the Bidder, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) The Bidder will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representative of the Bidder's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Bidder will comply with all provisions of Executive Order 11246 of September 24, 1965, and the rules, regulations and relevant orders of the Secretary of Labor.

(5) The Bidder will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Bidder's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part, and the Bidder may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.

(7) The Bidder will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Bidder will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; Provided, however, that in the event Bidder becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Bidder may request the United States to enter into such litigation to protect the interests of the United States.

c. Certificate of Nonsegregated Facilities. The Bidder certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term ''segregated facilities'' means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 7. Franchises and Rights-of-Way. The Bidder shall be under no obligation to obtain or assist in obtaining: Any franchises, authorizations, permits or approvals required to be obtained by the Owner from Federal, State, County, Municipal or other authorities; any rights-of-way over private lands; or any agreements between the Owner and third parties with respect to the joint use of poles, crossings, or other matter incident to the construction and operation of the Project.

Section 8. Nonassignment of Contract. The Bidder shall perform directly and without subcontracting not less than twenty-five per centum (25%) of the construction of the Project, to be calculated on the basis of the total Contract price. The Bidder shall not assign the Contract effected by an acceptance of this Proposal or any interest in any funds that may be due or become due hereunder or enter into any contract with any person, firm or corporation for the performance of the Bidder's obligations hereunder or any part thereof, without the approval in writing of the Owner and of the Surety or Sureties, if any, on any bond furnished by the Bidder for the faithful performance of the Bidder's obligations hereunder. If the Bidder, with the consent of the Owner and any Surety or Sureties on the Contractor's Bond or Bonds, shall enter into a subcontract with any subcontractor for the performance of any part of this Contract, the Bidder shall be as fully responsible to the Owner and the Government for the acts and omissions of such subcontractor and of persons employed by such subcontractor as the Bidder would be for its own acts and omissions and those of persons directly employed by it.

Section 9. Extension to Successors and Assigns. Each and all of the covenants and agreements herein contained shall extend to and be binding upon the successors and assigns of the parties hereto.

Section 10. Contractor. Upon acceptance of this Proposal, the successful Bidder shall be the Contractor and all references in the Proposal to the Bidder shall apply to the Contractor.

Section 11. Approval by the Administrator. No acceptance of this Proposal shall become effective until approval in writing of the Administrator: Provided, however, that no obligations shall arise hereunder unless such approval is given within forty-five (45) days from the date of acceptance by the Owner.

_____ (Bidder)
By _____ (President)
_____ (Address)
Attest: _____ (Secretary)
Date _____

The Proposal must be signed with the full name of the Bidder. If the Bidder is a partnership, the Proposal must be signed in the partnership name by a partner. If the Bidder is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

Transmission Construction Units

Section 1—Pole Units

A pole unit consists of one pole in place. It does not include pole-top assembly unit or other parts attached to the pole. The first two digits indicate the length of the pole; the third digit shows the classification per A.S.A.

(Example: 45–3 means a pole 45 feet long, class 3.)

Species of Timber: _____

Kind of Preservative: (Check one)

1. Creosote ____; 2. Pentachlorophenol ____; 3. Copper Naphthenate ____; 4. Waterborne preservative—CCA ____ ACZA ____

Method of Treatment: (Check one)

1. Pressure ____; 2. Thermal process: ____

Pole Plan Under Which the Poles are to be Furnished: (Check one)

1. Insured Warranted ____; 2. Independently Inspected ____; 3. Quality Assured ____; 4. Either Insured Warranted, Independently Inspected, or Quality Assured ____

(Engineer to complete above)

Unit No.	No. of units	Unit Price			Extended price—labor & materials
		Labor	Materials	Labor & materials	

Total, Section 1— _____

Section 2—Pole-Top Assembly Units

A pole-top assembly unit consists of the hardware, crossarms and their appurtenances, insulators, etc., except tie wire, required to support the power conductors and overhead ground wire. It does not include the pole, the downlead, and butt coil, which are separate units.

Unit No.	No. of units	Unit Price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
TH					
TP					
TS					
TSS					
TSZ					
TUS–1					
TUS–2					

Total, Section 2— _____

Section 3—Conductor Assembly Units

A conductor assembly unit consists of 1,000 feet of a single conductor or overhead ground wire, and includes tie wire, sleeves for splicing, and armor rods with clips or armor wire where necessary. The length of conductor or overhead ground wire shall be determined by taking the sum of all straight horizontal span distances between pole stakes or from center to center of the poles carrying the conductors. The conductor sizes and types listed are the manufacturer's designation.

____ Tension Stringing (Engineer check when required.)

Unit No.	No. of units	Unit Price			Extended price—labor & materials
		Labor	Materials	Labor & materials	

Total, Section 3— _____

As provided for in the specifications, prior to beginning of work the Bidder will furnish the Engineer the following data on tension equipment:

Diameter Bull Wheel _____ in.

Diameter Groove _____ in.

Conductor Bending Radius _____ in.

Thickness of Neoprene at Bottom of Groove _____ in.

Stringing Sheave Diameter; Tangent _____ in., Large Angle _____ in.

Section 4—Guy Assembly Units

A guy assembly unit consists of the hardware and wire. Guy guards are designated separately.

Unit No.	No. of units	Unit Price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
TG–1					
TG–2					
TG–3					
TG–4					
TG–5					

Total, Section 4— _____

Section 5—Anchor Assembly Units

An anchor assembly unit consists of the anchor with rod or rods, complete, ready for attaching the guy wire.

Unit No.	No. of units	Unit Price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
TA–1–5 TA–1–8 TA–3					

Total, Section 5— _____

Section 6—Miscellaneous Assembly Units

A miscellaneous assembly unit consists of an additional unit needed in the Project for line construction but not otherwise listed in the Proposal.

Unit No.	No. of units	Unit Price			Extended price—labor & materials
		Labor	Materials	Labor & materials	
TM					

Total, Section 6— _____

Section 7—Right-of-Way Clearing Units

TM–12. The unit is 1,000 feet in length and _____ (_____) feet in width (to be measured _____ (_____) feet on one side of pole line or centerline of structures) of actual clearing of right-of-way. This includes clearing of underbrush, tree removal, and such tree trimming as is required so that the right-of-way, except for tree stumps which shall not exceed _____ in height, shall be clear from the ground up on one side of the line of poles carrying conductors (See Detail A, Drawing TM–12–2A.) The length of actual clearing shall be measured in a straight line, parallel to the horizontal line between poles or centerline of structures and across the maximum dimension of foliage cleared projected to the ground line (See Detail B, Drawing TM–12–2A.) All trees and underbrush across the width of the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A.) Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement. All lengths thus arrived at, added together and divided by 1,000 shall give the number of TM–12 units of clearing. The Bidder shall not remove or trim shade, fruit, or ornamental trees unless so directed by the Engineer in writing.

TM–12 (1). This unit is identical with TM–12, except the full width of the right-of-way to be cleared shall be _____ (_____) feet wide (to be measured _____ (_____) feet on each side of the pole line or centerline of structures) (See Detail D, Drawing TM–12–2A.)

TM–13. The unit, for purpose of quoting, is 1,000 feet in length of clearing off the right-of-way. The Engineer will select those trees off the right-of-way that he deems to be a hazard to the line and will designate them to the Bidder in writing as danger trees. When so designated, the Bidder shall remove or top such trees at his option except that the Bidder shall trim and not remove shade, fruit or ornamental trees unless otherwise directed by the Engineer in writing (See Drawings TM–12–2A and TM–13 for examples of danger trees.)

The measurement of length of right-of-way to be cleared shall be considered as a straight line parallel to the horizontal line between poles or centerline of structures, such measurement of length to be based on maximum dimension of foliage (not trunk) projected to the ground line (See Details E, F, G and H, Drawing TM–12–2A.) Dead trees having no foliage shall be measured across the maximum dimension and multiplied by two. (See Detail F, Drawing TM–12–2A.) Each tree so removed shall be added together to determine the total length of clearing. All lengths thus arrived at, added together and divided by 1,000 shall give the number of TM–13 units (Example: Details E, F, G and H, Drawing TM–12–2A, total 0.10 of a TM–13 unit.)

TMC–12, TMC–12 (1). These units are identical to the respective TM units except that chemical treatment of stumps is required in addition to the clearing of underbrush, tree removal and tree trimming. TM–14. The unit is 1,000 feet in length and _____ (_____) feet in width (to be measured feet on one side of right-of-way center line) of actual clearing of right-of-way. Trees and underbrush should be cleared from the ground up within 10 feet of any structure location. The Engineer will mark the trees and brush to be cleared to provide ''undulating'' boundaries. Low growing trees and brush are to be left in the right-of-way to the extent it will not be hazardous to the line or will not interfere with the service road. The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or center line of structures and across the maximum dimension of foliage cleared projected to the ground line (See Detail B, Drawing TM–12–2A.) All trees and underbrush cleared across the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A.) Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement.

TM–14 (1). This unit is identical with TM–14 except the full width of the right-of-way to be cleared shall be _____ (_____) feet wide (See Detail D, Drawing TM–12–2A.)

TM–15. The unit is 1,000 feet in length and _____ feet in width (to be measured _____ (_____) feet on one side of the right-of-way center line) of actual clearing of the right-of-way. Trees and underbrush should be cleared from ground up within 10 feet of any structure location. The Engineer will mark the trees and brush to be cleared to provide a ''feathered'' appearance in the right-of-way. Low growing trees and brush are to be left in the right-of-way to the extent it will not be hazardous to the line or will not interfere with the service road.

The length of actual clearing shall be measured in a straight line parallel to the horizontal line between poles or center line of structures and across the maximum dimension of foliage cleared projected to ground line (See Detail B, Drawing TM–12–2A). All trees and underbrush cleared across the right-of-way shall be considered to be grouped together as a single length in measuring the total length of clearing (See Detail C, Drawing TM–12–2A). Spaces along the right-of-way in which no trees are to be removed or trimmed or underbrush cleared shall be omitted from the total measurement.

TM–15 (1). This unit is identical to TM–15 except the full width of the right-of-way, to be cleared shall be _____ (_____) feet wide (See Detail D, Drawing TM–12–2A).

Additional Requirements. (When specifying TM units denote type of disposal A or B).

A. Trees, brush, branches and refuse shall, without delay, be disposed of by such of the following methods as the Engineer will direct Engineer to strike out methods not to be used)
   1. Burned
   2. Piled on one side of right-of-way
   3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
   4. Other (Describe)_____

B. Trees that are felled shall be cut to commercial wood lengths, stacked neatly, and left on the right-of-way for the landowner. Commercial wood length means the length designated by the Engineer but in no case shall it be required to be less than _____ (_____) feet. Brush, branches and refuse shall, without delay, be disposed of by such of the following methods as the Engineer will direct (Engineer to strike out methods not to be used).

1. Burned
2. Piled on one side of right-of-way
3. Roller chopped and left on right-of-way in such a manner as not to obstruct roads, ditches, drains, etc.
4. Other (Describe)_____

Transmission Right-of-Way Unit

Unit No.	No. of units	Unit Price			Extended price—labor & materials
		Labor	Materials	Labor & materials	

Total Section 7—_____

Section 8—Substation Assembly Units

Description of Construction Units. Each Construction Unit consists of a complete installation of the designated portion of a substation as specified on the drawings, together with connections to associated equipment. Each Construction Unit represents all labor and material including necessary accessories completely installed and tested in satisfactory operation. Full identification of each Construction Unit and all necessary specifications of the installation is shown on the drawings.

Items of material in each Construction Unit shall be of the designated size, rating, type, voltage, or other specification in accordance with the drawings. The bill of material drawing for each substation shows the identification of the Construction Units under which the material is to be installed and shows which items of material may be partly or entirely found in the lists of owner-furnished materials. All items of equipment, unless otherwise specified, are mounted on a structure which shall be a Construction Unit of Group A.

Each Construction Unit is designated by the letter of the Group to which it belongs and an identifying number. The same item of equipment carries the same Construction Unit designation in all the substations. Items of equipment designated by the same Construction Unit in one substation are of only one kind as to voltage, type and other specifications. The tabulation of construction units for each substation is separate and contains all units necessary for construction of that substation.

Group A. Structures. A Construction Unit consists of a structure, or structures, with bus supports including insulators and fittings, buses, conductors and overhead ground wires to adjacent structures within the substation, grounding material to connect equipment with the ground bus, and associated material including mounting brackets, supports for equipment, clamps and connectors, all as specified in the drawings.

Group B. Three-Pole Group Operated Air Break Switches. A Construction Unit consists of one 3-pole group operated air break switch with all accessories and operating mechanisms as specified in the drawings.

Group C. Lightning Arresters. A Construction Unit consists of one single-phase lightning arrester.

Group D. Single Pole Disconnecting Switches. A Construction Unit consists of one single pole disconnecting or by-pass switch as specified in the drawings. If a fuse disconnect switch is specified, the fuse is included with the switch.

Group E. Oil Circuit Breakers. A Construction Unit consists of one complete three-phase power circuit breaker complete with supporting frame and control cabinet, unless shown otherwise in the drawings, mounted as specified in the drawings.

Group F. Oil Circuit Reclosers. A Construction Unit consists of a complete single-phase or three-phase oil circuit recloser as specified in the drawings.

Group G. Meters, Relays and Instrument Transformers. A Construction Unit consists of one meter, relay, potential transformer or current transformer.

Group H. Transformers. A Construction Unit consists of one power transformer or one station service transformer either single-phase or three-phase as specified in the drawings.

Group I. Voltage Regulators. A Construction Unit consists of one single-phase or three-phase voltage regulator as specified in the drawings.

Group J. Communications and Supervisory Control Equipment. A Construction Unit consists of carrier current equipment, microwave, or other types of communications and supervisory control equipment as specified in the drawings.

Group K. Conduit and Cable. A Construction Unit consists of the wire, cable, conduit and accessories necessary to complete the installation of equipment in accordance with the specifications and drawings, where such installation has not been included in other Groups.

Group L. Foundations. A Construction Unit consists of concrete footings and foundations except for the fence, as specified in the drawings.

Group M. Site Preparation. A Construction Unit consists of clearing, grading, drainage work, and surfacing, as specified in the drawings.

Group N. Fence. A Construction Unit consists of the complete installation of the fence, gates, etc., as specified in the drawings.

Group O. Station Grounding. A Construction Unit consists of the complete ground bus including ground rods, grounding mats or platforms, except as otherwise provided in other Groups, with connections to structures, equipment, and fence as specified in the drawings.

Group P. Building. A Construction Unit consists of a control building or cabinet, on a foundation of Group L and the facilities and equipment installed therein as specified in the drawings, except as otherwise provided in other Groups.

Other Groups. The Engineer shall specify such additional Groups as may be necessary for the completion of the Project. Description of these Groups shall be provided by an addition to this Section of the Specifications for Construction.

_____ Station Construction Units
Unit No. _____
Name and Description of Construction Unit _____
No. of Units _____
Unit Prices _____
Labor _____
Materials _____
Labor and Materials _____
Extended Price—Labor and Materials _____
Total Price _____

Proposal Summary

Recapitulation of Sections:

Section—1 _____ $ _____
Section—2 _____ $ _____
Section—3 _____ $ _____
Section—4 _____ $ _____
Section—5 _____ $ _____
Section—6 _____ $ _____
Section—7 _____ $ _____
Section—8 _____ $ _____
Total _____ $ _____

Acceptance

Subject to the approval of the Administrator, the Owner hereby accepts the foregoing Proposal of the Bidder, _____ for the construction of the following:

Transmission Construction Units: Sections: _____

The total contract price is $ _____
_____ Owner
By _____ President
_____ Secretary
_____ Date of Contract

[End of clause]

§§ 1726.353–1726.399 [Reserved]

Subpart J—Contract Closeout

§ 1726.400 Final contract amendment.

As needed, a final contract amendment will be prepared and processed in accordance with § 1726.24(b) prior to or in conjunction with the closeout of the contract.

§ 1726.401 Material contract closeout.

This section is applicable to contracts executed on RUS Form 173.

(a) *Delivery inspection.* The borrower (acting through its engineer, if applicable) will verify that all materials are delivered in proper quantities, in good condition, and in compliance with applicable specifications.

(b) *Closeout documents.* The borrower (acting through its engineer, if

applicable) will obtain from the supplier a ''Buy American'' certificate, RUS Form 213, any manufacturer's guarantee(s) and, if applicable, a copy of RUS Form 224, Waiver and Release of Lien. Closeout documents for materials contracts need not be submitted to RUS unless specifically requested by RUS on a case by case basis.

(c) *Final payment.* Upon completion of the actions required under paragraphs (a) and (b) of this section, the borrower shall make final payment to the supplier in accordance with the provisions of the material contract or written purchase order.

§ 1726.402 Equipment contract closeout.

This section is applicable to contracts executed on RUS Form 198.

(a) *Final inspection and testing of equipment.* The borrower (acting through its engineer, if applicable) will perform the final inspection and testing of equipment as appropriate for the specific equipment. The borrower (acting through its engineer, if applicable) will schedule such inspection and testing at a time mutually agreeable to the borrower, engineer, and the supplier or manufacturer. Within thirty (30) days after completion of the inspection and testing, the borrower (acting through its engineer, if applicable) will prepare a report of the inspection and testing, obtain a copy of the report from the engineer, and submit a copy to the supplier or manufacturer. This report must include a detailed description of the methods of conducting the test(s), observed data, comparison of guaranteed and actual performance, and recommendations concerning acceptance. The borrower will obtain from the engineer a written certification stating that the equipment has been installed, placed in satisfactory operation and tested, and meets the contract requirements. Where more than one-hundred and eighty (180) days have elapsed since the delivery of the equipment and the equipment has not been installed or tested, the contract may be closed out upon certification by the engineer that the equipment has been inspected and appears to be in accordance with the contract requirements.

(b) *Closeout documents.* (1) The borrower (acting through its engineer, if applicable) will obtain the following executed documents:

(i) Certification by the project engineer in accordance with paragraph (a) of this section.

(ii) All guarantees or warranties.

(iii) A ''Buy American'' certificate, RUS Form 213, from the supplier or manufacturer.

(2) Closeout documents for materials contracts need not be submitted to RUS unless specifically requested by RUS.

(c) *Final payment.* Upon completion of the actions required under paragraphs (a) and (b) of this section, the borrower will make final payment to the supplier or manufacturer in accordance with the provisions of the equipment contract.

§ 1726.403 Project construction contract closeout.

This section is applicable to contracts executed on RUS Forms 200, 203, 257, 764, 786, 830, and 831.

(a) *Final test of equipment supplied under a construction contract.* If equipment is supplied under a construction contract, the borrower (acting through its architect or engineer, if applicable) will perform the final inspection and testing of equipment as appropriate for the specific equipment. The borrower (acting through its architect or engineer, if applicable) will schedule such inspection and testing at a time mutually agreeable to the borrower, architect or engineer, and the contractor. Within thirty (30) days after completion of the inspection and testing, the borrower (acting through its architect or engineer, if applicable) will prepare a report of the inspection and testing, obtain a copy of the report from its architect or engineer, and submit a copy to the contractor. This report must include a detailed description of the methods of conducting the test(s), observed data, comparison of guaranteed and actual performance, and recommendations concerning acceptance. The borrower will obtain from its architect or engineer a written certification stating that the equipment has been installed, placed in satisfactory operation and tested, and meets the contract requirements. Where more than one-hundred and eighty (180) days have elapsed since the delivery of the equipment and the equipment has not been installed or tested, the contract may be closed out upon certification by its architect or engineer that the equipment has been inspected and appears to be in accordance with the contract requirements.

(b) *Final inspection of construction.* The borrower will require the contractor to notify the architect or engineer when construction is complete. The borrower (acting through the architect or engineer, if applicable) will schedule such final inspection at a time mutually agreeable to the borrower, architect or engineer, contractor, and the respective RUS General Field Representative (GFR), if the GFR has notified the borrower or its architect or engineer of a desire to observe the final inspection. The borrower (acting through its architect or engineer, if applicable) will perform a final inspection of the construction and notify the contractor of any required changes or corrections.

(c) *Closeout documents.* (1) Upon satisfactory completion of construction (including all changes and corrections by the contractor), the borrower (acting through its architect or engineer, if applicable) will obtain executed copies of the following documents:

(i) RUS Form 181, Certificate of Completion, Contract Construction for Buildings (for contracts executed on RUS Form 257), or RUS Form 187, Certificate of Completion, Contract Construction (for contracts executed on all other forms under this section).

(ii) RUS Form 213, ''Buy American'' certificate.

(iii) RUS Form 224, Waiver and Release of Lien, from each manufacturer, supplier, and contractor which has furnished material or services or both in connection with the construction.

(iv) RUS Form 231, Certificate of Contractor.

(v) RUS Form 254, Construction Inventory, including all supporting documents, such as RUS Forms 254a-c, construction change orders, and amendments for contracts executed on RUS Forms 203, 764, 830 or 831.

(vi) Certification by the project architect or engineer in accordance with § 1726.403(a), if applicable.

(vii) Final design documents, as outlined in part 1724 of this chapter.

(2) *Distribution of closeout documents.* (i) The borrower will retain one copy of each of the documents identified in paragraph (c)(1) of this section in accordance with applicable RUS requirements regarding retention of records.

(ii) For contracts subject to RUS approval, the borrower will submit the following closeout documents for RUS approval (through the GFR except for generation projects):

(A) RUS Form 181, Certificate of Completion, Contract Construction for Buildings (for contracts executed on RUS Form 257), or RUS Form 187, Certificate of Completion, Contract Construction (for contracts executed on all other forms under this section).

(B) RUS Form 231, Certificate of Contractor.

(C) RUS Form 254, Construction Inventory, including all supporting documents, such as RUS Forms 254a-c and construction change orders, for

contracts executed on RUS Forms 203, 764, or 831.

(iii) For contracts not subject to RUS approval, the closeout is not subject to RUS approval. The borrower will send one copy of RUS Form 181 or RUS Form 187 (as applicable) to RUS for information prior to or in conjunction with the applicable RUS Form 219, Inventory of Work Orders. The remaining closeout documents need not be sent to RUS unless specifically requested by RUS.

(d) *Final payment.* (1) The borrower will make final payment to the contractor upon completion of approval of all closeout documents by the parties to the contract, in accordance with the terms of the construction contract.

(2)(i) Upon receipt of final payment by the contractor, the borrower will obtain from the contractor a certification of receipt of final payment in the following form:

''The undersigned acknowledges receipt of the final contract payment of $____ as satisfaction in full of all claims of the undersigned under the construction contract between the undersigned and ____ (borrower), dated as amended, and as complete performance by the latter of all obligations to be performed by it pursuant thereto. The total amount received under this contract is shown above.''

(ii) The certification in paragraph (d)(2)(i) of this section is to be executed for the contractor by: the sole owner, a partner, or an officer of the corporation. Where this certification is executed for the corporation by a person other than the president, a certified copy of the authorization from the corporate board must be included with the certification. This certification is not a replacement for itemized invoices.

§ 1726.404 Non-site specific construction contract closeout.

This section is applicable to contracts executed on RUS Forms 201, 790, and 792.

(a) *Final test of equipment supplied under a construction contract.* If equipment is supplied under a construction contract, the borrower (acting through its engineer, if applicable) will perform the final inspection and testing of equipment as appropriate for the specific equipment. The borrower (acting through its engineer, if applicable) will schedule such inspection and testing at a time mutually agreeable to the borrower, its engineer, and the contractor. Within thirty (30) days after completion of the inspection and testing, the borrower (acting through its engineer, if applicable) will prepare a report of the inspection and testing, obtain a copy of the report from its engineer, and submit a copy to the contractor. This report must include a detailed description of the methods of conducting the test(s), observed data, comparison of guaranteed and actual performance, and recommendations concerning acceptance. The borrower will obtain from the engineer a written certification stating that the equipment has been installed, placed in satisfactory operation and tested, and meets the contract requirements. Where more than one-hundred and eighty (180) days have elapsed since the delivery of the equipment and the equipment has not been installed or tested, the contract may be closed out upon certification by the engineer that the equipment has been inspected and appears to be in accordance with the contract requirements.

(b) *Final inspection of construction.* The borrower will require the contractor to notify its engineer when construction of a section of the project is complete. The borrower (acting through its engineer, if applicable) will schedule such final inspection at a time mutually agreeable to the borrower, its engineer, contractor, and the respective GFR, if the GFR has notified the borrower or its engineer of a desire to observe the final inspection. The borrower (acting through its engineer, if applicable) will perform a final inspection of the construction of that section of the project and notify the contractor of any required changes or corrections.

(c) *Closeout documents.* (1) Upon satisfactory completion of construction of a section of the project (including all changes and corrections by the contractor), the borrower (acting through its engineer, if applicable) will obtain executed copies of the following documents:

(i) RUS Form 792b, Certificate of Contractor and Indemnity Agreement

(ii) RUS Form 213, ''Buy American'' certificate.

(iii) Certification by the project engineer in accordance with paragraph (a) of this section, if applicable.

(iv) Final design documents, as outlined in part 1724 of this chapter.

(2) *Distribution of closeout documents.* (i) The borrower will retain one copy of each of the documents identified in paragraph (c)(1) of this section in accordance with applicable RUS requirements regarding retention of records.

(ii) For contracts not subject to RUS approval, the closeout is not subject to RUS approval and the closeout documents need not be sent to RUS unless specifically requested by RUS.

§ 1726.405 Inventory of work orders (RUS Form 219).

Upon completion of the contract closeout, the borrower shall complete RUS Form 219, Inventory of Work Orders, in accordance with part 1717, Post-Loan Policies and Procedures Common to Insured and Guaranteed Electric Loans, of this chapter.

Dated: February 1, 1995.

Bob J. Nash,

Under Secretary, Rural Economic and Community Development.

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