

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

1. Reference the Cumberland Valley Application generally. Provide all tables and exhibits referenced in or supporting the Application and testimony in their native electronic format (i.e. Microsoft Word, Microsoft Excel), with data including formulae in all cell and rows fully intact and fully accessible.

A. Provide all relevant and supporting worksheets in electronic format with data including formulae in all cells and rows fully intact and fully accessible.

Response:

Cumberland Valley has attached the requested tables and exhibits as part of this filing.

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2. Reference the Cumberland Valley Application generally. Provide all invoices from outside experts, consultants, and legal counsel related to the current rate case, as well as the total amount expended thus far. Provide this information on an ongoing basis.

Response:

Cumberland Valley has attached the requested copies of invoices as pages 2 and 3 of this item. The total amount expended on the rate case as of 7/31/16 is \$62,223.53.

Alan M. Zumstein, CPA
Certified Public Accountant
1032 Chetford Drive
Lexington, Kentucky 40509
859-264-7147
zumstein@windstream.net

June 12, 2016

Cumberland Valley Electric, Inc.
PO Box 440
Gray, Kentucky 40734

Assist Cumberland Valley's staff and consultant with gathering information for schedules and exhibits in connection with Case No. 2014-00169:

	<u>Hours</u>	<u>Miles</u>
January, 2016	8	180
Kick-off meeting, discuss billing and other adjustments		
March, 2016	14	0
Revenue requirement adjustments		
April, 2016	32	360
Revenue requirement adjustments and schedules and exhibits for filing the application		
May, 2016	48	900
Revenue requirement adjustments and schedules and finalize exhibits for filing the application		
June, 2016	18	180
Revenue requirement adjustments and schedules and finalize exhibits for filing the application and responses to First Data Request of Commission Staff		
Hours	120	@ \$125 \$ 15,000
Miles	1,620	@ \$0.50 <u>810</u>
Total due		<u>\$ 15,810</u>

Federal ID number 35-1877201

INVOICE FOR SERVICES RENDERED

James R. Adkins
2189 Roswerll Dr
Lexington, KY 40513-1811

July 5, 2016

Mr. Robert Tolliver
Office Mnanager
Cumberland Valley Electric
Highway 25E,
Gray, Kentucky 40734

RATE CASE PREPARATION ACTIVITIES - JANUARY THROUGH JUNE 2016

Month	Description	Hours	Mileage
January	Billing Analysis	18.50	
	Margins Evaluations	6.75	
	Initiate Cost of Service Study	12.50	
	Test Year Adjustment Development	10.00	
February	COSS - Allocation of Costs to Rate Classes	38.75	420
	Class Revenue Requirements	10.00	
	Increase amounts by Rate Class	8.25	
March	Rate Design	6.00	
	Class Revenue Requirements	3.25	420
	Increase amounts by Rate Class	4.00	
	Rate Design	4.00	
April	Preparation of Testimony	16.00	
	COSS - Allocation of Costs to Rate Classes	10	
	Development of Application Documents	20.00	
May	Advertising Development	6.00	
	Testimony Finalized	4.00	
June	Preparation of Documents for Application	18.00	
	PSC Data Request No. 1 Responses	4.00	
	Finalize Application & PSC Dara Request # 1	16.50	420
TOTAL HOURS AND MILEAGE		216.50	1260.0
RATE		\$ 125.00	\$ 0.55
TOTALS		\$ 27,062.50	\$ 693.00
AMOUNT OF INVOICE			\$ 27,755.50

James R. Adkins

A DISABLED AMERICAN COMBAT VETERAN OWNED SERVICE

Cumberland Valley Electric, Inc.
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3. Reference the Cumberland Valley Application generally. Provide full copies of the Board of Director's ("BOD") meeting minutes for every BOD meeting that has taken place from 5/1/2015 up until the present time where rates were discussed.

Response:

Cumberland Valley has provided the requested Board of Director's meeting minutes as pages 2 - 21 of this item.

REGULAR BOARD MEETING

November 12, 2015

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, November 12, 2015 at 6:00 p.m.

Board Members and Attorney in attendance were:

Vernon Shelley, President	Elbert Hampton, Director
Roger Vanover, Vice President	Kermit Creech, Director
Lansford Lay, Secretary-Treasurer	Kevin Moses, Director
Chester Davis-Director	Pat Hauser, Attorney

The following topics were discussed:

- Minutes
- Connects
- Managers' Report
 - Safety Report
 - Right of Way
- Operating Report
- Christmas Bonus
- Internal Audit
- Stolen Generator
- Solar Power Generator
- Attorney
- Adjournment

MINUTES

Upon motion made by Lansford Lay, seconded by Elbert Hampton the minutes of the October meeting were approved as mailed with all directors voting in favor.

NEW CONNECTS

Upon motion made by Kevin Moses, seconded by Roger Vanover the one hundred forty six (146) new paying membership fees were approved as written with all directors voting in favor.

MANAGER'S REPORT

Mr. Hampton discussed the following:

- : No accidents for the month of October.
- : Right of Way Crew working Letcher County and Leslie County.
- : Engineers Report from Neil Watkins and Hannah Garland.
- : Meter readings and changes for the month.
- : Preliminary Operating Report for the month of October suspecting a loss of \$100, 000.00.
- : Alan Zumstein and Jim Adkins to start working on a rate increase for CV in mid-December.
- : Cumberland Valley changing over Jellico Substation to 25 KV on November 16.
- : CVE sending completed Depreciation Study to the PSC and RUS on December 16.

CHRISTMAS BONUS

Mr. Hampton discussed a Christmas Bonus for all of CVE employees. Motion was made by Roger Vanover, seconded by Chester Davis to award a bonus in the amount of \$200.00. All directors were in favor.

Cumberland Valley will have a Christmas Dinner for all employees and their families on December 4 at the Corbin Tech Center.

INTERNAL AUDIT

Mr. Hampton reported on the Internal Audit that Robert Prevatte has just completed for CVE and advised the board to review it and ask for any thoughts or suggestions on the report at the December Board Meeting.

STOLEN GENERATOR

Mr. Hampton reported that a generator was taken from one of EKP's communication control sites in the Slope Hollow area of Harlan County, off of KY 179, they are asking for any tips to be reported to the KSP.

SOLAR POWER GENERATOR

East Kentucky Power is doing a study on a 5 megawatts Solar Powered Generator Unit at the Smith Site in Clark County that will take 1-1 ½ years to complete. When it is completed and employees have been trained they will look to install a unit at CVE.


ATTORNEY

Pat Hauser reported on two bankruptcy cases in Harlan County and advised one was protected by a bond of \$25,000 and that we had taken a loss on a the 2nd mine because the bond was not large enough to cover it.

ADJOURNMENT

There being no further business before the board at this time a motion was made by Elbert Hampton, seconded by Lansford Lay, the meeting was adjourned.


Lansford Lay, Secretary-Treasurer


Vernon Shelley, President

REGULAR BOARD MEETING

January 14, 2016

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, January 14, 2016 at 6:00 p.m.

Board Members and Attorney in attendance were:

Vernon Shelley, President	Elbert Hampton, Director
Roger Vanover, Vice President	Kermit Creech, Director
Lansford Lay, Secretary-Treasurer	Kevin Moses, Director
Chester Davis-Director	Pat Hauser, Attorney (teleconference)

The following topics were discussed:

- Minutes
- Connects
- Managers' Report
 - Safety Report
 - Right of Way
- Operating Report
- Write Offs
- Cyber Insurance
- Attorney
- Adjournment

MINUTES

Upon motion made by Lansford Lay, seconded by Kermit Creech the minutes of the December meeting were approved as mailed with all directors voting in favor.

NEW CONNECTS

Upon motion made by Chester Davis, seconded by Roger Vanover the one hundred twenty six (126) new paying membership fees were approved as written with all directors voting in favor.

MANAGER'S REPORT

Mr. Hampton discussed the following:

- : No accidents for the month of December.
- : Right of Way Crew working Hwy 26 in Whitley County, Pine Mt in Harlan County.
- : Engineers Report from Neil Watkins and Hannah Garland.
- : Meter readings and changes for the month.
- : Preliminary Operating Report for the month of December suspecting a loss.
- : Alan Zumstein and Jim Adkins Rate Case that will be reported on in March.
- : Mark Aber's 2016-2020 Work Plan for Cumberland Valley with details in March.
- : Water Leak at Cumberland almost finished by Green Construction.

WRITE-OFFS

Mr. Hampton discussed the write-offs with the board and afterwards a motion was made by Kermit Creech, seconded by Chester Davis to accept the bad debts in the amount of \$115,909.81. All directors in favor.

CYBER INSURANCE


Mr. Hampton discussed Cyber Insurance for Cumberland Valley and motion was made by Chester Davis, seconded by Elbert Hampton to purchase the million dollar coverage for the company with the premium being \$5000.00. All director in favor.

ATTORNEY

Pat Hauser reported on a Coal Company Bankruptcy Case and stated he and Miles Apple were working on the Cumberland River (a subsidiary of Arch) Case and would keep the board informed as it progressed.

ADJOURNMENT

There being no further business before the board at this time a motion was made by Elbert Hampton, seconded by Lansford Lay, the meeting was adjourned.



Lansford Lay, Secretary-Treasurer



Vernon Shelley, President

REGULAR BOARD MEETING
February 11, 2016

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, February 11, 2016 at 6:00 p.m.

Board Members and Attorney in attendance were:

Vernon Shelley, President	Elbert Hampton, Director
Roger Vanover, Vice President	Kermit Creech, Director
Lansford Lay, Secretary-Treasurer	Kevin Moses, Director
Chester Davis-Director	Pat Hauser, Attorney (teleconference)

The following topics were discussed:

- Minutes
- Connects
- Managers' Report
 - Safety Report
 - Right of Way
- Operating Report
- Work Plan
- Loan Application
- Annual Meeting
- By-Law changes
- Rate Case
- Storm Damages
- Federated Insurance
- Attorney

MINUTES

Upon motion made by Roger Vanover, seconded by Chester Davis, the minutes of the January meeting were approved as mailed with all directors voting in favor.

NEW CONNECTS

Upon motion made by Kevin Moses, seconded by Lansford Lay, the one hundred and four (104) new paying membership fees were approved as written with all directors voting in favor.

MANAGER'S REPORT

Mr. Hampton discussed the following:

- : No accidents for the month of January. Mr. Hampton did inform the board that Cumberland Valley Employee, Randall Campbell, had suffered a heart attack, but is recovering well.
- : Right of Way Crew working at Goldbug in Whitley County, and Pine Mt in Harlan County.
- : Engineers Report from Neil Watkins and Hannah Garland.
- : Meter readings and changes for the month.
- : Preliminary Operating Report for the month December, 2015 shows a loss of over \$37,000.00 for the year.
- : Jim Adkins and Robert Tolliver will discuss the Rate Case at the March board meeting.
- : Steve Conover and Mark Abner will discuss 2016-2020 Work Plan for Cumberland Valley will also be discussed at the March board meeting.
- : Loan Application with Rural Utility Services will be submitted soon.
- : Recent Snow Storm Jonas will cost Cumberland Valley Electric approximately \$400,000.00.

ANNUAL MEETING

Mr. Hampton advised the board that Cumberland Valley Electric's 2016 Annual Meeting has been set for June 10, 2016 at the Knox County Middle School, in Barbourville. Motion was made by Lansford Lay, seconded by Chester Davis for this date to be approved. All directors in favor.

ATTORNEY

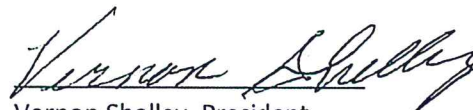
Pat Hauser, Cumberland Valley Electric attorney discussed the dissolution of Jackson Cumberland Energy Incorporated. After a thorough discussion, motion was made by Chester Davis, seconded by Kermit Creech, for Jackson Cumberland Energy Incorporated to be dissolved. All directors in favor.

ADJOURNMENT

There being no further business before the board at this time a motion was made by Elbert Hampton, seconded by Lansford Lay, the meeting was adjourned.



Lansford Lay, Secretary-Treasurer



Vernon Shelley, President

REGULAR BOARD MEETING

March 17, 2016

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, March 17, 2016 at 6:00 p.m.

Board Members and Attorney in attendance were:

Vernon Shelley, President	Elbert Hampton, Director
Roger Vanover, Vice President	Kermit Creech, Director
Lansford Lay, Secretary-Treasurer	Kevin Moses, Director
Chester Davis-Director	Pat Hauser, Attorney

The following topics were discussed:

- Minutes
- Connects
- Managers' Report
 - Safety Report
 - Right of Way
- Operating Report
- Work Plan
- Rate Case

MINUTES

Upon motion made by Roger Vanover, seconded by Elbert Hampton, the minutes of the February meeting were approved as mailed with all directors voting in favor.

NEW CONNECTS

Upon motion made by Lansford Lay, seconded by Kermit Creech, the one hundred and seventy-nine (179) new paying membership fees were approved as written with all directors voting in favor.

MANAGER'S REPORT

Mr. Hampton discussed the following:

- : No accidents for the month of February.
- : Right of Way Crew working at US 25W in Whitley County, and Big Laurel in Harlan County.
- : Engineers Report from Neil Watkins and Hannah Garland.
- : Meter Readings and Meter Changes for the month.
- : Rolling Line Loss
- : Cut offs/ Re-Connects

OPERATING REPORT

Ms. Barbara Elliott of Cumberland Valley Electric, reviewed the January and February 2016 operating report with the Board of Directors.

RATE CASE

Mr. Robert Tolliver and Ms. Barbara Elliot of Cumberland Valley Electric staff, along with Mr. Jim Adkins, reviewed a rate increase with the board. After reviewing said presentation showing approximately two million dollar (\$2,000,000.00) in additional revenue was needed, the Board of Directors advised Mr. Adkins and Mr. Tolliver to proceed with the application to the Public Service Commission to increase Cumberland Valley Electric's rates. Motion was made to proceed by Chester Davis, seconded by Kevin Moses. All directors in favor.

WORK PLAN

Mr. Hampton presented a four (4) year work plan including dates January 1, 2016 through December 31, 2019. After reviewing said work plan, motion was made by Lansford Lay, seconded by Kermit Creech to accept the plan as presented. All directors in favor.

POLICIES

Mr. Hampton presented a new Employee Check Cashing Policy to the Board of Directors. After reviewing said policy, motion was made by Kermit Creech, seconded by Roger Vanover, to approve the policy as presented. All directors in favor.

Mr. Hampton also presented the following new IT policies:

Remote Access	Wireless Access	System Patching	Incident Management
Network Management	Physical and Environmental Security		Personal Security
Accountability of Assets			

After reviewing said policies, motion was made by Chester Davis, seconded by Kermit Creech, to approve these policies as presented. All directors in favor.

GATE

Mr. Hampton informed the board that Cumberland Valley Electric would be installing an electric gate at the Cumberland office.

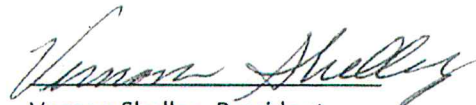
OTHER BUSINESS

A list of checks were presented to the board for review. Motion was made to approve said list of checks as presented, by Elbert Hampton , seconded by Kevin Moses, with all directors in favor.

ADJOURNMENT

There being no further business before the board at this time a motion was made by Elbert Hampton, seconded by Lansford Lay, the meeting was adjourned.


Lansford Lay, Secretary-Treasurer


Vernon Shelley, President

REGULAR BOARD MEETING
April 14, 2016

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, April 14, 2016 at 6:00 p.m.

Board Members and Attorney in attendance were:

Vernon Shelley, President	Elbert Hampton, Director
Roger Vanover, Vice President	Kermit Creech, Director
Lansford Lay, Secretary-Treasurer	Kevin Moses, Director
Chester Davis-Director	Pat Hauser, Attorney

The following topics were discussed:

- Minutes
- Connects
- Managers' Report
 - Safety Report
 - Right of Way
- Operating Report
- Rate Case
- Cyber Security

MINUTES

Upon motion made by Kevin Moses, seconded by Roger Vanover, the minutes of the March meeting were approved as mailed with all directors voting in favor.

NEW CONNECTS

Upon motion made by Kermit Creech, seconded by Elbert Hampton, the one hundred and seventy-nine (179) new paying membership fees were approved as written with all directors voting in favor.

MANAGER'S REPORT

Mr. Hampton discussed the following:

: No accidents for the month of February. However, Mr. Hampton did inform the board that one of East Kentucky Power employees had suffered a life threatening accident and may not survive.

- : Right of Way Crew working at Canada Town in Whitley County, and Pine Mountain in Harlan County.
- : Engineers Report from Neil Watkins and Cumberland Office.
- : Meter Readings and Meter Changes for the month.
- : Rolling Line Loss
- : Cut offs/ Re-Connects

OPERATING REPORT

Mr. Hampton presented the January, February 2016 operating report, as well as the projected March 2016 operating report to the Board of Directors for review.

KY57-990

Mr. Hampton also presented the 2016 KY57-990 prepared by Mr. Alan Zumstein to the Board of Directors. Said documents were reviewed and discussed by the Board of Directors.

RATE CASE

Mr. Hampton and Mr. Hauser, Cumberland Valley attorney, discussed the proposed Rate Case with the Board of Directors.

CYBER SECURITY

Mr. Hampton reviewed with the Board of Directors, the Cyber Security report prepared by Cumberland Valley Staff.

POLE ATTACHMENT COUNT

Mr. Hampton informed the board that Mr. Homer Johnson, one of Cumberland Valley Electric's retired employees had been retained to count pole attachments in Harlan and Letcher counties.

FIBER OPTIC SERVICE

Mr. Pat Hauser, Attorney for Cumberland Valley Electric, reported on contract negotiations between Cumberland Valley Electric and the State of Kentucky for fiber optic services coming through our area.

RESOLUTION

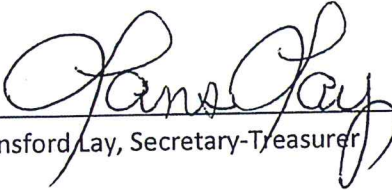
After presentation and discussion, a motion was made by Elbert Hampton, second by Roger Vanover to authorize the request for Rural Utility Service to change budget purpose code.

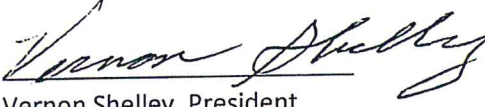
OTHER BUSINESS

A list of checks were presented to the board for review. Motion was made to approve said list of checks as presented, by Elbert Hampton , seconded by Kevin Moses, with all directors in favor.

ADJOURNMENT

There being no further business before the board at this time a motion was made by Chester Davis, seconded by Lansford Lay, the meeting was adjourned.


Lansford Lay, Secretary-Treasurer


Vernon Shelley, President

REGULAR BOARD MEETING
May 12, 2016

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, May 12, 2016 at 6:00 p.m.

Board Members and Attorney in attendance were:

Vernon Shelley, President	Elbert Hampton, Director
Kermit Creech, Director	Kevin Moses, Director
Lansford Lay, Secretary-Treasurer	Pat Hauser, Attorney
Chester Davis-Director	

The following topics were discussed:

- Minutes
- Connects
- Managers' Report
 - Safety Report
 - Right of Way
- Operating Report
- Rate Case
- Annual Meeting
- Advance Metering System
- Privacy Policy
- Resolution
- Nomination
- Write Offs

MINUTES

Upon motion made by Lansford Lay, seconded by Kermit Creech, the minutes of the April meeting were approved as mailed with all directors voting in favor.

NEW CONNECTS

Upon motion made by Chester Davis, seconded by Kevin Moses, the one hundred and sixty-six (166) new paying membership fees were approved as written with all directors voting in favor.

RESOLUTION

After presentation and discussion, a motion was made by Kermit Creech, seconded by Lansford Lay, to accept the Rural Utility Service Resolution as presented. All members in favor.

NOMINATION

Mr. Hampton brought before the Board of Directors, a letter nominating Elbert R. Hampton, to serve as Director representing Cumberland Valley electric on the East Kentucky Power Board of Directors. Based on opinion of Hon. Pat Hawser, attorney for Cumberland Valley Electric. A motion was made by Kermit Creech, seconded by Kevin Moses, to nominate Mr. Elbert Hampton. All members in favor.

WRITE OFFS

Mr. Hampton also presented write off amounts for the months of October, November and December of 2015 in the amount of fifteen thousand five hundred sixty-six dollars and ninety cents (\$15,566.90). Motion made by Elbert Hampton, seconded by Lansford Lay to write off this debt. All members in favor.

CHECKS

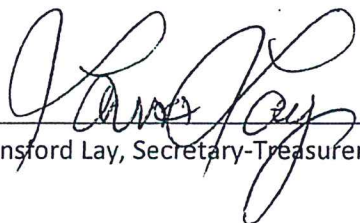
A list of checks were presented to the board for review. Motion was made by Elbert Hampton, seconded by Lansford Lay, to approve said list of checks as presented. All members in favor.

OTHER BUSINESS

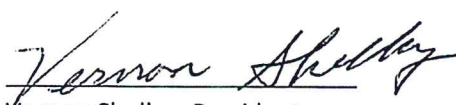
Mr. Hampton reminded the Board of Directors, that the next monthly board meeting will be held Thursday, June 9, 2016.

ADJOURNMENT

There being no further business before the board at this time a motion was made by Chester Davis, seconded by Lansford Lay, the meeting was adjourned.



Lansford Lay, Secretary-Treasurer



Vernon Shelley, President

REGULAR BOARD MEETING

June 9, 2016

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, June 9, 2016 at 6:00 p.m.

Board Members and Attorney in attendance were:

Vernon Shelley, President	Elbert Hampton, Director
Kermit Creech, Director	Kevin Moses, Director
Lansford Lay, Secretary-Treasurer	Pat Hauser, Attorney
Chester Davis-Director	

The following topics were discussed:

- Minutes
- Connects
- Managers' Report
 - Safety Report
 - Right of Way
- Operating Report
- Rate Case
- Annual Meeting
- Privacy Policy

MINUTES

Upon motion made by Roger Vanover, seconded by Kevin Moses, the minutes of the May meeting were approved as mailed with all directors voting in favor.

NEW CONNECTS

Upon motion made by Lansford Lay, seconded by Roger Vanover, the one hundred and forty two (142) new paying membership fees were approved as written with all directors voting in favor.

MANAGER'S REPORT

Mr. Hampton discussed the following:

- : No accidents for the month of May.
- : Right of Way Crew working at Redbird Road and Jellico Creek in Whitley County, and in Bledsoe in Harlan County.
- : Engineers Report from Neil Watkins and Cumberland Office.
- : Meter Readings and Meter Changes for the month.
- : Rolling Line Loss

OPERATING REPORT

Mr. Hampton presented the May 2016 operating report to the Board of Directors for review. This report reflected a substantial deficit for the month.

RATE CASE

Mr. Hampton discussed the proposed Rate Case with the board of directors. He noted that the case has been filed with the Public Service Commission.

ANNUAL MEETING

Ms. Linda White, Cumberland Valley Staff, discussed the upcoming Annual Meeting which will be held on June 10, 2016 at the Knox Central Middle School. Registration will begin at 5:00 p.m.

PRIVACY POLICY

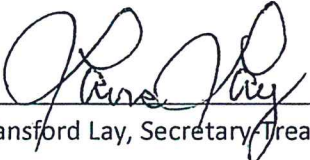
Mr. Hampton reviewed with the Board of Directors, an addition to the previously adopted Privacy Policy for all Cumberland Valley Electric employees and contractors. After review and discussion the decision was made to accept this new addition and to assign it a Policy Number. Motion was made by Kevin Moses. Second by Elbert Hampton. All Members in favor.

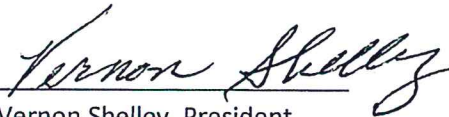
OTHER BUSINESS

Mr. Pat Hauser advised the Board of Directors that there was no legal matters to discuss at this time.

ADJOURNMENT

There being no further business before the board at this time a motion was made by Kermit Creech, seconded by Lansford Lay, the meeting was adjourned.


Lansford Lay, Secretary-Treasurer


Vernon Shelley, President

REGULAR BOARD MEETING
July 14, 2016

The regular meeting of the Board of Directors of Cumberland Valley Electric, Inc. was held at Gray, Knox County, Kentucky on Thursday, July 14, 2016 at 6:00 p.m.

Board Members and Attorney in attendance were:

Vernon Shelley, President	Elbert Hampton, Director
Roger Vanover, Vice President	Kermit Creech, Director
Lansford Lay, Secretary-Treasurer	Kevin Moses, Director
Chester Davis-Director	Pat Hauser, Attorney

The following topics were discussed:

- Minutes
- Connects
- Managers' Report
 - Safety Report
 - Right of Way
- Operating Report
- Rate Case
- Storm Damage
- Sales Tax Audit
- Fiber Optic Service Contract
- Write Offs
- Union Negotiations
- Federal Financing Bank Loan Resolution
- Ten Year Financial Forecast Resolution
- Attorney's Report
- East Kentucky Power Report

MINUTES

Upon motion made by Elbert Hampton, seconded by Kevin Moses, the minutes of the June meeting were approved as mailed with all directors voting in favor.

NEW CONNECTS

Upon motion made by Chester Davis, seconded by Lansford Lay, the one hundred and forty-four (144) new paying membership fees were approved as written with all directors voting in favor.

MANAGER'S REPORT

Mr. Hampton discussed the following:

- : Earnest Deaton, serviceman, had a slight injury while clearing a power line during a storm. His left eye was injured and he was treated at Baptist Health Corbin emergency room where he received two to three stitches on his eyelid. He lost no work time as a result of this accident.
- : Right of Way Crew working at Jellico Creek in Whitley County, and Bledsoe in Harlan County.
- : Engineers Report from Neil Watkins and Cumberland Office.
- : Meter Readings and Meter Changes for the month.
- : Rolling Line Loss
- : Cut offs/ Re-Connects

OPERATING REPORT

Mr. Hampton presented the May 2016 operating report to the Board of Directors for review and advised the Board of Directors that we lost money for the month.

RATE CASE

Mr. Hampton and Mr. Hauser, Cumberland Valley attorney, updated the Board of Directors on the pending rate case with Kentucky Public Service Commission.

STORM DAMAGE

Mr. Hampton reported on the storm damage during the last two weeks which resulted in several broken poles and several outages.

SALES TAX AUDIT

Mr. Hampton informed the Board of Directors that a Kentucky Revenue Cabinet sales tax auditor is currently auditing Cumberland Valley sales tax.

FIBER OPTIC SERVICE CONTRACT

Mr. Hampton reported that Cumberland Valley and the State of Kentucky have reached an agreement for a contract for fiber optic services coming through our area to benefit the residents of southeastern Kentucky.

WRITE OFFS

Mr. Hampton also presented write offs for the months of January, February and March 2016 in the amount of thirty-three thousand four hundred ninety-nine dollars and twenty-two cents (\$33,499.22). Motion made by Kevin Moses, seconded by Roger Vanover to write off this debt. All members in favor.

UNION NEGOTIATIONS

The Board of Directors discussed the upcoming union negotiations. After thorough discussion, the decisions was made to hire Frost Brown Todd to assist in the upcoming union negotiations. Motion made by Chester Davis, seconded by Roger Vanover to hire Frost Brown Todd. All directors voted yes.

FEDERAL FINANCING BANK LOAN

Mr. Mike Norman, Rural Utilities Service Field Representative and Mr. Robert Tolliver of Cumberland Valley staff were at the board meeting to discuss the loan application with the Board. After Mr. Norman presented and discussed the loan application, a resolution was presented to the Board requesting a Guaranteed Federal Financing Bank (FFB) Loan in the amount of seventeen million eight hundred eighty-nine thousand dollars (\$17,889,000). A motion was made by Lansford Lay and seconded by Elbert Hampton to accept the resolution and all directors voted yes.

TEN YEAR FINANCIAL FORECAST

Mr. Mike Norman, Rural Utilities Service Field Representative and Mr. Robert Tolliver of Cumberland Valley staff also presented the Ten Year Financial Forecast. After discussion with the Board of Directors, a resolution was presented to the Board for Approval of Ten Year Financial Forecast. A motion was made by Kermit Creech and seconded by Kevin Moses to accept the resolution and all directors voted yes.

OTHER BUSINESS

A list of checks were presented to the board for review. Motion was made to approve said list of checks as presented, by Roger Vanover, seconded by Kevin Moses, with all directors in favor.

ATTORNEY'S REPORT

Mr. Pat Hauser discussed the employment of Frost Brown Todd with the Board which was approved.

EAST KENTUCKY POWER REPORT

Mr. Elbert Hampton, Cumberland Valley director, reported that everything is going well at East Kentucky Power (EKP) and EKP is making a good margin for the year.

ADJOURNMENT

There being no further business before the board at this time a motion was made by Lansford Lay, seconded by Chester Davis, the meeting was adjourned.

Lansford Lay, Secretary-Treasurer

Vernon Shelley, President

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

4. Reference the Cumberland Valley Application generally. Provide copies of any and all documents, agendas, meeting notices, and/or annual reports relating to or distributed via bill inserts or at any and all meetings with customers between 5/1/2015 and the present time, which address or otherwise discuss the need for a rate adjustment.

Response:

Cumberland Valley notified members of the rate adjustment by posting the official notice on our website and in local papers in our service territory. No other documents or correspondence of any kind exist which addresses or otherwise discusses the need for a rate adjustment.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

5. Reference the Cumberland Valley Application generally. Provide copies of any and all documents, correspondences, newsletters, and/or annual reports mailed or provided electronically to Cumberland Valley's customers from 5/1/2015 up to the present time, which address or otherwise discuss the need for a rate adjustment.

Response:

Cumberland Valley notified members of the rate adjustment by posting the official notice on our website and in local newspapers in our service territory. No other documents or correspondence of any kind exist which were mailed or provided electronically which addresses or otherwise discusses the need for a rate adjustment.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

6. Reference the Cumberland Valley Application generally. Has Cumberland Valley conducted a study to compare the Company's salary, benefits, raises and bonuses per employee with the standard salary, benefits, and raises by the workforce in the counties that it services? If so, provide copies of all such studies. If not, explain why a study has not been performed.

Response:

Cumberland Valley Electric ("CVE") respectfully disagrees with the premise that the salary, benefits, raises and bonuses which its employees receive should be correlated to the workforce in its service territory. The provision of reliable electric service at distribution voltage at fair, just and reasonable rates can be a very challenging activity and requires the assistance and employment of highly intelligent, loyal and experienced management and staff. CVE and her sister distribution cooperative must pay wages and benefits comparable to the industry standard in order to attract and keep those engineers, accountants, IT professionals and linemen essential to their core business. Using the pay scale in a particular cooperative's service territory as a proxy for the pay scale of the cooperative itself is unreasonable, especially in a service territory such as CVE's which has endured an unprecedented loss of jobs and per capita income. Instead, CVE believes that the appropriate wage and benefit comparison is to similarly situated distribution cooperatives. As such, it has engaged Intandem Consulting to develop a wage and salary

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

plan which compares its employees and their job description to similar employees at a national, regional and state level.

Cumberland Valley Electric, Inc.
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7. Reference Cumberland Valley's Application, Paragraph (1) and provide the per capita income for the residents of each of the nine (9) counties that the Company provides with electricity service.

Response:

Listed below is the per capita income in the past 12 months (in 2014 dollars), 2010-2014 from the census.gov website for the nine counties in Cumberland Valley's service territory:

McCreary - \$11,287

Laurel - \$19,375

Whitley - \$16,406

Clay - \$14,574

Knox - \$15,013

Bell - \$14,657

Leslie - \$16,708

Harlan - \$15,543

Letcher - \$18,163

Cumberland Valley Electric, Inc.
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8. Reference Cumberland Valley's Application, Paragraph (5), where the Company states that increased cost of power, materials, equipment, labor, taxes, and other fixed and variable costs are the reasons behind the Company's rate increase request of \$1,998,262. Provide a detailed explanation of the reasons that these specific costs have risen. Additionally, provide a succinct chart/table that provides a complete breakdown by item/account of the \$1,998,262 rate increase.

Response:

The above referenced description from the Application is merely a very general description of the general items that helped to create the need for this requested increase. Page 3 of 4 of Exhibit S of the Application provides a table of the amounts and areas or test-year adjustments that has created a need for this requested increase. Page 3 of 4 of Exhibit S of the Application also provides references to other exhibits in that Application where specific reasons, descriptions and calculations are presented.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

9. Reference Cumberland Valley's Application, Paragraph (6). Did the Cumberland Valley Board of Directors ("BOD" or "Board") ever discuss alternatives to filing a rate increase? For example, did the Board discuss either freezing or reducing wage and salary increases/raises and/or bonuses, increasing employee contributions for benefits such as health insurance, etc.?

Response:

No.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

10. Reference the Cumberland Valley Application generally. Provide copies of any salary surveys/studies or analysis of prevailing wage and salary amounts in the Cumberland Valley area, or any other documents utilized in the process of determining the amount of compensation for wage and salaried employees.

Response:

Please see Cumberland Valley's response to the Attorney General's First Request for Information Item No. 6.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

11. Reference the Cumberland Valley Application generally to answer the following:

- A. Provide a list of each Cumberland Valley salaried employee's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.

Response:

Attached is the list with title and salary for the past five years for salaried employees.

There was no overtime. All employees participate in company provided benefits. All salaried employees received a Christmas bonus.

- B. Provide a list of each Cumberland Valley hourly employee's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.

Response:

Attached is the list with title and salary for the past five years for hourly employees. All employees participate in company provided benefits. All hourly employees received a Christmas bonus.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

C. Provide a list of each Cumberland Valley BOD's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.

Response:

Vernon Shelley, Chairman

Roger Vanover, Vice Chairman

Lansford Lay, Secretary-Treasurer

Kermit Creech, Director

Chester Davis, Director

Elbert Hampton, Director

Kevin Moses, Director

Board members do not receive a salary, overtime, or bonuses. Director benefits include health, dental and director life. Directors typically receive a modest Christmas gift on an annual basis.

D. Provide a list of each Cumberland Valley officer's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.

Cumberland Valley Electric, Inc.
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Response:

Attached is the list with title and salary for the past five years for officers. There was no overtime. All employees participate in company provided benefits. All officers received a Christmas bonus.

Filer attested that the document did not contain sensitive information 2016-08-10 14:23:55.400

Filer requested Confidential Treatment 09/08/2016

This page has been removed by request – please see redacted version of this page.

[http://psc.ky.gov/pscecf/2016-00169/robert.tolliver%40cumberlandvalley.coop/09082016123412/CVE Motion for Confidential Treatment_090816.pdf](http://psc.ky.gov/pscecf/2016-00169/robert.tolliver%40cumberlandvalley.coop/09082016123412/CVE_Motion_for_Confidential_Treatment_090816.pdf)

ldm 11/17/2016

Cumberland Valley Electric, Inc.
Case No. 2016-00169
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12. Reference the Cumberland Valley Application generally. Provide copies of all studies that Cumberland Valley has conducted addressing the impact that the proposed rate design will have on the elderly, low income, fixed income and home bound segments of its ratepayer base. Provide detailed information for each specified group.

Response:

Cumberland Valley has not conducted any studies addressing the impact of the proposed rate design on any specific segment of its membership.

Cumberland Valley Electric, Inc.
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Attorney General's First Request for Information

13. Reference the Cumberland Valley Application generally. Provide the general wage and salary increases that have been given, or will be given, to all Cumberland Valley employees for each year between 2007 - 2016.

Response:

Cumberland Valley has provided the requested wage and salary increases below:

Year	General Wage and Salary Increases
2016	Undetermined
2015	3.50%
2014	3.50%
2013	3.00%
2012	3.00%
2011	3.50%
2010	2.00%
2009	3.00%
2008	5.00%
2007	4.00%

Cumberland Valley Electric, Inc.
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14. Reference the PSC Order from the Application of Cumberland Valley Electric, Inc. for an Adjustment of Rates, Case No. 2014-00159 where the Commission stated that it:

Shares the AG's concern that there seems to be an inherent problem with Cumberland Valley's method for determining pay increases for salaried employees. While there is evidence that increases for bargaining-unit employees are properly determine through negotiations by both sides, there seems to be the expectation that whatever pay increase is granted to union employees will automatically be granted to the salaried employees. The Commission believes that any pay increase for salaried employees needs to be properly justified and not simply based on the increase negotiated for union employees. The Commission will allow the increases proposed in this case, but future increases granted to or proposed for salaried employees will need to be fully justified and documented to show the basis for any proposed increases.

Provide the justification and documentation for granting Union and Non-Union employees the exact same wage and salary increases for years 2015 and 2016.

Response:

The compensation plan prepared for Cumberland Valley Electric was completed in the July/August 2015 time frame. Wages and salaries are normally addressed in August and implemented in September of each year. The board had not yet approved a wage and salary plan and chose to do a percentage increase in 2015. The wage and salary plan

Cumberland Valley Electric, Inc.
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Attorney General's First Request for Information

prepared does, however, justify the current salary levels of the non-union employees. It is anticipated that for 2016 the board will closely analyze and refine the wage and salary plan with assistance from its retained consultant. In the future, CVE believes that the wage and salary pay scale utilize for non-union employees will employ the periodic refinement made to the wage and salary plan and there will no longer exist a direct correlation between union and non-union employees regarding wage and salary.

Cumberland Valley Electric, Inc.
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Attorney General's First Request for Information

15. Reference the Cumberland Valley Application generally. Provide the policies and procedures that Cumberland Valley relies upon when making the determination as to providing a wage and/or salary increase to an employee, and whether or not a performance evaluation is the basis for the increase.

Response:

Cumberland Valley does not currently have a formal wage and salary policy for non-union employees, nor does it employ performance evaluations to assist with setting wages. Union employees are covered by their union contract. However, please refer to Cumberland Valley's response to Attorney General's First Request for Information, No. 14 which describes the manner in which Cumberland Valley will address this issue on a prospective basis.

Cumberland Valley Electric, Inc.
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Attorney General's First Request for Information

16. Reference the Cumberland Valley Application generally. Provide a detailed list of each and every raise or bonus that an employee may be entitled to, and whether or not a performance evaluation is the basis for each.

Response:

There is currently no raise or bonus to which salaried employees are entitled. However, the union contract would cover any raises afforded to union employees. Performance evaluation language is not in the union contract.

Cumberland Valley Electric, Inc.
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17. Reference the Cumberland Valley Application generally. Provide a detailed description of the benefits package that Cumberland Valley offers its employees. Include all benefits including but not limited to health, dental, vision, disability, and life insurance plans, pension plans, 401K plans, sick time, vacation time, overtime, etc. and include all dollar amounts paid by the employee and the employer contribution of the same. Include all relevant premiums, co-pays, deductibles, etc.

Response:

Cumberland Valley offers its full-time employees the following benefits: health, life, long-term disability, dental, pension plan and/or 401K plan, sick and vacation time. Associated premiums/contributions are paid by Cumberland Valley and the employee contributes one-half of family premium for dental insurance. See response to Commissions Staff's Second Request for Information Item No. 28 Page 4 of 4 for detailed premiums.

Cumberland Valley Electric, Inc.
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18. Reference the Cumberland Valley Application generally. Has the Company raised premiums for employees or raised co-pays for doctor visits and/or pharmacy prescriptions in order to assist in keeping the insurance costs as low as possible?

Response:

No, there were no changes to the plan during the year. Cumberland Valley Electric participates in the Kentucky Rural Electric Cooperative Employers Benefit Plan along with other cooperatives. The Kentucky Rural Electric Cooperative group manages the plan, sets co-pay levels and pharmacy benefits and are constantly looking to keep insurance costs low.

Cumberland Valley Electric, Inc.
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19. Reference the Cumberland Valley Application, Paragraph 5(c). Provide the Times Interest Earned Ratio ("TIER") for the last three years. Additionally, provide a description of how the 5.48X TIER and the .56X excluding G&T capital credits were calculated.

Response:

Refer to Exhibit K, page 6 of 7 of the application.

Cumberland Valley Electric, Inc.
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20. Reference the Cumberland Valley Application Paragraph 5(c). Provide the Operating Times Interest Earned Ratio ("TIER") for the last three years. Additionally, provide a description of how the OTIER of .12 was calculated.

Response:

Refer to Commission Staff's Second Request, Question No. 2.

Cumberland Valley Electric, Inc.
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21. Reference the Cumberland Valley Application Paragraph 5(c). Provide the Net TIER for the last three years. Also provide a description of how the Net TIER was calculated.

Response:

Refer to Exhibit K, page 6 of 7 of the application.

Cumberland Valley Electric, Inc.
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22. Reference the Cumberland Valley Application generally. Provide the rationale and justification for applying the large bulk of the rate increase upon the customer charge instead of upon the usage charge.

Response:

The majority of the proposed rate increase is placed on the customer charge because the results from the COSS indicates that the customer charge is that part of the rate structure which provides the largest under-recovery of costs.

A. Confirm that by placing a large percentage of the rate increase upon the customer charge it will prevent its customers from having the ability to reduce their bills through less energy usage?

Response:

Placing a large percentage of the rate increase upon the customer charge does not prevent CVE's customers from having the ability to reduce their bills through less energy usage. If a customer uses less energy than before, then their bill will be less.

B. Does Cumberland Valley agree that by placing a large percentage of the rate increase upon the customer charge it will reduce the incentive to conserve energy?

Cumberland Valley Electric, Inc.
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Response:

Cumberland Valley agrees that placing a large percentage of the rate increase upon the customer charge will provide a lesser incentive to conserve energy than placing a larger amount on the energy rate. However, the proposed energy charge still provides an incentive to conserve energy. Additionally, it is important to remain cognizant of the purpose of electric rates to recover costs for the cooperative based upon cost causation and cost behavior.

Cumberland Valley Electric, Inc.
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23. Reference the Company's "Official Notice" at Exhibit D of the Application, which provides the present and proposed rate structure to answer the following questions.

A. Confirm that Cumberland Valley is proposing to increase the customer charge for Residential, Schools, and Churches ratepayers by 61.51%, in addition to increasing the energy charge per kWh.

Response:

That is confirmed.

B. Confirm that Cumberland Valley is proposing to increase the customer charge for Small Commercial and Small Power Service (Single Phase) ratepayers by 67.41%.

Response:

That is confirmed.

C. Confirm that Cumberland Valley is proposing to increase the customer charge for Small Commercial and Small Power Service (Three Phase) ratepayers by 179%.

Response:

That is confirmed.

Cumberland Valley Electric, Inc.
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D. Confirm that Cumberland Valley is proposing to increase the customer charge for Three Phase Schools and Churches ratepayers by 80%, and increasing the energy charge per kWh.

Response:

That is confirmed.

E. Confirm that Cumberland Valley is proposing to increase the customer charge for Large Power Industrial ratepayers by 100%.

Response:

That is confirmed.

F. Confirm that Cumberland Valley is proposing to increase the customer charge for Large Power Rate 50kW-2500kW ratepayers by 62.5%.

Response:

That is confirmed.

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G. Confirm that Cumberland Valley is proposing to increase the customer charge for
Outdoor Lights and Security ratepayers.

Response:

That is confirmed.

H. Confirm that Cumberland Valley is proposing to increase the customer charge for
Prepaid Service ratepayers by 61.51%, in addition to increasing the energy charge per
kWh.

Response:

That is confirmed.

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Attorney General's First Request for Information

24. Reference Cumberland Valley's Application, Revised Exhibit S to answer the following questions:

A. Provide a complete detailed breakdown and explanation of the Depreciation increase adjustment of \$219,610.

Response:

Refer to Exhibit 3 of the application.

B. Provide a complete detailed breakdown and explanation of the Deferred Debits and Net Change in Assets adjustment of (\$824,847).

Response:

The amount is calculated as follows:

Net effect on assets	(1,044,456)
Adjustment to accumulated depreciation	<u>219,610</u>
	<u><u>(824,846)</u></u>

C. Provide a complete detailed breakdown and explanation of the Memberships adjustment of (\$1,044,457).

Cumberland Valley Electric, Inc.
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Response:

There was no adjustment to Memberships on the Revised Exhibit S. The adjustment to Patronage capital of (\$1,044,457) is as follows:

Revised S , page 3 of 4	
Net of all adjustments	(3,042,718)
Revised S , page 2 of 4	
Proposed increase	<u>1,998,262</u>
Net effect on assets	<u><u>(1,044,456)</u></u>

D. Provide a complete detailed breakdown and explanation of the Operating Revenues Base Rates normalized adjustment of \$151,522 and the proposed increase of \$1,975,812.

Response:

Refer to Revised Exhibit J, page 1 of 12.

E. Provide a complete detailed breakdown and explanation of the Operating Revenue Other Electric Revenue normalized adjustment of (\$25,925) and the proposed increase adjustment of \$22,450.

Cumberland Valley Electric, Inc.
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Response:

Refer to Exhibit 15, page 2 of 2 of the application for the adjustment of (\$25,925) and Exhibit 20 of the application and Staff's Second Request, Question 17 for the adjustment of \$22,450.

F. Provide a complete detailed breakdown and explanation of the Operating Expenses Cost of Power for Base Rates normalized adjustment of (\$17,184).

Response:

Refer to Exhibit 13, page 1 of 3 of the application.

G. Provide a complete detailed breakdown and explanation of the Operating Expenses Distribution-Operations normalized adjustment of \$5,571.

Response:

Refer to Revised Exhibit S, page 3 of 4, line 21.

H. Provide a complete detailed breakdown and explanation of the Operating Expenses Distribution-Maintenance normalized adjustment of \$19,491.

Cumberland Valley Electric, Inc.
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Response:

Refer to Revised Exhibit S, page 3 of 4, line 22.

- I. Provide a complete detailed breakdown and explanation of the Operating Expenses
Consumer Accounts normalized adjustment of \$18,312.

Response:

Refer to Revised Exhibit S, page 3 of 4, line 23.

- J. Provide a complete detailed breakdown and explanation of the Operating Expenses
Customer Service normalized adjustment of \$1,213.

Response:

Refer to Revised Exhibit S, page 3 of 4, line 24.

- K. Provide a complete detailed breakdown and explanation of the Operating Expenses
Administrative and General normalized adjustment of (\$41,017).

Response:

Refer to Revised Exhibit S, page 3 of 4, line 26.

Cumberland Valley Electric, Inc.
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L. Provide a complete detailed breakdown and explanation of the Operating Expenses

Interest on Long-Term Debt normalized adjustment of \$334,521.

Response:

Refer to Revised Exhibit S, page 3 of 4, line 32.

Cumberland Valley Electric, Inc.
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25. Reference the Cumberland Valley Application, Exhibit 6, page 1 of 1. Provide an explanation and justification as to why the general advertising costs should be included for rate-making purposes. For example, why should the ratepayers have to pay for advertising with the Kentucky Living Magazine, Tri-City Little League, Inc., or the Cumberland Tourist Commission?

Response:

Regarding the Kentucky Living Magazine, refer to Staff's Second Request for Information, Question 21.a. The Tri-City Little League, Inc. and the Cumberland Tourist Commission have been removed for rate-making purposes.

Cumberland Valley Electric, Inc.
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26. Reference the Cumberland Valley Application, Exhibit 8, page 2 of 3 and provide an explanation of the legal duties, and evidence of the same, that Attorney Hauser performed in exchange for the monthly retainer of \$900.

Response:

Mr. Hauser prepares for and attends board meetings. He reviews all board minutes and is available to and does consult with and advise Cumberland Valley's staff on a wide variety of matters on a regular basis.

Cumberland Valley Electric, Inc.
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27. Reference the Cumberland Valley Application, Exhibit 8, page 3 of 3 and provide an explanation for the Apple Legal expenses, and be sure to include the reason that bankruptcy services are included.

Response:

Cumberland Valley has had some coal companies file for bankruptcy. Mr. Miles Apple with Apple Legal PLLC specializes in bankruptcy cases. Mr. Apple was hired to ensure that correct bankruptcy procedures were followed to protect Cumberland Valley's interest in procuring the maximum amount allowable toward the debt owed.

Cumberland Valley Electric, Inc.
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Attorney General's First Request for Information

28. Does Cumberland Valley anticipate any changes in any existing contracts as a result of the new rates it seeks to implement in this filing (e.g., engineering, information technology, maintenance, etc.)? If so, identify each such change.

Response:

Cumberland Valley does not anticipate any change in existing contracts due to new rates.

Cumberland Valley Electric, Inc.
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Attorney General's First Request for Information

29. State whether any relative, by blood or marriage, of Cumberland Valley's Board of Directors or executive management team holds, recently held, or will hold any type or sort of position, whether as employee, officer, board member, contractor or consultant, with Cumberland Valley. If so, provide the name of the position(s) involved.

Response:

Yes, see below.

Board Member related to CEO, Assistant Superintendent, Superintendent, Bookkeeper

Board Member related to Servicemen

CEO related to Board Member, Assistant Superintendent, Superintendent, Bookkeeper

Superintendent related to CEO, Assistant Superintendent, Board Member

Manger of Engineering related to contractor

Cumberland Valley Electric, Inc.
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30. Does Cumberland Valley maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to Cumberland Valley's officers, members of its Board, its employees, its independent contractors or consultants? If yes:

Response:

Yes. See response to Attorney General's First Request for Information Item No. 29 for detail.

A. Provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last ten (10) calendar years; and

Response:

The Following amounts were paid to Five-C Construction:

Year	Amount Paid
2015	\$996,759.90
2014	\$1,058,561.55
2013	1,080,398.62
2012	881,455.50
2011	817,222.25
2010	716,561.50
2009	756,289.80
2008	662,667.22
2007	523,327.99
2006	625,397.45

Contracts are awarded every two years. Please see contracts following page 2 of this item.

Cumberland Valley Electric, Inc.
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Attorney General's First Request for Information

B. State whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process.

Response:

The construction contracts are awarded pursuant to a bid process. Bids are solicited from construction contractors. A minimum of three bids are received prior to the bid process.

**DISTRIBUTION LINE EXTENSION
CONSTRUCTION CONTRACT
(Labor Only)**

**FOR CONSTRUCTION OF RURAL ELECTRIC
SYSTEM IMPROVEMENTS & EXTENSIONS**

*Five C Construction Co.
2005 - 2006*

**U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION**

Five Construction Co. Inc.

346 Turner Road
Gray, Kentucky 40734

November 04, 2004

Cumberland Valley Electric
PO Box 440
Gray, Kentucky 40734

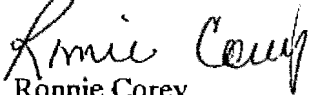
Dear Mr. Hampton:

In response to your request for a labor and equipment bid for 2005 and 2006, we propose the following:

	<u>2005</u>	<u>2006</u>
Foreman	48.91	49.88
Lineman 1 st class	44.54	45.43
Lineman 2 nd class	33.71	33.71
Groundman	21.00	21.00
Truck Operator	28.78	28.78
Line Truck	18.00	18.00
Bucket Truck	19.81	20.30
Pole Truck	19.91	20.30
Pick-Up	4.08	4.08

Once again we would like to thank you and the Board for the opportunity we have had to work with you and look forward to working with you in the up-coming year.

Sincerely,



Ronnie Corey
President /Five C Construction Co.

HOLD HARMLESS AGREEMENT BETWEEN
CUMBERLAND VALLEY ELECTRIC, INC
AND
FIVE C CONSTRUCTION COMPANY

Five C Construction Company agrees to defend, pay on behalf of and hold harmless **Cumberland Valley Electric, INC.** and its directors, officers, agents, and employees from all claims of whatsoever nature or kind, including those brought by employees of **Five C Construction Company**, or subcontractors, arising out of or as a result of any act or failure to act whether or not negligent, in connection with the performance of the work to be performed pursuant to this contract by **Five C Construction Company**, its employees, agents and subcontractors. **Five C Construction Company** agrees to defend and pay all costs in defending these claims, including attorney fees.

Further, **Five C Construction Company** agrees to maintain public liability and property damage insurance (including automobile public liability and property damage insurance) to cover the obligations set forth above. The minimum insurance limits of liability shall be \$5,000,000 bodily injury and property damage. **Cumberland Valley Electric, INC.** shall receive a minimum 30 day notice in the event of cancellation of insurance required by this agreement. **Five C Construction Company** shall furnish a certificate of insurance to **Cumberland Valley Electric, INC.** showing that the above obligations and requirements are provided for by a qualified insurance carrier, and showing **Cumberland Valley Electric, INC.** as an additional insured on such insurance.

FIVE C CONSTRUCTION COMPANY

CUMBERLAND VALLEY ELECTRIC, INC.

BY: Ramie Carey

BY: Vernon Shelly

DATE: _____

DISTRIBUTION LINE EXTENSION CONSTRUCTION CONTRACT
(REA Form 792)

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PROPOSAL

TO: Cumberland Valley Electric, Inc.
(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 Misc. Construction 2005-2006 - 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:

- REA Form 804, Specifications and Drawings for 7.2/12.5 kV Line Construction
- REA Form 803, Specifications and Drawings for 14.4/24.9 kV Line Construction
- REA 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 strike out one 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 N/A (_____) 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 Day, Ky & Cumberland, Ky.
- 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 _____ (N/A) 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 one year 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 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 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. The Contractor shall hold the Owner harmless from any and all claims for injuries to persons or for damage to property happening by reason of any negligence on the part of the Contractor or any of the Contractor's agents or employees during the control by the Contractor of the Project or any part thereof.
- 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 Contractor shall take out and maintain throughout the construction period insurance in the following minimum requirements:

- a. Workmen's compensation insurance covering all employees in statutory limits who perform any of the obligations assumed by the Contractor under the Proposal.
- b. Public liability and property damage liability insurance covering all operations under the Proposal; limits for bodily injury or death not less than \$100,000 for one person and \$300,000 for each accident; for property damage, not less than \$25,000 for each accident and \$50,000 aggregate for accidents during the policy period.
- c. Automobile liability insurance on all self-propelled vehicles used in connection with the contract, whether owned, nonowned, or hired; public liability limits of not less than \$100,000 for one person and \$300,000 for each accident; property damage limit of \$10,000 for each accident.

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 solely as the result of such additional insurance shall be added to the contract price.

Upon request by the Owner, the Contractor shall furnish a certificate evidencing compliance with the foregoing requirements.

Section 3--Bond. If the estimated cost of the construction of a Section shall exceed \$25,000, 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.

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.

Five C Const.
(Contractor)

By Ronnie Carey
(President)

346 Turner Rd
Gray, Ky 40734
(Address)

ATTEST:

Ancilla Foley
(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	UNIT NO.	UNIT LABOR PRICE	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 $\frac{1}{2}$ '		SECTION B - 2 $\frac{1}{2}$ '		SECTION C - 3 $\frac{1}{2}$ '	
UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE

POLE TOP ASSEMBLY UNITS - (Continued)

SECTION A - 1		SECTION B - V		SECTION C - 3	
UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE

SECTION D - CONDUCTOR ASSEMBLY UNITS

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 stakes shall be used. The conductor or cable sizes and types listed are the manufacturer's designation.

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	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	UNIT NO.	UNIT LABOR PRICE	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	UNIT NO.	UNIT LABOR PRICE	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	UNIT NO.	UNIT LABOR PRICE	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	UNIT NO.	UNIT LABOR PRICE	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	UNIT NO.	UNIT LABOR PRICE	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	Unit No.	Unit Labor Price	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-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.

Section R--RIGHT-OF-WAY CLEARING UNITS (Continued)

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 (AorB).)

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	Unit No.	Unit Labor Price	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	Unit No.	Unit Labor Price	Unit No.	Unit Labor Price

Section UD--UNDERGROUND CABLE ASSEMBLY UNITS

An underground cable assembly unit consists of the installation of 1000 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).* 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, man-holes, transformers, terminal housings and meter boxes.** 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).

- *Owner check here if primary splices are permitted.
- *Owner check here if secondary and service splices are permitted.
- **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.

Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	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)* and the excavation.

- *Owner check here if drainable material is specified.

Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	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.

Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	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	Unit No.	Unit Labor Price	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

Section UR - UNDERGROUND EXCAVATION ASSEMBLY UNITS (Continued)

utilities, this unit will be suffixed by the letter "T". This will be applicable only in those areas pre-designated by the Owner on the detail maps herein. All plowing outside of the pre-designated 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 pre-designated 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 two-inch bed of clean sand 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 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.

Section UR - UNDERGROUND EXCAVATION ASSEMBLY UNITS (Continued)

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	Unit No.	Unit Labor Price	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, re-sagging 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

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.

DISTRIBUTION CONSTRUCTION UNITS--LINE CHANGES (Continued)

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

SECTION I - REMOVAL ASSEMBLY UNITS (Continued)

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	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

SECTION H - NEW ASSEMBLY UNITS (Continued)

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE

ACCEPTANCE

The undersigned hereby accepts the foregoing Proposal of Five C Construction Co
_____, Dated Nov. 11, 2004, to construct the rural electric
Project _____ 19 _____ Line Extensions.

Cumberland Valley Electric, Inc
(Owner)

By Wesley Shelley
(President)

Sanford H. Jay
Secretary

December 31, 2004
Date of Contract

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 "Gov-
ernment") and unto all persons, firms, and corporations who or which may furnish or perform labor
on a Rural Electrification 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 (herein-
after 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 Electrification
Administration (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, 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 for use in the construction of the Project
contemplated in the Construction Contract and any amendments thereto, 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 Construc-
tion Contract and any amendments thereto, occasioned by any default of the Principal under the Con-
struction Contract and any amendments thereto, then this obligation shall be null and void, but other-
wise 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 amendment thereto, upon any amendment to the Construction, 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 twenty (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 be-
tween the Principal and the Owner in the terms, provisions, covenants, and conditions of the Con-
struction 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 Ad-
ministrator 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, ad-
ministrators, successors, or assigns, from liability thereunder. 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 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)

Attest:

By _____

(Secretary)

(Surety) (SEAL)

Attest:

By _____

(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.

**CERTIFICATE OF CONTRACTOR
AND INDEMNITY AGREEMENT**
(Line Extensions)

_____, certifies that he is the

_____, of _____
TITLE OR DESIGNATION*

_____, the Contractor, in a contract dated

_____, 19____ entered into between the Contractor and _____

_____, 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 indemnify 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.

SUPPLEMENTAL CONTRACT
FOR
ADDITIONAL PROJECT

DATE

TO:

CONTRACTOR

Pursuant to Article 1, 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 as shown in Appendix A attached
hereto.

Please indicate your acceptance of the foregoing by signing below, return two signed copies and retain one copy.

Sincerely,

Enclosures

OWNER

By

PRESIDENT, VICE PRESIDENT *

ACCEPTANCE:

CONTRACTOR

By

PRESIDENT, VICE PRESIDENT, PARTNER*

DATE

*Strike out inapplicable designation

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0372-0107. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

**ELECTRIC SYSTEM CONSTRUCTION CONTRACT
NON-SITE SPECIFIC CONSTRUCTION**

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** Cumberland Valley Electric,
RUS designation KY57, (hereinafter called the "Owner") will be received by the Owner on or before 11:00 o'clock A M., November 27th, 2006, at its office at Highway 25E, Gray, Kentucky 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. **Owner Furnished Materials.** The unit prices in the Contractor's Proposal are to 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.
3. **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 Mark Abner at the latter's office at Highway 25E, Gray, Kentucky upon the payment of \$ 0.00, 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.
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 completed in ink or typewritten. No alterations or interlineations will be permitted, unless made before submission, and initialed and dated. The successful Bidder will be required to execute two additional counterparts of the Proposal.
5. **Due Diligence.** 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, and shall review 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, environmental and historic preservation considerations, and all other matters that may affect the cost and time of completion of the project. Bidder will be required to comply with all federal, state, and local laws, rules, and regulations applicable to its performance, including those pertaining to the licensing of contractors, and the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq).
6. **Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.**

7. **The Time for Completion of Construction** of the project is of the essence of the Contract and 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 hereto 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 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.
9. **Contractor's Bond.** If the estimated cost of the construction of a Section shall exceed \$100,000, the Bidder agrees 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 estimated cost of such Section.
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. **Debarment Certification.** The Bidder must provide to the Owner a suspension and debarment certificate in the form attached hereto.
12. **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.
13. **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.
14. **Bid Rejection.** The Owner reserves the right to reject any or all Proposals.
15. **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. Similarly, the quantities appearing in the "No. of Units" column multiplied by the correct addition of the sums in the "Labor" column and the "Materials" shall control the amounts appearing in the "Extended Price - Labor & Materials" column. Likewise, the correct extensions shall control the amounts appearing in the "Total, Part ___" line for each respective part.
16. **Definition of Terms.** The terms "Administrator," "Engineer," "Completion of Construction," and "Completion of the Project" as used throughout this Contract shall be as defined in Article VI, Section 1, of the Proposal.

17. 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 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 titles, 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 on 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:

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- 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.

Cumberland Valley Electric

Owner

By [Signature]

Manager

Title

10/31, 2006

Date

PROPOSAL

TO:

Cumberland Valley Electric

(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 project in strict accordance with the Plans, Specifications and Construction Drawings for the prices hereinafter stated. The Bidder 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 Bidder from time to time as provided in Article II, Section I hereof.*

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 accepted," "conditionally accepted," and "technically accepted" materials and equipment which have been accepted by RUS as indicated in the current RUS Informational Publication 202-1, "List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers," including revisions adopted prior to the Bid Opening. The use of "conditionally accepted" or "technically accepted" materials and equipment requires prior consent by the Owner or Engineer.*

The Bidder agrees that the prices for wood poles, wood 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.

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 be new and shall become the property of the Owner when erected in place.

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 Furnished Materials." For those items not yet delivered, the Bidder will, on behalf of the Owner, accept delivery of such of the materials as may be subsequently delivered and will promptly forward to the Owner for payment the supplier's invoice. The Bidder will acknowledge in writing the receipt of all materials received as indicated on the List. 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 I. 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 Owner Furnished Materials" 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 Owner Furnished Materials" at its expense and shall be responsible for demurrage, if any.

Section 4. 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 maybe 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 5. Description of contract. *The Notice and Instructions to Bidders, Plans, Specifications, and Construction Drawings, which by this reference are incorporated herein, together with the Proposal and Acceptance constitute the Contract. The Plans, Specifications, and Construction Drawings, including maps, special drawings, and approved modifications in standard specifications are attached hereto and identified as follows:*

This is a "Labor Only" hourly contract with a request for equipment
hourly rates as an optional item. Said equipment may be Owner
furnished at Owners option.

Section 6. Due Diligence. *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, federal, state, and local laws, rules, and regulations applicable to its performance.*

Section 7. License. *The Bidder warrants that a Contractor's License is _____, is not X 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 _____, 20____.

Section 8. 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 9. Financial Resources.

- a. *The Bidder warrants that it has or will obtain the financial resources necessary to ensure completion of the project.*
- b. *The Bidder 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 Acceptable Sureties.*

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 Furnished Materials" 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 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 with in the meaning of Article II, Section 1(d) of this proposal.*

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 to the bidder in writing of acceptance of the proposal by the Owner 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 06/01/2007 calendar days after acceptance of the proposal by the Owner. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Plans, Specifications and Construction Drawings within an agreed upon number of calendar days 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.*

As determined by the Owner during the contract period

- 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. *It is understood and agreed that, notwithstanding any other provisions of this Contract, the Bidder will not be required to commence any construction after the expiration of*
2 *year(s)¹ following acceptance of this Proposal by the Owner.*

Section 2. Environmental Protection. *The Bidder shall perform the work in compliance with all applicable Federal, State, and local Environmental Laws. For purposes of this Agreement, the term "Environmental Laws" shall mean all Federal, state, and local laws including statutes, regulations, ordinances, codes, rules, and other governmental restriction and requirements relating to the environment or solid waste, hazardous substances, hazardous waste, toxic or hazardous material, pollutants or contaminants including, but not limited to the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. §§ 9601, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251, et seq., and the Solid Waste Disposal Act, as amended, 42 U.S.C. §§ 6901, et seq., now or at any time hereafter in effect.*

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 supervisors and workers.*

¹Owner to insert a number from 1 to 4.

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 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, in absence of other mutual agreement, 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 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 supervisors and such skilled workers as may be required for the various classes of work to be performed. The Bidder shall be solely responsible for the means and methods of construction and for the supervision of the Bidder's employees.*
- 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 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; but the failure of the Owner 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. All Bidder procedures and records pertaining to the work shall be made available to the Owner and the Administrator for review prior to such inspections and tests. 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 communications*

from the Owner may be delivered. Delivery of such communications 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. The performance of such inspections or tests by the Owner or the Administrator shall not relieve the Bidder of its obligations to perform the work in accordance with the requirements of this Contract.

- 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, if approval by the Administrator is required, 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 any such defective materials, equipment, or workmanship so replaced or repaired is found to be defective within one year after the completion of the replacement or repair, the Bidder shall replace or remedy such defective materials, equipment, or workmanship. 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. 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 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 a Section. Upon completion by the Bidder of the construction of a Section, 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 of a Certificate of Completion in the form attached hereto, 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, unless such excess shall have been approved in writing by the Owner.

It is understood and agreed that this maximum Contract price is six hundred thousand dollars (\$ 600,000.00). It is also agreed that the Bidder 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. Interest at the rate of zero percent (0 %) 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 c shall be the fifteenth (15) day of such month notwithstanding the absence of the approval of the certification.
- d. Interest at the rate of zero percent (0 %) 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.

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.

³ See Footnote 2.

- e. *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.*
- f. *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.*

Section 2. Release of Liens and 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 in 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 local laws, rules, and regulations and building and construction codes, in addition to the safety rules and procedures of the Owner.*

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 transport and store all material in facilities and vehicles which are designed to protect the material from damage. The Bidder shall ensure that all vehicles, trailers, and other equipment used comply with all applicable licensing, traffic, and highway requirements.*
- c. *The Bidder shall so conduct the construction of the project as to cause the least possible obstruction of public highways.*
- d. *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.*
- e. *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.*
- f. *Where the right-of-way of the project traverses cultivated or grazing 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.

- g. 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 bylaw, 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.
- h. 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.
- i. 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.

- j. *The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner,*
- k. *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.*
- l. *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 its employees who perform any of the obligations of the Bidder 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. 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.*

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.g 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 7 hereof.

- b. Where the construction of a Section as herein before defined in Article II, 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.g 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 7 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. 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.*

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 or her 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 "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 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 or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States or in any eligible country; 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. For the purposes of this section, an "eligible country" is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and suppliers to the markets of that country, as determined by the United States Trade Representative. The Bidder agrees to submit to the Owner 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 Laws. *The Bidder shall comply with all federal, state, and local laws, rules, and regulations applicable to its performance under the contract and the construction of the project. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq), and 18 U.S.C. §§ 286, 287, 641, 661, 874, 1001, and 1366, as amended.*

The Bidder represents that to the extent required by Executive Orders 12549 (3 CFR, 1985-1988 Comp., p. 189) and 12689 (3 CFR, 1989 Comp., p. 235), Debarment and Suspension, and 7 CFR part 3017, it has submitted to the Owner a duly executed certification in the form prescribed in 7 CFR part 3017.

The Bidder represents that, to the extent required, it has complied with the requirements of Pub. L. 101-121, Section 319, 103 Stat. 701, 750-765 (31 U.S.C. 1352), entitled "Limitation on use of

appropriated funds to influence certain Federal contracting and financial transactions," and any rules and regulations issued pursuant thereto.

Section 6. Equal Opportunity Provisions.

a. Bidder's Represents.

The Bidder represents that:

It has ___ , does not have \checkmark , 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 of September 24, 1965, 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 subcontractor 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, time clocks, 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. 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. The Owner and Bidder acknowledge that this Contract is assigned to the Government, acting through the Administrator, for security purposes under the Owner's mortgage and security instrument.

Section 10. Independent Contractor. The Bidder shall perform the work as an independent contractor, not as a subcontractor, agent, or employee of the Owner. 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. Acceptance by the Owner: The acceptance of a Proposal for a contract shall become effective the date of acceptance by the Owner.

ATTEST:

Brenda Corey
Secretary

Dated 12/28/06

Five-C Construction
Bidder

Ronnie Corey
President

346 Turner Rd. Gray, Ky.
Address

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

The Owner hereby accepts the foregoing Proposal of the Bidder, Five-C Construction

_____, for the construction of the following:
Items, as determined by the Owner, from the 07/08 Construction Work Plan.

Cumberland Valley Electric
Owner

By *Vernon Shells*
President

Lansford H. King
Secretary

12-28, 2008
Date of Contract

EXHIBIT A

Cumberland Valley Electric
Unit Pricing Comparison Spreadsheet

(Not used in this "Hourly Labor Only" Contract)

NOT USED IN THIS CONTRACT

EXHIBIT B

**Cumberland Valley Electric
Certification for Contracts, Grants, Loans, and Cooperative Agreements**

HIGHWAY 25E
GRAY, KENTUCKY
40734



Cumberland Valley
Electric, Inc. A Buchanan Electric
Company

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

CUMBERLAND VALLEY ELECTRIC

Organization Name

Manager

Name of Authorized Official

Signature

12-28-06

Date

EXHIBIT C

Cumberland Valley Electric
Contractor's Bond

NOT USED IN THIS CONTRACT

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0187. The time required to complete this information collection is estimated to average 1 minute per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

CONTRACTOR'S BOND

1. Know all persons 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 _____ 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 _____, 20____, 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, increases, 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 _____, 20_____

Principal (Seal)

ATTEST:

Secretary

By _____

Surety (Seal)

ATTEST:

Secretary

By _____

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.

EXHIBIT D

Cumberland Valley Electric
Bidders Certification Regarding Debarment, Suspension, Ineligibility and
Voluntary Exclusion – Lower Tier Covered Transactions

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY
AND VOLUNTARY EXCLUSION - LOWER TIER COVERED TRANSACTIONS**

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The terms *covered transaction*, *debarred*, *suspended*, *ineligible*, *lower tier covered transaction*, *participant*, *person*, *primary covered transaction*, *principal*, *proposal*, and *voluntarily excluded*, as used in this clause, have the meaning set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transactions with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

CERTIFICATION

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

<u>Five-6 Construction</u>	<u>07/08 Construction work plan</u>
Organization Name	PR/Award or Project Name
<u>Ronnie Coey President</u>	
Name and Title	
<u>Ronnie Coey</u>	<u>12/28/06</u>
Signature	Date

EXHIBIT E

Cumberland Valley Electric Certificate of Contractor and Indemnity Agreement

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0107. The time required to complete this information collection is estimated to average 1 minute per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

CERTIFICATE OF CONTRACTOR AND INDEMNITY AGREEMENT
(Line Extensions)

Ronnie Corey certifies that he or she is the
President of Five-C Construction
TITLE NAME OF CONTRACTOR
the Contractor, in a Construction Contract No. 07/08 Construction Work Plan
dated _____, 20____, entered into between the Contractor and
Cumberland Valley Electric, RUS designation KY57
NAME OF RUS BORROWER

the Owner, and that he or she 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.

The undersigned further says that all persons who have furnished labor in connection with the Section of the project represented by the inventory dated _____, 20____, in the amount of \$ _____, have been paid in full; that all manufacturers, material suppliers, 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.

The 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 indemnify 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.

12/28/06 By Ronnie Corey
Date President

This Certificate must be signed with the full name of the Contractor. If the Contractor is a partnership, this Certificate must be signed in the partnership name by a partner. If the Contractor is a corporation, this Certificate must be signed in the corporate name by a duly authorized officer.

EXHIBIT F

Cumberland Valley Electric
Certificate of Insurance Coverage(s)

CERTIFICATION OF INSURANCE COVERAGE

- (1) *The prospective bidder certifies, by submission of this certification, that insurance coverage as outlined in a-c below will be attainable for the contract period.*
- (2) *Where the prospective bidder is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.*

The Bidder shall takeout 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 its employees who perform any of the obligations of the Bidder 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, non-owned, 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. 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.*

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 sub-sections "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

Five-C Construction	07/08 Construction Work Plan
Organization Name	PR/Award or Project Name
<i>Ronnie Corey</i>	<i>President</i>
Name (print)	Title
<i>Ronnie Corey</i>	<i>12/28/06</i>
Signature	Date

EXHIBIT G

Cumberland Valley Electric
Certificate of Non-Segregated Facilities

CERTIFICATION OF NON-SEGREGATED FACILITIES

The Bidder certifies that it does not maintain or provide for its employees any segregated facility 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, time clocks, 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.

<u>Five-C Construction</u>	<u>07/08 Construction Work Plan</u>
Organization Name	PR/Award or Project Name
<u>Ronnie Corey</u>	<u>President</u>
Name (print)	Title
<u>Ronnie Corey</u>	
Signature	Date

EXHIBIT H

Cumberland Valley Electric
Form 187: Certificate of Completion

NOT USED IN THIS CONTRACT

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0107. The time required to complete this information collection is estimated to average 1 minute per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

CERTIFICATE OF COMPLETION - CONTRACT CONSTRUCTION

I, the undersigned Architect or Engineer of the following Rural Utilities Service project, do hereby certify that:

- The construction provided for pursuant to Construction Contract No. _____
dated _____, 20____, including all approved amendments, between
_____, RUS designation _____ ("Owner")
and _____ ("Contractor")
has been completed as of _____, 20____, and is in compliance with the
provisions of the Construction Contract, including all plans, specifications, maps, and drawings and all
modifications thereof.
- Payment in full has been made to all persons who have furnished labor for the project.
- The Contractor has obtained valid releases of lien from all manufacturers, material suppliers, and
subcontractors furnishing services or materials 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.
- 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.
- 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.
- All defects in workmanship and materials reported during the period of construction of the project have been
corrected.
- The total cost of the project as completed is _____ dollars
(\$ _____).

Dated this _____ day of _____, 20____.

Name of Architect or Engineer

By _____

Date

Title

RUS FORM 187 (Rev. 2-04)

**CERTIFICATE OF COMPLETION
CONTRACT CONSTRUCTION**
(continued)

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 _____, 20____, 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

Date

By _____
President

Name of Contractor

By _____
Date

Title

NOT USED IN THIS CONTRACT

EXHIBIT I

Cumberland Valley Electric
Form 224: Waiver and Release of Lien

NOT USED IN THIS CONTRACT

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0107. The time required to complete this information collection is estimated to average 1 minute per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

WAIVER AND RELEASE OF LIEN

WHEREAS the undersigned, _____
NAME OF MANUFACTURER, MATERIAL SUPPLIER OR SUBCONTRACTOR

has furnished to _____ the following:
NAME OF CONTRACTOR

_____ for
KIND OF MATERIAL AND SERVICES FURNISHED

use in the construction of a project belonging to _____
Cumberland Valley Electric
NAME OF BORROWER

and designated the Rural Utilities Service as _____
KY57
RUS DESIGNATION

NOW, THEREFORE, the undersigned, _____
NAME OF MANUFACTURER, MATERIAL SUPPLIER, OR SUBCONTRACTOR

for and in consideration of \$ _____ and other good and valuable consideration, the receipt whereof is hereby acknowledged, I (we) 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 _____ for said project.
NAME OF CONTRACTOR

Given under my (our) hand(s) and seal(s) this _____ day of _____, 20 _____.

Name of Manufacturer, Material Supplier, or Subcontractor

By _____
President

This Waiver and Release of Lien must be signed with the full name of the Manufacturer, Material Supplier, or Subcontractor. If the Manufacturer, Material Supplier, or Subcontractor is a partnership, this Waiver and Release of Lien must be signed in the partnership name by a partner. If the Manufacturer, Material Supplier, or Subcontractor is a corporation, this Waiver and Release of Lien 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.

EXHIBIT J

Cumberland Valley Electric
Form 231: Certificate of Contractor

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0571-0107. The time required to complete this information collection is estimated to average 1 minute per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

CERTIFICATE OF CONTRACTOR

Ronnie Corey certifies that he or she is the

President of Five-C Construction,
TITLE NAME OF CONTRACTOR

the Contractor, in a Construction Contract No. 07/08 Construction Work Plan,

dated _____, 20____, entered into between the Contractor and

Cumberland Valley Electric, RUS designation KY57,
NAME OF RUS BORROWER

the Owner, and that he or she 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, material suppliers, 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 OR SERVICES
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

and that the releases of liens executed by all such manufacturers, material suppliers, and subcontractors have been furnished the Owner.

12/28/04
Date

By Ronnie Corey
President

This Certificate must be signed with the full name of the Contractor. If the Contractor is a partnership, this Certificate must be signed in the partnership name by a partner. If the Contractor is a corporation, this Certificate must be signed in the corporate name by a duly authorized officer.

EXHIBIT K

Cumberland Valley Electric
Form 307: Bid Bond

NOT USED IN THIS CONTRACT

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0372-0107. The time required to complete this information collection is estimated to average 1 minute per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

BID BOND

1. **KNOW ALL PERSONS** 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 _____

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 _____, 20_____.

Principal (Seal)

ATTEST: By _____

Secretary Title

Surety (Seal)

ATTEST: By _____

Secretary Title

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0107. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

ELECTRIC SYSTEM CONSTRUCTION CONTRACT NON-SITE SPECIFIC CONSTRUCTION

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~~ projects for CUMBERLAND VALLEY ELECTRIC, INC.
RUS designation KY57, hereinafter called the "Owner") will be received by the Owner on or before 4:00 EDT o'clock P. M., NOVEMBER 4, 2008, at its office at 6219 N US HWY 25E, GRAY, KY, 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. Owner Furnished Materials.** The unit prices in the Contractor's Proposal are to 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.
- 3. 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 \$ 0.00, 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.
- 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 completed in ink or typewritten. No alterations or interlineations will be permitted, unless made before submission, and initialed and dated. The successful Bidder will be required to execute two additional counterparts of the Proposal.
- 5. Due Diligence.** 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, and shall review 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, environmental and historic preservation considerations, and all other matters that may affect the cost and time of completion of the project. Bidder will be required to comply with all federal, state, and local laws, rules, and regulations applicable to its performance, including those pertaining to the licensing of contractors, and the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq.).
- 6. Proposals** will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.

7. **The Time for Completion of Construction** of the project is of the essence of the Contract and 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 hereto 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 or for a period not to exceed sixty (60) days from the date hereinafter 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.~~
9. **Contractor's Bond.** ~~If the estimated cost of the construction of a Section shall exceed \$100,000, the Bidder agrees 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 estimated cost of such Section.~~
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 to enforce the Bid Bond in accordance with its terms, or (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. **Debarment Certification.** ~~The Bidder must provide to the Owner a suspension and debarment certificate in the form attached hereto.~~
12. **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.~~
13. **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.~~
14. **Bid Rejection.** ~~The Owner reserves the right to reject any or all Proposals.~~
15. **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. Similarly, the quantities appearing in the "No. of Units" column multiplied by the correct addition of the sums in the "Labor" column and the "Materials" shall control the amounts appearing in the "Extended Price - Labor & Materials" column. Likewise, the correct extensions shall control the amounts appearing in the "Total, Part " line for each respective part.~~
16. **Definition of Terms.** ~~The terms "Administrator," "Engineer," "Completion of Construction," and "Completion of the Project" as used throughout this Contract shall be as defined in Article 11, Section 1, of the Proposal.~~

_____ Date _____

_____ Title _____

_____ By _____

_____ (Owner)

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.

e. All funds necessary for prompt payment for the construction of the project will be available.

Cumberland Valley Electric Engineering Department

road authorities by communicating with the following:

highway and road authorities. Bidders may obtain information concerning the requirements of highway and road authorities as approval of the Bidder's equipment or proposed construction methods by or on behalf 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 Bidder during construction of the project. This requirement is in addition to and independent of the the prompt repair of all damages to highways and roads and their associated rights-of-way caused by the the successful Bidder will furnish to such authorities a bond or meet other guaranty requirements to assure satisfaction to the Owner of compliance with this requirement. If required by highway or road authorities, 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 of any, on the highway and road right-of-way in the project area. Notwithstanding such permission granted local highway and road authorities to install underground distribution power facilities and set pedestals, if there underground distribution construction is required, permission has been obtained from state and

d. 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.

e. All titles, 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 on which the project is to be constructed (including easements 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.

f. 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 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.

17. The Owner Represents:

PROPOSAL

TO:

CUMBERLAND VALLEY ELECTRIC, INC. (KY57)

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 project in strict accordance with the Plans, Specifications and Construction Drawings for the prices hereinafter stated. The Bidder 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 Bidder from time to time as provided in Article II, Section 1 hereof.*

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 accepted," "conditionally accepted," and "technically accepted" materials and equipment which have been accepted by RUS as indicated in the current RUS Informational Publication 202-1, "List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers," including revisions adopted prior to the Bid Opening. The use of "conditionally accepted" or "technically accepted" materials and equipment requires prior consent by the Owner or Engineer.*

~~*The Bidder agrees that the prices for wood poles, wood 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.*~~

~~*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 be new and shall become the property of the Owner when erected in place.*~~

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 Furnished Materials." For those items not yet delivered, the Bidder will, on behalf of the Owner, accept delivery of such of the materials as may be subsequently delivered and will promptly forward to the Owner for payment the supplier's invoice. The Bidder will acknowledge in writing the receipt of all materials received as indicated on the List. 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 Owner Furnished Materials" 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 Owner Furnished Materials" at its expense and shall be responsible for demurrage, if any.

Section 4. 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 maybe 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 5. Description of contract. *The Notice and Instructions to Bidders, Plans, Specifications, and Construction Drawings, which by this reference are incorporated herein, together with the Proposal and Acceptance constitute the Contract. The Plans, Specifications, and Construction Drawings, including maps, special drawings, and approved modifications in standard specifications are attached hereto and identified as follows:*

Section 6. Due Diligence. *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, federal, state, and local laws, rules, and regulations applicable to its performance.*

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 20 .

Section 8. 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 9. Financial Resources.

- a. *The Bidder warrants that it has or will obtain the financial resources necessary to ensure completion of the project.*
- b. *The Bidder 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 Acceptable Sureties.*

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 Furnished Materials" 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 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 14b of this proposal.*

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 to the bidder in writing of acceptance of the proposal by the Owner 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 THIRTY (30) calendar days after acceptance of the proposal by the Owner. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Plans, Specifications and Construction Drawings within THE SPECIFIED calendar days 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 h 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.

AS AGREED UPON BY AND BETWEEN OWNER AND BIDDER

- 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. It is understood and agreed that, notwithstanding any other provisions of this Contract, the Bidder will not be required to commence any construction after the expiration of 2 years¹ following acceptance of this Proposal by the Owner.

Section 2. Environmental Protection. The Bidder shall perform the work in compliance with all applicable Federal, State, and local Environmental Laws. For purposes of this Agreement, the term "Environmental Laws" shall mean all Federal, state, and local laws including statutes, regulations, ordinances, codes, rules, and other governmental restriction and requirements relating to the environment or solid waste, hazardous substances, hazardous waste, toxic or hazardous material, pollutants or contaminants including, but not limited to the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. §§ 9601, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251, et seq., and the Solid Waste Disposal Act, as amended, 42 U.S.C. §§ 6901, et seq., now or at any time hereafter in effect.

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 supervisors and workers.

¹Owner to insert a number from 1 to 4

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 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, in absence of other mutual agreement, 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 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 supervisors and such skilled workers as may be required for the various classes of work to be performed. The Bidder shall be solely responsible for the means and methods of construction and for the supervision of the Bidder's employees.*
- 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 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; but the failure of the Owner 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. All Bidder procedures and records pertaining to the work shall be made available to the Owner and the Administrator for review prior to such inspections and tests. 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 communications*

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 any such defective materials, equipment, or workmanship so replaced or repaired is found to be defective within one year after the completion of the replacement or repair, the Bidder shall replace or remedy such defective materials, equipment, or workmanship, or workmanship, 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 designate than 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.

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 found defective before final installation, and any such materials, equipment or workmanship 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.

Section 7. Defective Materials and Workmanship.

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 hereinafter 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 hereof in writing.

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, if approved by the Administrator is required, for the purpose of determining the exact nature, extent and location of such defects. The Engineer may recommend to the Administrator that the Bidder suspend the work wholly or in part for such period or periods as the Administrator 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 Administrator so to do. The time of completion hereinafter 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 Administrator, the Bidder before resuming work shall give the Administrator at least twenty-four (24) hours notice hereof in writing.

ARTICLE III--PAYMENTS AND RELEASE OF LIENS

Section 1. Payments to Bidder.

- or* 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 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 a Section. Upon completion by the Bidder of the construction of a Section, 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 of a Certificate of Completion in the form attached hereto, 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.
- ~~h~~ 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, unless such excess shall have been approved in writing by the Owner.

It is understood and agreed that this maximum Contract price is priced pursuant to Exhibit K attached dollars (\$ _____). It is also agreed that the Bidder 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* 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 c shall be the fifteenth (15) day of such month notwithstanding the absence of the approval of the certification.
- d* 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.

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.

¹ See Footnote 2.

- e. *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.*
- f. *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.*

Section 2. Release of Liens and Certificate of Contractor. *Upon the completion by the Bidder of the construction of the project for 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 local laws, rules, and regulations and building and construction codes, in addition to the safety rules and procedures of the Owner.*

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 transport and store all material in facilities and vehicles which are designed to protect the material from damage. The Bidder shall ensure that all vehicles, trailers, and other equipment used comply with all applicable licensing, traffic, and highway requirements.*
- c. *The Bidder shall so conduct the construction of the project as to cause the least possible obstruction of public highways.*
- d. *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.*
- e. *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.*
- f. *Where the right-of-way of the project traverses cultivated or grazing 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.

- g. 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.
- h. 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.
- i. 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.

- j. *The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.*
- k. *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.*
- l. *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 takeout 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 its employees who perform any of the obligations of the Bidder 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. 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.*

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.g 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 7 hereof.

- b. Where the construction of a Section as herein before defined in Article II, 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.g 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 7 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. 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.

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 or her 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 "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 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 or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States or in any eligible country; 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 W of Public Resolution No. 122, 75th Congress, approved June 21, 1938. For the purposes of this section, an "eligible country" is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and supplies to the markets of that country, as determined by the United States Trade Representative. The Bidder agrees to submit to the Owner 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 Laws. *The Bidder shall comply with all federal, state, and local laws, rules, and regulations applicable to its performance under the contract and the construction of the project. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq), and 18 U.S.C. §§ 286, 287, 641, 661, 874, 1001, and 1366, as amended.*

The Bidder represents that to the extent required by Executive Orders 12549 (3 CFR, 1985-1988 Comp., p. 189) and 12689 (3 CFR, 1989 Comp., p. 235), Debarment and Suspension, and 7 CFR part 3017, it has submitted to the Owner a duly executed certification in the form prescribed in 7 CFR part 3017.

The Bidder represents that, to the extent required, it has complied with the requirements of Pub. L. 101-121, Section 319, 103 Stat. 701, 750-765 (31 U.S.C. 1352), entitled "Limitation on use of

appropriated funds to influence certain Federal contracting and financial transactions." and any rules and regulations issued pursuant thereto.

Section 6. Equal Opportunity Provisions.

a. Bidder's Represents.

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 of September 24, 1965, 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 subcontractor 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, time clocks, 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. 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. The Owner and Bidder acknowledge that this Contract is assigned to the Government, acting through the Administrator, for security purposes under the Owner's mortgage and security instrument.*

Section 10. Independent Contractor. *The Bidder shall perform the work as an independent contractor, not as a subcontractor, agent, or employee of the Owner. 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. Acceptance by the Owner: *The acceptance of a Proposal for a contract shall become effective the date of acceptance by the Owner.*

ATTEST;

Shirley Coley
Secretary

Dated 12/11/08

FIVE C CONSTRUCTION, INC
Bidder

Ronnie Coley
President

346 Turner Rd. Gray Ky 40134
Address

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

The Owner hereby accepts the foregoing Proposal of the Bidder, FIVE C CONSTRUCTION
COMPANY, INC., for the construction of the following:
PROJECTS ASSIGNED BY CUMBERLAND VALLEY ELECTRIC STAFF

CUMBERLAND VALLEY ELECTRIC, INC
Owner

By *Harrison Shelby*
President

[Signature]
Secretary

_____, 2008
Date of Contract

Cumberland Valley Electric, Inc.
Addendum 2 to RUS Form 790

ARTICLE VI – MISCELLANEOUS
Add: Section 12. Hold Harmless Agreement.

HOLD HARMLESS AGREEMENT

FIVE C CONSTRUCTION COMPANY, INC. ("Bidder") agrees to defend, pay on behalf of, and hold harmless Cumberland Valley Electric, Inc. ("Owner"), and its directors, officers, agents, members and employees, from all claims, demands, causes of action, damages, costs, or liabilities, in law or in equity, of every kind and nature whatsoever, including but not limited to those brought by employees of Bidder or its subcontractors, and those brought as a result of any interruption, discontinuance, or interference with Owner's service to any of its customers, arising out of or as a result of any act or failure to act, whether or not negligent, in connection with the performance of the work to be performed pursuant to this proposal by the Bidder, its directors, officers, agents, employees, and subcontractors. Bidder agrees to defend and pay all costs in defending these claims, demands, causes of action, damages, costs or liabilities, including attorney's fees, and Bidder shall also reimburse Owner for any and all legal and other expenses incurred by Owner in connection therewith.

Further, Bidder agrees to maintain public liability and property damage insurance (including automobile public liability and property damage insurance) to cover the obligations set forth above. The minimum insurance limits of liability shall be \$1,000,000 bodily injury and property damage. The policy must also state that the Bidder has contractual liability coverage and that the Owner has been added as an additional insured. Owner shall receive a minimum thirty (30) day notice in the event of cancellation of insurance required by this agreement. The Bidder shall furnish a certificate of insurance to the Owner showing that the above obligations and requirements are provided for by a qualified insurance carrier, and showing the Owner as an additional insured on such insurance.

Five C Construction Company, Inc.

Bidder

By: Ronnie Coey

Title: President

Witness: Brenda Coey

Date: 12/11/08

Cumberland Valley Electric, Inc.

Owner

By: Wendell Shelby

Title: PRESIDENT

Witness: Wendell Shelby

Date: 12/9/08

CUMBLERAND VALLEY ELECTRIC

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

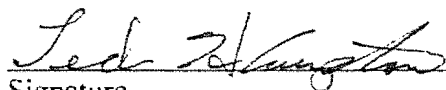
This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

CUMBERLAND VALLEY ELECTRIC, INC

Organization Name

President & CEO

Name of Authorized Official



Signature

12-9-08

Date

CUMBLERAND VALLEY ELECTRIC

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

FIVE C CONSTRUCTION COMPANY, INC.

Organization Name

President & CEO

Name of Authorized Official

Ronnie Cooney
Signature

12/11/08
Date

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and or debarment.

CERTIFICATION

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Organization Name

PR Award or Project Name

Name and Title

Signature

Date

Vernon Shelby

President

According to the Copyright Notice in the 2008 Annual Report, the information contained herein is derived from the records of the Rural Utilities Service and is not to be used for any other purpose without the express written permission of the Rural Utilities Service. The Rural Utilities Service is not responsible for the accuracy or completeness of the information contained herein. The Rural Utilities Service is not responsible for the accuracy or completeness of the information contained herein. The Rural Utilities Service is not responsible for the accuracy or completeness of the information contained herein.

U.S. Department of Agriculture
 Rural Utilities Service

CERTIFICATE OF CONTRACTOR

RONNIE COREY certifies that he or she is the
OWNER / PRESIDENT of FIVE C CONSTRUCTION CO., INC.
TITLE NAME OF CONTRACTOR

the Contractor, in a Construction Contract No. _____

dated DECEMBER 11, 2008, entered into between the Contractor and

CUMBERLAND VALLEY ELECTRIC, INC., RUS Designation KY57
NAME OF RUS BORROWER

the Owner, and that he or she 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, material suppliers, 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 OR SERVICES
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

and that the releases of liens executed by all such manufacturers, material suppliers, and subcontractors have been furnished the Owner.

12/11/08 Date By Ronnie Corey President

This Certificate must be signed with the full name of the Contractor. If the Contractor is a partnership, this Certificate must be signed in the partnership name by a partner. If the Contractor is a corporation, this Certificate must be signed in the corporate name by a duly authorized officer.

CERTIFICATION OF INSURANCE COVERAGE

- (1) The prospective bidder certifies, by submission of this certification, that insurance coverage as outlined in a-c below will be attachable for the contract period.
 - (2) Where the prospective bidder is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.
- The Bidder shall takeout 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 its employees who perform any of the obligations of the Bidder 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, non-owned, 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. 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.

The Bidder 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 Bidder shall be named as "Additional Insured" on all policies of insurance required in sub-sections "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 Bidder. The Bidder shall furnish the Bidder a certificate evidencing compliance with the foregoing requirements which shall provide not less than 15(15) days prior written notice to the Bidder of any cancellation or material change in the insurance.

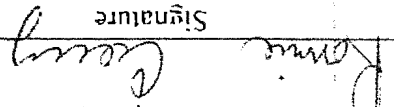
PR/Award or Project Name	Organization Name
Pres. Dept	Ronnie Corey
Title	Name (print)
Date	Signature
12/11/08	
	Fire & Construction Co.

EXHIBIT K

Five C Construction Company Hourly Rates Schedule

<u>Employee Class/Equipment</u>	<u>Rate</u>
Foreman	\$52.00
Lineman 1 st Class/A	\$51.00
Lineman 2 nd Class/B	\$38.00
Groundman	\$24.00
Truck Operator	\$24.00
Line/Digger Truck	\$19.00
Bucket Truck	\$20.00
Pole Truck/Air Comp	\$10.00
Pickup Truck	\$6.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0107. The time required to complete this information collection is estimated to average 3 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

ELECTRIC SYSTEM CONSTRUCTION CONTRACT
NON-SITE SPECIFIC CONSTRUCTION
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 projects for CUMBERLAND VALLEY ELECTRIC, INC. RUS designation KY 57 (hereinafter called the "Owner") will be received by the Owner on or before 4:00 o'clock P. M., JANUARY 1, 2011, at its office at 6219 N US HWY 25E, GRAY, KENTUCKY 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. Owner Furnished Materials.** The unit prices in the Contractor's Proposal are to 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.
- 3. 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 \$ 0.00, 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.
- 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 completed in ink or typewritten. No alterations or interlineations will be permitted, unless made before submission, and initialed and dated. The successful Bidder will be required to execute two additional counterparts of the Proposal.
- 5. Due Diligence.** 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, and shall review 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, environmental and historic preservation considerations, and all other matters that may affect the cost and time of completion of the project. Bidder will be required to comply with all federal, state, and local laws, rules, and regulations applicable to its performance, including those pertaining to the licensing of contractors, and the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq).
- 6. Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.**

7. **The Time for Completion of Construction** of the project is of the essence of the Contract and 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 hereto 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 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.~~
9. **Contractor's Bond.** ~~If the estimated cost of the construction of a Section shall exceed \$100,000, the Bidder agrees 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 estimated cost of such Section.~~
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. **Debarment Certification.** The Bidder must provide to the Owner a suspension and debarment certificate in the form attached hereto.
12. **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.
13. **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.
14. **Bid Rejection.** The Owner reserves the right to reject any or all Proposals.
15. **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. Similarly, the quantities appearing in the "No. of Units" column multiplied by the correct addition of the sums in the "Labor" column and the "Materials" shall control the amounts appearing in the "Extended Price - Labor & Materials" column. Likewise, the correct extensions shall control the amounts appearing in the "Total, Part ____" line for each respective part.
16. **Definition of Terms.** The terms "Administrator," "Engineer," "Completion of Construction," and "Completion of the Project" as used throughout this Contract shall be as defined in Article VI, Section I, of the Proposal.

17. 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 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 titles, 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 on 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:*

CUMBERLAND VALLEY ELECTRIC ENGINEERING DEPARTMENT

- 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 _____

Title

Date

PROPOSAL

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 project in strict accordance with the Plans, Specifications and Construction Drawings for the prices hereinafter stated. The Bidder 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 Bidder from time to time as provided in Article II, Section 1 hereof.*

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 accepted," "conditionally accepted," and "technically accepted" materials and equipment which have been accepted by RUS as indicated in the current RUS Informational Publication 202-1, "List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers," including revisions adopted prior to the Bid Opening. The use of "conditionally accepted" or "technically accepted" materials and equipment requires prior consent by the Owner or Engineer.*

~~*The Bidder agrees that the prices for wood poles, wood 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.*~~

~~*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 be new and shall become the property of the Owner when erected in place.*~~

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 Furnished Materials." For those items not yet delivered, the Bidder will, on behalf of the Owner, accept delivery of such of the materials as may be subsequently delivered and will promptly forward to the Owner for payment the supplier's invoice. The Bidder will acknowledge in writing the receipt of all materials received as indicated on the List. 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 Owner Furnished Materials" 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 Owner Furnished Materials" at its expense and shall be responsible for demurrage, if any.

Section 4. 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 maybe 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 5. Description of contract. *The Notice and Instructions to Bidders, Plans, Specifications, and Construction Drawings, which by this reference are incorporated herein, together with the Proposal and Acceptance constitute the Contract. The Plans, Specifications, and Construction Drawings, including maps, special drawings, and approved modifications in standard specifications are attached hereto and identified as follows:*

Section 6. Due Diligence. *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, federal, state, and local laws, rules, and regulations applicable to its performance.*

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 _____ -24 _____

Section 8. 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 9. Financial Resources.

- a. *The Bidder warrants that it has or will obtain the financial resources necessary to ensure completion of the project.*
- b. *The Bidder 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 Acceptable Sureties.*

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 Furnished Materials" 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 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 with in the meaning of Article II, Section 1(d) of this proposal.*

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 to the bidder in writing of acceptance of the proposal by the Owner 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 THIRTY (30) calendar days after acceptance of the proposal by the Owner. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Plans, Specifications and*

Construction Drawings within THE SPECIFIED calendar days 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.*

AS AGREED UPON BY AND BETWEEN OWNER AND BIDDER

- 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. It is understood and agreed that, notwithstanding any other provisions of this Contract, the Bidder will not be required to commence any construction after the expiration of 2 years¹ following acceptance of this Proposal by the Owner.*

Section 2. Environmental Protection. *The Bidder shall perform the work in compliance with all applicable Federal, State, and local Environmental Laws. For purposes of this Agreement, the term "Environmental Laws" shall mean all Federal, state, and local laws including statutes, regulations, ordinances, codes, rules, and other governmental restriction and requirements relating to the environment or solid waste, hazardous substances, hazardous waste, toxic or hazardous material, pollutants or contaminants including, but not limited to the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. §§ 9601, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251, et seq., and the Solid Waste Disposal Act, as amended, 42 U.S.C. §§ 6901, et seq., now or at any time hereafter in effect.*

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 supervisors and workers.*

¹ Owner to insert a number from 1 to 4

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 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, in absence of other mutual agreement, 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 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 supervisors and such skilled workers as may be required for the various classes of work to be performed. The Bidder shall be solely responsible for the means and methods of construction and for the supervision of the Bidder's employees.*
- 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 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; but the failure of the Owner 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. All Bidder procedures and records pertaining to the work shall be made available to the Owner and the Administrator for review prior to such inspections and tests. 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 communications*

from the Owner may be delivered. Delivery of such communications 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. The performance of such inspections or tests by the Owner or the Administrator shall not relieve the Bidder of its obligations to perform the work in accordance with the requirements of this Contract.

- 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, if approval by the Administrator is required, 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 any such defective materials, equipment, or workmanship so replaced or repaired is found to be defective within one year after the completion of the replacement or repair, the Bidder shall replace or remedy such defective materials, equipment, or workmanship. 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. ~~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 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 a Section. Upon completion by the Bidder of the construction of a Section, 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 of a Certificate of Completion in the form attached hereto, 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, unless such excess shall have been approved in writing by the Owner.~~

It is understood and agreed that this maximum Contract price is price pursuant to

Exhibit K attached dollars (\$ _____). It is also agreed that the Bidder 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. Interest at the rate of _____ percent (_____ %) 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 c shall be the fifteenth (15) day of such month notwithstanding the absence of the approval of the certification.
- d. Interest at the rate of _____ percent (_____ %) 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.

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.

³ See Footnote 2.

- e. *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.*
- f. *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.*

Section 2. Release of Liens and 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 local laws, rules, and regulations and building and construction codes, in addition to the safety rules and procedures of the Owner.*

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 transport and store all material in facilities and vehicles which are designed to protect the material from damage. The Bidder shall ensure that all vehicles, trailers, and other equipment used comply with all applicable licensing, traffic, and highway requirements.*
- c. *The Bidder shall so conduct the construction of the project as to cause the least possible obstruction of public highways.*
- d. *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.*
- e. *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.*
- f. *Where the right-of-way of the project traverses cultivated or grazing 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.

- g. 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.
- h. 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.
- i. 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.

- j. *The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.*
- k. *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.*
- l. *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 takeout 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 its employees who perform any of the obligations of the Bidder 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. 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.*

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 II, Section 1.g 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 7 hereof.

- b. Where the construction of a Section as herein before defined in Article II, 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 II, Section 1.g 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 7 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. 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.

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 or her 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 "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 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 or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States or in any eligible country; 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. For the purposes of this section, an "eligible country" is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and suppliers to the markets of that country, as determined by the United States Trade Representative. The Bidder agrees to submit to the Owner 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 Laws. *The Bidder shall comply with all federal, state, and local laws, rules, and regulations applicable to its performance under the contract and the construction of the project. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq.) and 18 U.S.C. §§ 286, 287, 641, 661, 874, 1001, and 1366, as amended.*

The Bidder represents that to the extent required by Executive Orders 12549 (3 CFR, 1985-1988 Comp., p. 189) and 12689 (3 CFR, 1989 Comp., p. 235), Debarment and Suspension, and 7 CFR part 3017, it has submitted to the Owner a duly executed certification in the form prescribed in 7 CFR part 3017.

The Bidder represents that, to the extent required, it has complied with the requirements of Pub. L. 101-121, Section 319, 103 Stat. 701, 750-765 (31 U.S.C. 1352), entitled "Limitation on use of

appropriated funds to influence certain Federal contracting and financial transactions." and any rules and regulations issued pursuant thereto.

Section 6. Equal Opportunity Provisions.

a. Bidder's Represents.

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 of September 24, 1965, 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 subcontractor 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, time clocks, 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. 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. The Owner and Bidder acknowledge that this Contract is assigned to the Government, acting through the Administrator, for security purposes under the Owner's mortgage and security instrument.*

Section 10. Independent Contractor. *The Bidder shall perform the work as an independent contractor, not as a subcontractor, agent, or employee of the Owner. 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. Acceptance by the Owner: *The acceptance of a Proposal for a contract shall become effective the date of acceptance by the Owner.*

ATTEST:

Secretary

Dated _____

FIVE C CONSTRUCTION
Bidder
Ronnie Collins
344 Shelton Road President
Indy, IN 46734 Address

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

The Owner hereby accepts the foregoing Proposal of the Bidder, FIVE C CONSTRUCTION

COMPANY, INC. for the construction of the following:

PROJECTS ASSIGNED BY CUMBERLAND VALLEY ELECTRIC STAFF

CUMBERLAND VALLEY ELECTRIC

Owner

By

Vernon Shelby
President

John Jay
Secretary

_____. 20____
Date of Contract

Cumberland Valley Electric, Inc.
Addendum 2 to RUS Form 790

ARTICLE VI - MISCELLANEOUS
Add: Section 12, Hold Harmless Agreement.

HOLD HARMLESS AGREEMENT

FIVE C CONSTRUCTION COMPANY, INC. ("Bidder") agrees to defend, pay on behalf of, and hold harmless Cumberland Valley Electric, Inc. ("Owner"), and its directors, officers, agents, members and employees, from all claims, demands, causes of action, damages, costs, or liabilities, in law or in equity, of every kind and nature whatsoever, including but not limited to those brought by employees of Bidder or its subcontractors, and those brought as a result of any interruption, discontinuance, or interference with Owner's service to any of its customers, arising out of or as a result of any act or failure to act, whether or not negligent, in connection with the performance of the work to be performed pursuant to this proposal by the Bidder, its directors, officers, agents, employees, and subcontractors. Bidder agrees to defend and pay all costs in defending these claims, demands, causes of action, damages, costs or liabilities, including attorney's fees, and Bidder shall also reimburse Owner for any and all legal and other expenses incurred by Owner in connection therewith.

Further, Bidder agrees to maintain public liability and property damage insurance (including automobile public liability and property damage insurance) to cover the obligations set forth above. The minimum insurance limits of liability shall be \$1,000,000 bodily injury and property damage. The policy must also state that the Bidder has contractual liability coverage and that the Owner has been added as an additional insured. Owner shall receive a minimum thirty (30) day notice in the event of cancellation of insurance required by this agreement. The Bidder shall furnish a certificate of insurance to the Owner showing that the above obligations and requirements are provided for by a qualified insurance carrier, and showing the Owner as an additional insured on such insurance.

Five C Construction Company, Inc.
Bidder

By: Ronnie Conry
Title: President

Witness: _____

Date: _____

Cumberland Valley Electric, Inc.
Owner

By: Thomas Shroy
Title: _____

Witness: Gene Kay

Date: _____

CUMBERLAND VALLEY ELECTRIC

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

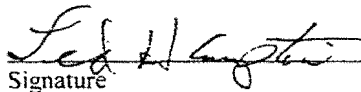
This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

CUMBERLAND VALLEY ELECTRIC

Organization Name

President/CEO

Name of Authorized Official


Signature

11-18-2010
Date

CUMBERLAND VALLEY ELECTRIC

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

FIVE C CONSTRUCTION

Organization Name

Ronnie Corey

Name of Authorized Official

Ronnie Corey

Signature

11/24/2010
Date

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION – LOWER TIER COVERED TRANSACTIONS

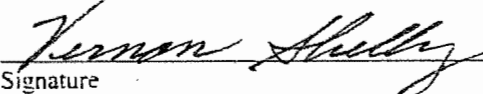
INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The terms *covered transaction*, *debarred*, *suspended*, *ineligible*, *lower tier covered transaction*, *participant*, *person*, *primary covered transaction*, *principal*, *proposal*, and *voluntarily excluded*, as used in this clause, have the meaning set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transactions with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is

proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and or debarment.

CERTIFICATION

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Organization Name	PR Award or Project Name
VERNON SHELLEY	PRESIDENT
Name and Title	
	
Signature	Date

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0110. The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service
CERTIFICATE OF CONTRACTOR

RONNIE COREY certifies that he/she is the

OWNER/PRESIDENT of FIVE C CONSTRUCTION, INC.
TITLE NAME OF CONTRACTOR

the Contractor, in a Construction Contract No. _____

dated _____, 20____, entered into between the Contractor and

CUMBERLAND VALLEY ELECTRIC, INC., RUS designation KY 57
NAME OF RUS BORROWER

the Owner, and that he or she 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, material suppliers, 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 manufacturer material suppliers and subcontractors have been furnished the Owner.

11/24/2008
Date

By: Ronnie Corey
President

This Certificate must be signed with the full name of the Contractor. If the Contractor is a partnership, this Certificate must be signed in the partnership name by a partner. If the Contractor is a corporation, this Certificate must be signed in the corporate name by a duly authorized officer.

CERTIFICATION OF INSURANCE COVERAGE

- (1) The prospective bidder certifies, by submission of this certification, that insurance coverage as outlined in a-c below will be attainable for the contract period.
- (2) Where the prospective bidder is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

The Bidder shall takeout 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 its employees who perform any of the obligations of the Bidder 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, non-owned, 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. 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.

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 sub-sections "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.

Five C Construction Co.
Organization Name

PR/Award or Project Name

Ronnie Corey
Name (print)

President
Title

Ronnie Corey
Signature

11/24/2018
Date

Five C Construction Co. Inc

346 Turner Road
Gray, Kentucky 40734

November 1, 2010

Cumberland Valley Electric
PO box 440
Gray, Kentucky 40734

Dear Mr. Hampton:

In response to your request for a labor and equipment bid for the years 2011 and 2012, we propose the following:

Foreman	54.00
Lineman 1 st class	53.00
Lineman 2 nd class	42.00
Groundman/Tk. Driver	24.00
Pick-up	10.00
Digger	20.00
Bucket	25.00
Pole Tk/Air comp	10.00

Every hour worked above the normal 40 hour week will be charged as overtime.

Once again we would like to take this opportunity to thank you and the Board of Directors for the opportunity we have had to work with you and we look forward to working with you in the upcoming years.

Sincerely,


Ronnie L Corey

President / Owner

7. **The Time for Completion of Construction** of the project is of the essence of the Contract and 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 hereto 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 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.
- ~~9. **Contractor's Bond.** If the estimated cost of the construction of a Section shall exceed \$100,000, the Bidder agrees 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 estimated cost of such Section.~~
- ~~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. **Debarment Certification.** The Bidder must provide to the Owner a suspension and debarment certificate in the form attached hereto.
12. **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.
13. **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.
14. **Bid Rejection.** The Owner reserves the right to reject any or all Proposals.
15. **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. Similarly, the quantities appearing in the "No. of Units" column multiplied by the correct addition of the sums in the "Labor" column and the "Materials" shall control the amounts appearing in the "Extended Price - Labor & Materials" column. Likewise, the correct extensions shall control the amounts appearing in the "Total, Part ___" line for each respective part.
16. **Definition of Terms.** The terms "Administrator," "Engineer," "Completion of Construction," and "Completion of the Project" as used throughout this Contract shall be as defined in Article V, Section 1, of the Proposal.

17. 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 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 titles, 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 on 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:*

Cumberland Valley Electric's Engineering Department

- 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 _____

Title

_____. 20_____
Date

PROPOSAL

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 project in strict accordance with the Plans, Specifications and Construction Drawings for the prices hereinafter stated. The Bidder 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 Bidder from time to time as provided in Article II, Section 1 hereof.*

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 accepted," "conditionally accepted," and "technically accepted" materials and equipment which have been accepted by RUS as indicated in the current RUS Informational Publication 202-1, "List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers," including revisions adopted prior to the Bid Opening. The use of "conditionally accepted" or "technically accepted" materials and equipment requires prior consent by the Owner or Engineer.*

~~*The Bidder agrees that the prices for wood poles, wood 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.*~~

~~*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 be new and shall become the property of the Owner when erected in place.*~~

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 Furnished Materials." For those items not yet delivered, the Bidder will, on behalf of the Owner, accept delivery of such of the materials as may be subsequently delivered and will promptly forward to the Owner for payment the supplier's invoice. The Bidder will acknowledge in writing the receipt of all materials received as indicated on the List. 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 per cent (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 Owner Furnished Materials" 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 Owner Furnished Materials" at its expense and shall be responsible for demurrage, if any.

Section 4. 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 5. Description of contract. *The Notice and Instructions to Bidders, Plans, Specifications, and Construction Drawings, which by this reference are incorporated herein, together with the Proposal and Acceptance constitute the Contract. The Plans, Specifications, and Construction Drawings, including maps, special drawings, and approved modifications in standard specifications are attached hereto and identified as follows:*

Section 6. Due Diligence. *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, federal, state, and local laws, rules, and regulations applicable to its performance.*

~~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 _____, 20____.

Section 8. 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 9. Financial Resources.

- a. *The Bidder warrants that it has or will obtain the financial resources necessary to ensure completion of the project.*
- b. *The Bidder 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 Acceptable Sureties.*

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 Furnished Materials" 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 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 with in the meaning of Article 11, Section 1(d) of this proposal.*

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 to the bidder in writing of acceptance of the proposal by the Owner 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 30 calendar days after acceptance of the proposal by the Owner. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Plans, Specifications and Construction Drawings within The Specified calendar days 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.*

As agreed upon by and between the owner and the bidder

- 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. *It is understood and agreed that, notwithstanding any other provisions of this Contract, the Bidder will not be required to commence any construction after the expiration of 2 year(s)¹ following acceptance of this Proposal by the Owner.*

Section 2. Environmental Protection. *The Bidder shall perform the work in compliance with all applicable Federal, State, and local Environmental Laws. For purposes of this Agreement, the term "Environmental Laws" shall mean all Federal, state, and local laws including statutes, regulations, ordinances, codes, rules, and other governmental restriction and requirements relating to the environment or solid waste, hazardous substances, hazardous waste, toxic or hazardous material, pollutants or contaminants including, but not limited to the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. §§ 9601, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251, et seq., and the Solid Waste Disposal Act, as amended, 42 U.S.C. §§ 6901, et seq., now or at any time hereafter in effect.*

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 supervisors and workers.*

¹ Owner to insert a number from 1 to 4.

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 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, in absence of other mutual agreement, 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 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 supervisors and such skilled workers as may be required for the various classes of work to be performed. The Bidder shall be solely responsible for the means and methods of construction and for the supervision of the Bidder's employees.*
- 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 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; but the failure of the Owner 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. All Bidder procedures and records pertaining to the work shall be made available to the Owner and the Administrator for review prior to such inspections and tests. 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 communications*

from the Owner may be delivered. Delivery of such communications 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. The performance of such inspections or tests by the Owner or the Administrator shall not relieve the Bidder of its obligations to perform the work in accordance with the requirements of this Contract.

- 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, if approval by the Administrator is required, 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 any such defective materials, equipment, or workmanship so replaced or repaired is found to be defective within one year after the completion of the replacement or repair, the Bidder shall replace or remedy such defective materials, equipment, or workmanship. 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.* 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 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 a Section. Upon completion by the Bidder of the construction of a Section, 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 of a Certificate of Completion in the form attached hereto, 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, 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 Bidder 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.* Interest at the rate of _____ percent (_____ %) 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 c shall be the fifteenth (15) day of such month notwithstanding the absence of the approval of the certification.
- d.* Interest at the rate of _____ percent (_____ %) 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.

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.

³ See Footnote 2

- e. *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.*
- f. *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.*

Section 2. Release of Liens and 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 local laws, rules, and regulations and building and construction codes, in addition to the safety rules and procedures of the Owner.*

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 transport and store all material in facilities and vehicles which are designed to protect the material from damage. The Bidder shall ensure that all vehicles, trailers, and other equipment used comply with all applicable licensing, traffic, and highway requirements.*
- c. *The Bidder shall so conduct the construction of the project as to cause the least possible obstruction of public highways.*
- d. *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.*
- e. *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.*
- f. *Where the right-of-way of the project traverses cultivated or grazing 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.

- g. 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.
- h. 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.
- i. 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.

- j. *The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.*
- k. *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.*
- l. *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 takeout 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 its employees who perform any of the obligations of the Bidder 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. 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.*

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 II, Section 1.g 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 7 hereof.

- b. *Where the construction of a Section as herein before defined in Article II, 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 II, Section 1.g 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 7 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. 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.*

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 or her 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 "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 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 or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States or in any eligible country; 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. For the purposes of this section, an "eligible country" is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and suppliers to the markets of that country, as determined by the United States Trade Representative. The Bidder agrees to submit to the Owner 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 Laws. *The Bidder shall comply with all federal, state, and local laws, rules, and regulations applicable to its performance under the contract and the construction of the project. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq), and 18 U.S.C. §§ 286, 287, 641, 661, 874, 1001, and 1366, as amended.*

The Bidder represents that to the extent required by Executive Orders 12549 (3 CFR, 1985-1988 Comp., p. 189) and 12689 (3 CFR, 1989 Comp., p. 235), Debarment and Suspension, and 7 CFR part 3017, it has submitted to the Owner a duly executed certification in the form prescribed in 7 CFR part 3017.

The Bidder represents that, to the extent required, it has complied with the requirements of Pub. L. 101-121, Section 319, 103 Stat. 701, 750-765 (31 U.S.C. 1352), entitled "Limitation on use of

appropriated funds to influence certain Federal contracting and financial transactions," and any rules and regulations issued pursuant thereto.

Section 6. Equal Opportunity Provisions.

a. Bidder's Represents.

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 of September 24, 1965, 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 subcontractor 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, time clocks, 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. 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. The Owner and Bidder acknowledge that this Contract is assigned to the Government, acting through the Administrator, for security purposes under the Owner's mortgage and security instrument.

Section 10. Independent Contractor. The Bidder shall perform the work as an independent contractor, not as a subcontractor, agent, or employee of the Owner. 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. Acceptance by the Owner: The acceptance of a Proposal for a contract shall become effective the date of acceptance by the Owner.

ATTEST:

Ronnie Coxy
Secretary

Dated Jan. 1, 2013

Ronnie Coxy
Bidder

Ronnie Coxy
President

346 Turner Rd
Address

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

The Owner hereby accepts the foregoing Proposal of the Bidder, Five C Construction

Company _____, for the construction of the following:

PROJECTS ASSIGNED BY CUMBERLAND VALLEY ELECTRIC STAFF

CUMBERLAND VALLEY ELECTRIC

Owner

By

Vernon Shelby
President

[Signature]
Secretary

1-1 . 2013
Date of Contract

CUMBERLAND VALLEY ELECTRIC

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Five C Construction

Organization Name

Name of Authorized Official

Signature

Date

**HOLD HARMLESS
AGREEMENT BETWEEN**

**CUMBERLAND VALLEY ELECTRIC, INC.
AND
FIVE C CONSTRUCTION**

Five C Construction, agrees to defend, pay on behalf of and hold harmless **Cumberland Valley Electric, Inc.** and its directors, officers, agents, and employees from all claims of whatsoever nature or kind, including those brought by employees of **Five C Construction** or subcontractors, arising out of or as a result of any act or failure to act whether or not negligent, in connection with the performance of the work to be performed pursuant to this contract by **Five C Construction**, its employees, agents and subcontractors. **Five C Construction** agrees to defend and pay all costs in defending these claims, including attorney fees.

Further, **Five C Construction** agrees to maintain public liability and property damage insurance (including automobile public liability and property damage insurance) to cover the obligations set forth above. The minimum insurance limits of liability shall be \$1,000,000 bodily injury and property damage. **Cumberland Valley Electric, Inc.** shall receive a minimum 30 day notice in the event of cancellation of insurance required by this agreement. **Five C Construction** shall furnish a certificate of insurance to **Cumberland Valley Electric, Inc.** showing that the above obligations and requirements are provided for by a qualified insurance carrier, and showing **Cumberland Valley Electric, Inc.** as an additional insured on such insurance.

FIVE C CONSTRUCTION

CUMBERLAND VALLEY ELECTRIC, INC.

BY: *Ronnie Coley*

BY: *Ted Hampton*

DATE: 11/1/2013

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0107. The time required to complete this information collection is estimated to average 3 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

**ELECTRIC SYSTEM CONSTRUCTION CONTRACT
NON-SITE SPECIFIC CONSTRUCTION**

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 Cumberland Valley Electric, Inc., RUS designation KY57, (hereinafter called the "Owner") will be received by the Owner on or before _____ o'clock _____ M., January 1, 2015, at its office at 6219 N US HWY 25E, Gray, Kentucky 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. **Owner Furnished Materials.** *The unit prices in the Contractor's Proposal are to 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.*
3. **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 \$ 0.00, 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.*
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 completed in ink or typewritten. No alterations or interlineations will be permitted, unless made before submission, and initialed and dated. The successful Bidder will be required to execute two additional counterparts of the Proposal.*
5. **Due Diligence.** *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, and shall review 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, environmental and historic preservation considerations, and all other matters that may affect the cost and time of completion of the project. Bidder will be required to comply with all federal, state, and local laws, rules, and regulations applicable to its performance, including those pertaining to the licensing of contractors, and the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq).*
6. **Proposals will be accepted only from those prequalified bidders invited by the Owner to submit a proposal.**

7. **The Time for Completion of Construction of the project is of the essence of the Contract and 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 hereto 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 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.~~
- ~~9. **Contractor's Bond.** If the estimated cost of the construction of a Section shall exceed \$100,000, the Bidder agrees 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 estimated cost of such Section.~~
- ~~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. **Debarment Certification.** The Bidder must provide to the Owner a suspension and debarment certificate in the form attached hereto.
12. **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.
13. **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.
14. **Bid Rejection.** The Owner reserves the right to reject any or all Proposals.
15. **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. Similarly, the quantities appearing in the "No. of Units" column multiplied by the correct addition of the sums in the "Labor" column and the "Materials" shall control the amounts appearing in the "Extended Price - Labor & Materials" column. Likewise, the correct extensions shall control the amounts appearing in the "Total, Part ___" line for each respective part.
16. **Definition of Terms.** The terms "Administrator," "Engineer," "Completion of Construction," and "Completion of the Project" as used throughout this Contract shall be as defined in Article VI, Section 1, of the Proposal.

17. 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 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 titles, 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 on 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:*

CUMBERLAND VALLEY ELECTRIC'S ENGINEERING DEPARTMENT

- 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 _____

Title

_____, 20____
Date

PROPOSAL

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 project in strict accordance with the Plans, Specifications and Construction Drawings for the prices hereinafter stated. The Bidder 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 Bidder from time to time as provided in Article II, Section 1 hereof.*

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 accepted," "conditionally accepted," and "technically accepted" materials and equipment which have been accepted by RUS as indicated in the current RUS Informational Publication 202-1, "List of Materials Acceptable for Use on Systems of RUS Electrification Borrowers," including revisions adopted prior to the Bid Opening. The use of "conditionally accepted" or "technically accepted" materials and equipment requires prior consent by the Owner or Engineer.*

~~*The Bidder agrees that the prices for wood poles, wood 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.*~~

~~*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 be new and shall become the property of the Owner when erected in place.*~~

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 Furnished Materials." For those items not yet delivered, the Bidder will, on behalf of the Owner, accept delivery of such of the materials as may be subsequently delivered and will promptly forward to the Owner for payment the supplier's invoice. The Bidder will acknowledge in writing the receipt of all materials received as indicated on the List. 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 Owner Furnished Materials" 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 Owner Furnished Materials" at its expense and shall be responsible for demurrage, if any.

Section 4. 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 maybe 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 5. Description of contract. *The Notice and Instructions to Bidders, Plans, Specifications, and Construction Drawings, which by this reference are incorporated herein, together with the Proposal and Acceptance constitute the Contract. The Plans, Specifications, and Construction Drawings, including maps, special drawings, and approved modifications in standard specifications are attached hereto and identified as follows:*

Section 6. Due Diligence. *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, federal, state, and local laws, rules, and regulations applicable to its performance.*

~~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 _____, 20____.

Section 8. 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 9. Financial Resources.

- a. *The Bidder warrants that it has or will obtain the financial resources necessary to ensure completion of the project.*
- b. *The Bidder 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 Acceptable Sureties.*

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 Furnished Materials" 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 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 with in the meaning of Article II, Section I(d) of this proposal.*

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 to the bidder in writing of acceptance of the proposal by the Owner 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 30 calendar days after acceptance of the proposal by the Owner. The Bidder further agrees to prosecute diligently and to complete construction in strict accordance with the Plans, Specifications and

Construction Drawings within The Specified calendar days 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.*

As agreed upon by and between the owner and the bidder

- 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. It is understood and agreed that, notwithstanding any other provisions of this Contract, the Bidder will not be required to commence any construction after the expiration of 2 year(s)¹ following acceptance of this Proposal by the Owner.*

Section 2. Environmental Protection. *The Bidder shall perform the work in compliance with all applicable Federal, State, and local Environmental Laws. For purposes of this Agreement, the term "Environmental Laws" shall mean all Federal, state, and local laws including statutes, regulations, ordinances, codes, rules, and other governmental restriction and requirements relating to the environment or solid waste, hazardous substances, hazardous waste, toxic or hazardous material, pollutants or contaminants including, but not limited to the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. §§ 9601, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251, et seq., and the Solid Waste Disposal Act, as amended, 42 U.S.C. §§ 6901, et seq., now or at any time hereafter in effect.*

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 supervisors and workers.*

¹ Owner to insert a number from 1 to 4.

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 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, in absence of other mutual agreement, 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 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 supervisors and such skilled workers as may be required for the various classes of work to be performed. The Bidder shall be solely responsible for the means and methods of construction and for the supervision of the Bidder's employees.*
- 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 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; but the failure of the Owner 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. All Bidder procedures and records pertaining to the work shall be made available to the Owner and the Administrator for review prior to such inspections and tests. 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 communications*

from the Owner may be delivered. Delivery of such communications 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. The performance of such inspections or tests by the Owner or the Administrator shall not relieve the Bidder of its obligations to perform the work in accordance with the requirements of this Contract.

- 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, if approval by the Administrator is required, 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 any such defective materials, equipment, or workmanship so replaced or repaired is found to be defective within one year after the completion of the replacement or repair, the Bidder shall replace or remedy such defective materials, equipment, or workmanship. 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. 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 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 a Section. Upon completion by the Bidder of the construction of a Section, 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 of a Certificate of Completion in the form attached hereto, 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, 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 Bidder 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. Interest at the rate of _____ percent (_____%) 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 c shall be the fifteenth (15) day of such month notwithstanding the absence of the approval of the certification.

d. Interest at the rate of _____ percent (_____%) 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.

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.

³ See Footnote 2.

- e. *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.*
- f. *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.*

Section 2. Release of Liens and 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 local laws, rules, and regulations and building and construction codes, in addition to the safety rules and procedures of the Owner.*

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 transport and store all material in facilities and vehicles which are designed to protect the material from damage. The Bidder shall ensure that all vehicles, trailers, and other equipment used comply with all applicable licensing, traffic, and highway requirements.*
- c. *The Bidder shall so conduct the construction of the project as to cause the least possible obstruction of public highways.*
- d. *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.*
- e. *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.*
- f. *Where the right-of-way of the project traverses cultivated or grazing 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.

- g. 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 bylaw, 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.*
- h. 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.*
- i. 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.*

- j. *The Bidder shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner,*
- k. *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.*
- l. *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 takeout 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 its employees who perform any of the obligations of the Bidder 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. 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.*

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.g 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 7 hereof.

- b. *Where the construction of a Section as herein before defined in Article II, 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.g 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 7 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. 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.*

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 or her 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 "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 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 or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States or in any eligible country; 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. For the purposes of this section, an "eligible country" is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and suppliers to the markets of that country, as determined by the United States Trade Representative. The Bidder agrees to submit to the Owner 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 Laws. *The Bidder shall comply with all federal, state, and local laws, rules, and regulations applicable to its performance under the contract and the construction of the project. The Bidder acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq), and 18 U.S.C. §§ 286, 287, 641, 661, 874, 1001, and 1366, as amended.*

The Bidder represents that to the extent required by Executive Orders 12549 (3 CFR, 1985-1988 Comp., p. 189) and 12689 (3 CFR, 1989 Comp., p. 235), Debarment and Suspension, and 7 CFR part 3017, it has submitted to the Owner a duly executed certification in the form prescribed in 7 CFR part 3017.

The Bidder represents that, to the extent required, it has complied with the requirements of Pub. L. 101-121, Section 319, 103 Stat. 701, 750-765 (31 U.S.C. 1352), entitled "Limitation on use of

appropriated funds to influence certain Federal contracting and financial transactions," and any rules and regulations issued pursuant thereto.

Section 6. Equal Opportunity Provisions.

a. Bidder's Represents.

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 of September 24, 1965, 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 subcontractor 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, time clocks, 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. 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. The Owner and Bidder acknowledge that this Contract is assigned to the Government, acting through the Administrator, for security purposes under the Owner's mortgage and security instrument.*

Section 10. Independent Contractor. *The Bidder shall perform the work as an independent contractor, not as a subcontractor, agent, or employee of the Owner. 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. Acceptance by the Owner: *The acceptance of a Proposal for a contract shall become effective the date of acceptance by the Owner.*

ATTEST:

	_____	_____
	Secretary	Bidder
Dated	<u>Ronnie Coey</u>	_____
		President
		<u>Ronnie Coey</u>
		Address

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

The Owner hereby accepts the foregoing Proposal of the Bidder, Five C Construction

Company _____, for the construction of the following:

PROJECTS ASSIGNED BY CUMBERLAND VALLEY ELECTRIC STAFF

CUMBERLAND VALLEY ELECTRIC

Owner

By

Terrence Staley
President

Wendy Ray
Secretary

1-1, 2015
Date of Contract

CUMBERLAND VALLEY ELECTRIC

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Five C Construction

Organization Name

Name of Authorized Official

Signature

Ronnie Coey

12-29-14
Date

**HOLD HARMLESS
AGREEMENT BETWEEN**

**CUMBERLAND VALLEY ELECTRIC, INC.
AND
FIVE C CONSTRUCTION COMPANY, INC.**

Five C Construction, agrees to defend, pay on behalf of and hold harmless **Cumberland Valley Electric, Inc.** and its directors, officers, agents, and employees from all claims of whatsoever nature or kind, including those brought by employees of **Five C Construction** or subcontractors, arising out of or as a result of any act or failure to act whether or not negligent, in connection with the performance of the work to be performed pursuant to this contract by **Five C Construction**, its employees, agents and subcontractors. **Five C Construction** agrees to defend and pay all costs in defending these claims, including attorney fees.

Further, **Five C Construction** agrees to maintain public liability and property damage insurance (including automobile public liability and property damage insurance) to cover the obligations set forth above. The minimum insurance limits of liability shall be \$1,000,000 bodily injury and property damage. **Cumberland Valley Electric, Inc.** shall receive a minimum 30 day notice in the event of cancellation of insurance required by this agreement. **Five C Construction** shall furnish a certificate of insurance to **Cumberland Valley Electric, Inc.** showing that the above obligations and requirements are provided for by a qualified insurance carrier, and showing **Cumberland Valley Electric, Inc.** as an additional insured on such insurance.

**FIVE C CONSTRUCTION CO., INC. CUMBERLAND VALLEY ELECTRIC,
INC.**

BY: Ronnie Cooney BY: Led Houghton

DATE: 12-29-14

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

31. Does Cumberland Valley have anti-nepotism policies in place? If so, provide copies of any and all such policies, and/or memoranda referring to such policies.

Response:

Yes, see page 2 of this item.

Cumberland Valley Electric

POLICY STATEMENT NO. 42
Nepotism

SUBJECT: Nepotism

POLICY: The board recognizes that the practice of nepotism in the employment of personnel or other favorable considerations by virtue of family relationships is bad practice as there is natural tendency for kinsman to favor kinsman if the opportunity presents itself. The cooperative shall not, in the future, employ any person or persons who are kin either by blood or by marriage to be closer than that of a second cousin, to any Board member, manager, supervisor, or other employee of the cooperative. Exceptions to this policy can be made by Board Resolution upon recommendation by the CEO.

RESPONSIBILITY: Board of Directors and CEO

SOURCE: Adopted by board resolution on February 17, 1983.

Vernon Shelley, Chairman of the Board

AMENDED: November 13, 1997

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

32. Does Cumberland Valley employ the relatives of:

A. Any Cumberland Valley Board Member;

Response:

Yes.

B. Any Cumberland Valley Officer;

Response:

Yes.

C. Any Cumberland Valley Consultant; and/or

Response:

No.

D. Any other Cumberland Valley Employee?

Response:

Yes

If so, provide specific details.

Response:

CEO related to Board Member, Superintendent, Asst. Superintendent and Bookkeeper.

Billing Supervisor related to Linemen.

Billing Clerk related to Linemen.

Serviceman related to Asst. Engineer.

Board Member related to Serviceman.

Cumberland Valley Electric, Inc.
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Board Member related to CEO, Superintendent, Asst. Superintendent, and Bookkeeper.

Crew Leader related to Lineman.

Lineman related to Serviceman.

Lineman related to Crew Leader.

Superintendent to CEO, Board Member and Asst. Superintendent.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

33. Reference the Direct Testimony of Robert D. Tolliver, Question #5, page 2 of 8. Mr.

Tolliver states that Cumberland Valley's operating TIER has been below 1.1 for the years 2012 through 2015. In Cumberland Valley's Application, it is stated that the TIER is

5.48. Provide an explanation and reconcile these two statements.

Response:

Operating TIER and TIER are two different calculations. The calculation for operating TIER uses the utility operating margins. The operating TIER has been below 1.1 for the years 2012 through 2015. TIER, also known as Net TIER, uses net margins in the calculation which includes non-operating margins and capital credits allocated in addition to the utility operating margins. The TIER of 5.48 per the application is also correct.

Cumberland Valley Electric, Inc.
Case No. 2016-00169
Attorney General's First Request for Information

34. Reference the Direct Testimony of Robert D. Tolliver, Question #6, page 2 of 8. Mr.

Tolliver states that Cumberland Valley has lost 47% of its customer base due to the decline of the coal industry in Southeastern Kentucky.

A. Confirm that the loss of the coal industry has had a major negative economic impact on the Southeastern Kentucky residents.

Response:

Mr. Tolliver did not state that Cumberland Valley had lost 47% of its customer base, Mr. Tolliver stated that Cumberland Valley's revenue has decreased by 47% in the commercial and industrial sector over 1000 kVA from 2011 to 2015. It is accurate that a majority of this decrease is attributable to the loss of coal industry in our service territory.

B. Has Cumberland Valley right sized its operations if it has lost 47% of its customer base?

Response:

Cumberland Valley has implemented cost cutting measures that are referenced in response to Commission Staff's First Request item 8.c. It is also important to note that many of the coal mining operations have idled their operating but still have active accounts with Cumberland Valley. This means Cumberland Valley still has to provide

Cumberland Valley Electric, Inc.
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service and maintain the facilities to these operations even as the revenue generated from these accounts are a fraction of what they were in previous years.

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35. Reference the Direct Testimony of Robert D. Tolliver, Question #6, page 2 of 8. Mr. Tolliver states that unemployment in the Cumberland Valley's service area is very significant.

A. Has Cumberland Valley discussed how its ratepayers will afford yet another rate increase, since the PSC just granted Cumberland Valley a rate increase in January 2015?

Response:

Cumberland Valley Electric is always concern about its members and the affordability of its rates. Cumberland Valley Electric currently has the lowest customer charge of any cooperative in the state of Kentucky. Cumberland Valley Electric currently has the third lowest cost for 1,000 residential kWh of any cooperative in East Kentucky Power's system. Cumberland Valley Electric's cost is currently lower on 1,000 kWh of usage than Kentucky Utilities.

B. Has Cumberland Valley executives and/or officers discussed any alternatives to filing for another rate increase such as freezing or reducing wage and salary increases/raises, increasing the employee contributions to health insurance premiums, cutting costs, etc.

Cumberland Valley Electric, Inc.
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Response:

Cumberland Valley Electric is always looking for ways to reduce costs. See response to Commission Staff's Second Request for Information Question #34 for several cost reduction measures.

Cumberland Valley Electric, Inc.
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36. Reference the Direct Testimony of Robert D. Tolliver, Question #9, page 5 of 8. Provide an explanation and justification as to why the PSC should allow the Company to have depreciation rates that are much higher than the RUS High rate.

Response:

RUS allows for rates above or below the "RUS Low and High" range when the rates are supported by a depreciation study. Cumberland Valley has submitted a depreciation study to support the depreciation rates proposed in this application.

Cumberland Valley Electric, Inc.
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37. Reference the Direct Testimony of James R. Adkins, Question #8, page 3 of 17. Provide an explanation as to why the EKPC capital credits have never been paid to Cumberland Valley.

Response:

Cumberland Valley could not comment as to why EKPC has not paid capital credits. EKPC's board and management would make that determination independently of Cumberland Valley.

Cumberland Valley Electric, Inc.
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38. Reference the Direct Testimony of James. R. Adkins, Question #12, page 6 of 17. Mr. Adkins states that setting margins on the basis of TIER may be a disincentive for a distribution cooperative to maintain the lowest interest expense possible.

A. Confirm that since Cumberland Valley is a rural electric cooperative, and therefore member owned, Cumberland Valley should always pursue the lowest costs for its member owners in order to provide the lowest cost electricity?

Response:

When TIER is used as the basis for the level of margins in rate-making, it may be a disincentive to maintain the lowest interest expense possible. As an example, when a TIER of 2.0X is the target TIER, then margins are equal to interest expense. With a low interest expense, then a low margin level is set. When interest expense is high, then the margin amount is the set at a higher amount.

B. Confirm that Cumberland Valley has maintained the lowest interest expense possible for its member owners/ratepayers.

Cumberland Valley Electric, Inc.
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Response:

CVE is maintaining and has maintained very low interest expense for its members. CVE could have had lower interest expense in the current period if it had utilized short term variable interest rates for its debt instead of converting to higher long term interest rates for some of its debt. CVE thought that these long term rates were probably as low as possible.

Cumberland Valley Electric, Inc.
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39. Reference the Application generally. Provide the current average residential bill for all RECC's and IOU's operating in Kentucky. Ensure to include Cumberland Valley's current average residential bill as well as the proposed average residential bill.

Response:

Please see the attached schedule for a comparison of the residential rate schedules of IOU's and RECC's in Kentucky. It is felt that this schedule does provide a proper comparison of rates at various usage levels. Average residential usage for each one of the above utilities is not readily available. The average residential usage for the test year in this Application is approximately 1,150 kWh per month.

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40. Reference the Cumberland Valley Application generally. Identify the test year, filing date, rate effective date, and rate increase (both dollar and percentage) for the Company's last three rate cases.

Response:

See table below for the requested rate case information:

Test Year	Filing Date	Effective Date	Dollar Increase	Percentage Increase
2013	Jun. 23, 2014	Jan. 16, 2015	\$967,882	2.40%
2004	Jul. 22, 2005	Jun. 2, 2006	\$1,939,059	7.00%
1979	Mar. 14, 1980	Aug. 1, 1980	\$637,800	7.84%

A. Provide the level of rate case expense incurred for the last five rate cases. Also, indicate which cases were settled and which were litigated. For the settled cases, also indicate at which stage they were settled.

Response:

See table below for rate case expense incurred for rate cases:

Rate Case (Test Year)	Expense	Settled/Litigated
2013	\$111,374.94	Litigated
2004	\$138,026.28	Litigated

*Prior rate cases expenses are not readily available.