

R E I V E D

FEB 23 2009

**PUBLIC SERVICE
COMMISSION**

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
AG's Initial Requests

Item 1
Page 1 of 1
Witness: Alan Zumstein

1. What is the relevance and applicability of the billing analysis data for the 12-month period ended June 30, 2008 that are shown in Exhibit 3, page 1? Does this information indicate that, based on the use of a test year ended June 30, 2008, the rate increase request should be \$1,591,999?

Response

Exhibit 3, page 1 refers to depreciation. This is not the rate increase requested.

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2. Please reconcile all of the present and proposed rates shown in Exhibit 2 to the present and proposed rates shown in Exhibit D, page 2 of 2.

Response

Exhibit 2 refers to payroll taxes while Exhibit D refers to tariff rates. Big Sandy is unable to reconcile this.

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3. Please provide the portion of the 13-month average prepayment balance of \$58,493 (Exhibit K, page 2 of 7) that represents the 13-month average test year PSC assessment prepayments.

Response

None.

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4. Re. Exhibit K, page 2: Why hasn't BSRECC added the proposed \$499,642 depreciation expense increase to its pro forma depreciation reserve as is the Commission's ratemaking policy?

Response

See PSC-2-8.

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5. For each of the income statement accounts listed on Exhibit X, pages 1 through 6, please provide a schedule showing a side-by-side comparison of the actual annual amounts (only annual amounts are requested, not monthly amounts) for the 8/31/08 test year and the three years prior to the test year.

Response
Attached.

Big Sandy Rural Electric Cooperative
Case No 2008-00401
Income Statement Trial Balance

AG-1-5
1 of 2
W-Trusts
1/1/05 Z-w-Trust

<u>Acct #</u>	<u>Description</u>	<u>08/31/08</u>	<u>12/31/07</u>	<u>12/31/06</u>	<u>12/31/05</u>
403.60	Distribution depreciation	1,202,309	1,166,545	1,104,244	1,041,947
403.60	Distribution depreciation	1,202,309	1,166,545	1,104,244	1,041,947
403.70	General depreciation	64,163	65,291	59,047	61,146
408.70	Regulatory	21,910	20,946	19,141	17,078
419.00	Interest income	(48,706)	(59,524)	(69,738)	(52,030)
421.10	Gain on disposition	(21,071)	(21,071)	(107,256)	(12,247)
424.10	Patronage capital - other	(79,170)	(59,768)	(66,887)	(51,870)
426.00	Donations	6,791	6,821	7,028	3,014
426.5	Other deductions	879	893	746	141
427.10	RUS interest	334,912	301,986	241,631	163,336
427.20	CFC interest	372,800	380,200	432,710	380,633
427.30	FFB interest	301,500	305,500	350,224	212,211
431.00	Interest - customer deposits	32,878	30,706	29,264	30,431
431.10	Short-term loans	50,555	21,002	5,787	13,447
440.10	Residential	(16,002,514)	(15,853,498)	(14,351,000)	(13,672,178)
442.10	Small commercial	(1,528,333)	(1,511,111)	(1,345,699)	(1,245,826)
442.20	Large commercial	(4,866,490)	(4,625,707)	(4,086,708)	(3,900,593)
450.00	Forfeit Discounts	(249,796)	(237,657)	(251,928)	(282,032)
451.00	Miscellaneous Services	(70,175)	(64,841)	(93,694)	(117,472)
454.00	Rent form electric property	(282,820)	(290,239)	(518,690)	(186,315)
456.00	Other electric revenue	(1,080)	(630)	(480)	(225)
555.00	Purchase Power	16,969,650	16,423,880	14,693,549	14,336,761
580.00	Operations - Supervision & ei	76,779	77,069	76,027	78,248
582.00	Station expense	3,408			
583.00	Overhead Line Exp	189,906	188,579	205,334	180,393
586.00	Meter	425,699	78,564	(123,661)	69,853
586.10	Meter - AMI		75,903	120,337	90,563
587.00	Consumer Installation	42,228	47,612	34,325	32,215
588.00	Miscellaneous Distribution	164,690	121,476	76,628	66,740
590.00	Engineering & supervision	75,346	70,214	71,844	61,046
592.00	Station		4,501	6,688	3,830
593.00	Maintenance of overhead line	367,240	324,251	355,361	326,659
593.10	Right-of-way maintainence	75,669	177,230	225,410	248,269
593.20	Contract right-of-way	334,720	383,321	330,577	351,701
595.00	Transformer maintenance	52,902	68,147	34,253	50,244
597.00	Meter maintenance	1,001	388	1,186	2,442
598.00	Miscellaneous distribution pl	72,406	63,411	58,447	54,148
902.00	Meter reading	57,202	89,116	119,154	165,228
903.00	Consumer records & collectic	467,414	464,386	501,559	448,201
903.10	Cash short/over	813	1,542	645	1,339
904.00	Uncollectibles	84,000	96,000	96,000	84,000
908.00	Consumer Assistance	84,141	87,639	122,587	116,222
909.00	Information and instruction	0	1,375	12,225	7,277
913.00	Advertising	960	980	3,242	990

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Income Statement Trial Balance

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Alan Zumbstein

<u>Acct #</u>	<u>Description</u>	<u>08/31/08</u>	<u>12/31/07</u>	<u>12/31/06</u>	<u>12/31/05</u>
403.60	Distribution depreciation	1,202,309	1,166,545	1,104,244	1,041,947
920.00	Administrative salaries	618,795	754,549	717,224	678,495
921.00	Office supplies & exp	114,229	125,049	108,650	93,762
923.00	Outside services	61,725	58,684	38,034	29,887
925.00	Injuries & damanges	32,600	32,981	28,823	30,955
926.00	Employee benefits	(383)	(511)	12,759	10,790
928.00	Regulatory commission	0			43,701
929.00	Duplicate charge	(1,304)	(1,318)	(1,138)	(1,143)
930.10	General advertising	832	832	815	790
930.11	Directors per diem	41,445	43,700	38,700	45,500
930.12	Directors mileage	1,871	1,846	1,097	1,478
930.14	Directors expenses	34,241	36,748	43,447	34,586
930.20	Miscellaneous general	197,309	207,304	181,421	179,670
931.00	Rents	21,502	23,729	27,367	17,523
935.00	Maintenance of general plant	30,084	29,341	30,028	31,405
		(62,338)	(265,638)	(393,314)	376,364

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6. With regard to the Other Operating Revenues for the test year and the year prior to the test year, shown in Exhibit X, please provide the following information:
- a. Re. account 450: explain why no revenues were booked in the month of December 2007.
 - b. Re. account 451: explain why no revenues were booked in the month of December 2007.
 - c. Explain the large decrease of \$91,692 in the test year account 454 revenues as compared to the account 454 revenues in the year prior to the test year.
 - d. Provide the actual monthly and annual account 450, 451, 454 and 456 Other Operating revenues for the 12-month periods ended 8/31/06 and 8/31/05.

Response

- 6.a. There were no revenues recognized during December 2007 as this was the last month for which the TWACS meter system was fully installed. Big Sandy started recognizing the penalty in the next month.
- 6.b. Same as 6.a. above.
- 6.c. See PSC-2-31.
- 6.d. Monthly and annual amounts are shown below.

	<u>450</u>	<u>451</u>	<u>454</u>	<u>456</u>
August	18,962	177	79,814	
July	16,513	9,085	63,473	120
June	17,829	5,104	63,473	30
May	14,275	8,743	36,442	60
April	18,824	8,797	30,398	
March	22,432	7,550	22,415	60
February	26,478	11,010	22,916	120
January	26,280	10,754	15,693	90
December	23,753	11,008	104,439	210
November	16,944	9,641	7,443	
October	19,429	9,223	7,443	
September	23,492	10,193	7,443	
	245,211	101,285	461,392	690

Item 6.

	<u>450</u>	<u>451</u>	<u>454</u>	<u>456</u>
August	25,087	8,971	7,443	
July	20,191	9,486	7,443	
June	18,808	8,526	7,443	
May	17,784	12,132	7,443	
April	25,459	9,681	7,443	
March	30,884	9,915	7,443	15
February	32,657	9,495	7,443	
January	27,544	9,201	7,443	
December	19,961	8,775	7,856	
November	17,519	6,795	7,414	
October	17,941	8,581	7,414	
September	18,849	9,773	7,414	15
	272,684	111,331	89,642	30

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7. The first column of Exhibit 13, page 1 shows the number of pole attachments used in the quantification of the CATV Pole Attachments revenue adjustment. For each type of pole attachment listed, please provide the actual annual number of events in the test year and in the year prior to the test year.

Response

	<u>Test</u>	<u>Prior</u>
	<u>Year</u>	<u>Year</u>
2 party pole	1,110	1,110
2 party anchor	190	190
2 party ground	206	206
3 party pole	10,984	10,984
3 party anchor	97	97
3 party ground	410	410

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8. Please expand the year-end customer annualization adjustment on Exhibit 18 by also including Schedule 6, Security Lights and Envirowatts in the net revenue annualization calculations. Provide this information in the same detail and format as shown on Exhibit 18.

Response
See PSC-2-34.

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First Data Request of the Attorney General

9. Please provide the reasons the \$143,020 (50.6%) increase in the test year vs. prior year expenses for account 586 – Meters.

Response

Account 586 – Meters increased because Big Sandy started its meter changing/testing program. Big Sandy had been given permission, from the PSC, to suspend this program during the initial installation period of its AMI project, which ended in 2007. This program will continue in the future at this same level.

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First Data Request of the Attorney General

10. Please provide the reasons for the \$45,926 (39%) increase in the test year vs. prior year expenses for account 588 – Miscellaneous Distribution.

Response

Account 588 – Miscellaneous Distribution increased because Big Sandy started a system mapping project in 2008. These expenses include labor, overhead, transportation and supplies necessary to GPS every pole and meter on Big Sandy's distribution system. This activity will continue in the future at this same level.

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11. With regard to Exhibit 14, page 1, please provide the following information:
- a. During which 12-month period is the \$752,508 expense supposed to be spent?

Response

This expense will be ongoing expense for all future years. The \$752,508 will be spent annually when the money is approved by the PSC. This level of spending is necessary to maintain the ROW maintenance cycle to increase reliability.

- b. Provide the actual account 593.20 - Contract Right of Way for calendar year 2008.

Response

\$330,217 for calendar year 2008.

- c. What is the projected account 593.20 - Contract Right of Way expense for calendar year 2009? In addition, provide the calculations underlying this expense amount in the same detail as per the bottom part of Exhibit 14, page 1.

Response

	Miles/hrs	Cost	Total
Line sections per mile	75	\$4,500	\$337,500
Side Trimming	2,053	\$84.03	<u>\$172,500</u>
	TOTAL		\$510,000

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First Data Request of the Attorney General

12. With regard to the pro forma distribution expense adjustments shown on Exhibit 15, page 1 (totaling \$39,843), please provide the following information:

a. In which distribution account numbers will each of the proposed expense increases of \$23,243, \$3,000, \$1,600, and \$12,000 be recorded?

Response

Account 588 – Miscellaneous Distribution.

b. What is the basis for the estimated safety director cost of \$92,972? In addition, provide any actual source documentation in support of this cost estimate.

Response

As documented in Exhibit 15 of the original application, the \$92,972 will consist of:

Estimated Salary	\$52,000
Estimated benefits	\$33,212
Estimated transportation	\$ 7,760

These estimates are based on agreed terms from participating cooperatives.

c. Provide actual source documentation in support of the claimed license fee expense of \$3,000 and monthly T-1 trunk cost of \$1,000.

Response

Documentation for the license fee is attached and labeled “Item 12”. The monthly T-1 trunk cost was a billing error by AT&T, and has been corrected. Therefore the \$12,000 annual cost should be removed.



PARTNER
software

Big Sandy RECC

Partner Field Design System Price Quotation

July 25, 2008

Item	Cost
Initial License Fee	
Partner Platform (Site License)	\$4,500
Partner Field Design System (Site License)	\$5,850
Total License Fees	\$10,350
Recommended Configuration	
Configure Partner-SEDC Accounting Interface	\$5,000
Configure and Install Map Translator with Custom ESRI	\$5,000
Remote Basic Map Translator Training	Included
Configure Staking-to-Custom ESRI Interface (dependent on Multispeak [®] compliance)	\$5,000
Configure Custom Assemblies (includes staking and accounting summary report)	\$1,000
Configure Custom Redline & Staking Sheet Symbology	\$500
3 Custom Staking Sheets @ \$1,000/staking sheet	\$3,000
Configure Partner Web and Standard Work Order Tracking System	Included
Remote Basic Configuration Manager Training	Included
Set up Construction Manager to Display Job Location and Status	Included
2 Days of On-Site Installation & Training	\$2,500
Total Configuration Fees	\$22,000
Additional Fees	
Travel Costs and Other Direct Costs	~\$1,800
Total	\$34,150
Continuing License Fees¹	
Partner Platform	\$3,000
Partner Field Design System [(\$0.01/meter/month for 13,000 meters) × 12 months]	\$1,560
Total Annual License Fees	\$4,560
Recommended Budgeting—Partner Events	
2008 Training Events	\$3,000
2008 Users Conference	\$350/attendee
Optional Configuration and Services	
Configure Electrical Connectivity and Tracing (varies based on map data available)	\$1,000–\$5,000
Reformat & Configure Aerial Photography to Display in Partner (varies based on data quality)	\$2,500–\$5,000
Additional Consecutive Days of On-Site Training	\$1,000/day
Add Spec Book Diagrams	\$1,000
Configure Field Cost Estimates (varies with detail of the estimate)	\$2,500–\$7,500
Configure Partner to Auto-Populate Location Information [County, City, Fire District, etc.] (varies on the number of fields to be auto-populated)	\$2,500–\$5,000
Custom Report (R-O-W Report, Customer Letter, etc.)	\$1,000
Configure Field Designer with Bluetooth NMEA GPS	\$1,000
Configure Field Designer with Laser Ranger Finder/GPS	\$1,000
Configure Field Designer to Support Trimble XH/XT GPS Postprocessing Protocols (requires Pathfinder Office)	\$1,000

¹ Initial annual continuing license fees are prorated for the first calendar year. Continuing license fees can be paid either monthly or annually. Annual license fees are billed in December and paid in January.

Quotation Prices Honored Until October 31, 2008

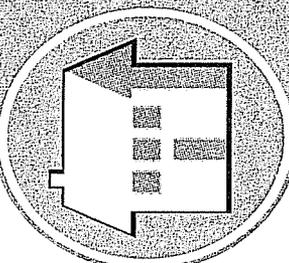
2008-7-022

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
AG's Initial Requests

13. Please provide a copy of the ad underlying the "home conservation" expense of \$90 on Exhibit 11, page2.

Response
Attached.

**BEFORE YOU MAKE
YOUR BIGGEST INVESTMENT
HAVE IT PROFESSIONALLY
INSPECTED.**



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Licensed Home Inspector
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gerald@jwalkersouthern.com

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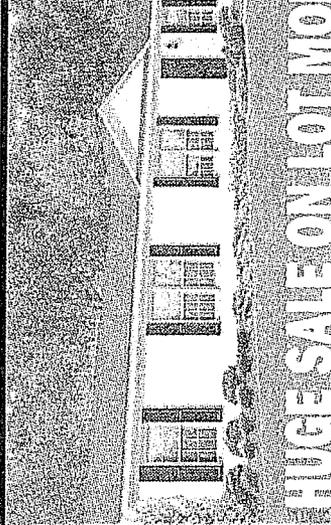
\$99
INSTALLATION
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FOR 30 DAYS



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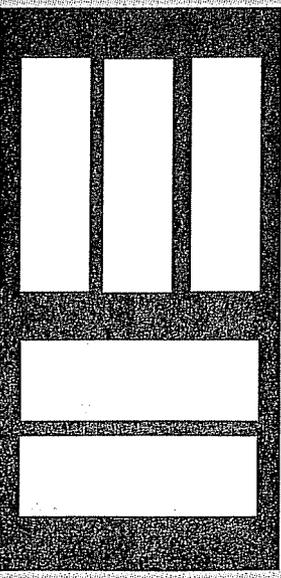
HUGE SALE ON LOT 10!

**A DOLLAR AND A DIME
IS ALL YOU NEED!
CALL FOR PRE-APPROVAL
1-866-898-7141**

**No Cost Tips to Save Energy and
Money from Big Sandy RECC**

1. Check the exterior of your home for air leaks, especially around water spigots, dryer vents, gas pipes and air conditioner hoses. Use caulk or foam to seal spaces.
2. Change or clean furnace filters at least once a month. Dust and dirt will make your furnace run harder and break down sooner.
3. Use devices like dimmers, motion detectors, occupancy sensors or timers to provide light only when you need it.
4. Check your attic insulation. Upgrading from 3 inches to 12 inches can cut heating costs up to 20% and cooling costs by up to 10%.
5. Vacuum refrigerator coils twice a year to keep the compressor running at maximum efficiency.
6. Clean the lint filter on the dryer each time you use the dryer. A clogged lint screen makes your dryer use more energy and can be a fire hazard.

Energy Advisor Bruce Aaron Davis



**HIGHLAND ELECTRICAL
SUPPLY CORP.**

104 Depot Rd.
Paintsville, KY 41240
(606) 789-8188

A-6-1-13

Big Sandy Rural Electric Cooperative
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14. Please reconcile the proposed distribution depreciation rates shown on Exhibit 3, page 2 to the corresponding proposed distribution depreciation rates shown on page 1 of Mr. Adkins' 12/31/07 depreciation study.

Response

Big Sandy used the same format as another application and forgot to change the rates to the proposed rates in the Big Sandy depreciation study.

The Schedule 3, page 2 with Big Sandy's rates are attached. The rates used for general plant items are the current effective rates for Big Sandy.

The depreciation rates reflected in the depreciation study as of December 2007 are correct, the rates reflected on Exhibit 3 did not carry the rates specifically for Big Sandy forward to this schedule.

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 August 31, 2008

Schedule 3
 page 2 of 6

Account Number	Description	Test Year Balance	Rate	Normalized Expense	Test Year Expense	Exclude Items Fully Depreciated
Distribution plant:						
362	Station equipment	353,139	6.67%	23,554	11,654	
364	Poles, towers & fixtures	11,182,117	4.75%	531,151	367,442	
365	Overhead conductors & devices	9,967,467	4.54%	452,523	327,687	
366	Underground conduit	290,134	3.91%	11,344	8,945	
367	Underground conductor & devices	235,933	2.80%	6,606	7,292	
368	Line transformers	5,532,409	2.33%	128,905	181,236	
369	Services	3,859,904	4.97%	191,837	129,616	
370	Meters	3,195,611	6.67%	213,147	109,129	
371	Installations on customer premises	1,899,105	6.35%	120,593	59,310	
		<u>36,515,819</u>		<u>1,679,661</u>	<u>1,202,311</u>	
General plant:						
389	Land	50,000				
390	Structures and improvements	678,937	2.50%	16,973	16,946	
391	Office furn and eqt	424,736	6.00%	25,484	27,932	
392	Transportation	1,256,062	16.00%	129,876	172,982	444,338
394	Tools, shop and garage	61,134	5.00%	2,881	3,508	3,507
395	Laboratory	127,568	5.00%	6,312	7,735	1,325
396	Power operated	31,966	14.00%	3,709	1,372	5,475
397	Communications	57,723	7.00%	2,780	4,613	18,013
398	Miscellaneous	34,305	5.00%	1,518	2,058	3,952
		<u>2,722,431</u>		<u>189,533</u>	<u>237,146</u>	
	Total electric plant	<u>39,238,250</u>		<u>1,869,194</u>	<u>1,439,457</u>	

Items that are fully depreciated are removed from the ending balance to compute test year depreciation.

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15. When was the last time BSRECC had a depreciation study performed? In addition, please indicate since when the Company's current composite distribution depreciation rate of 3.33% has been in effect and in which rate case this rate was approved by the Commission.

Response

This is the first depreciation study that Big Sandy has had prepared. These rates have always been used by Big Sandy. The Commission has not proposed any changes to these rates in previous cases before the Commission.

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16. As shown in Exhibit 6, page 1, the proposed projected FAS 106 cost for 2009 is \$293,953. Please reconcile this to the expected FAS 106 cost for 2009 of \$183,479 shown on page 11 of the Audited Financial Statement for calendar year 2007.

Response

The \$293,953 is the annual expense for FAS 106. The \$183,479 is the projected payments for retirees, there is no reconciliation as these are different items.

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17. With regard to the R&S costs shown on Exhibit 7, page 1, please provide the following information:
- a. The pro forma hourly employee Union base wages to which the R&S factor of 6.40% was applied is shown to be \$1,135,221. However, the payroll data in Exhibit 1 show that the pro forma hourly employee Union base wages amount to \$1,039,002 rather than \$1,135,221. Please reconcile this. If the calculated R&S expense should be corrected, provide the corrected version of Exhibit 7, page 1.
 - b. While Exhibit 7 shows support for the 20.78% R&S factor for non-union employees, it shows no support for the 6.40% factor for union employees. Please provide actual source documentation in support of this 6.40% factor. If the 6.40% factor was derived from the data on the 3rd page of Exhibit 7, show how exactly this factor was derived.

Response

17.a. Big Sandy should have used the regular wages. The corrected adjustment is as follows:

Base wages	1,039,002
Rate	6.40%
	66,496
Test year contributions	<u>50,707</u>
Adjustment	<u><u>15,789</u></u>

17.b. See Exhibit 23 of application, page 11 of February 6, 2008 contract.

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18. The proposed depreciation rates for BSRECC from Mr. Adkins December 2007 depreciation study are exactly the same as the proposed depreciation rates for Grayson Rural Electric that are being claimed in Grayson's pending rate case and the proposed Grayson depreciation rates were also based on the December 2007 depreciation study by Mr. Adkins. In this regard, please provide the following information:
- a. Was Mr. Adkins's December 2007 depreciation study done not only for BSRECC but also for Grayson and other coops? IF so, list the coops for which Mr. Adkins performed his December 2007 depreciation study and for each coop provide the proposed distribution depreciation rates (for the same distribution plant changes categories as shown for BSRECC on Exhibit 3, page 2) as a result of his December 2007 depreciation study.
 - b. Did BSRECC, Grayson and any other coops for which Mr. Adkins performed the December 2007 depreciation study share in the cost of this Adkins depreciation study? If so, provide the total cost of Mr. Adkins' December 2007 depreciation study and show how this total cost was shared among the participating coops. If not, explain why not given that each coop for which Mr. Adkins performed the December 2007 depreciation study ended up with the exact same distribution depreciation rates?

Response

- 18.a. Was only prepared for Big Sandy.
18.b. The study was specific for Big Sandy only.

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19. With regard to the December 2007 depreciation study performed by Mr. Adkins for BSRECC, what is the cost for Mr. Adkins' depreciation study that is included in the requested rate case expenses of \$72,000.

Response

The total cost of the depreciation study is \$18,000. This is not included in the total estimated cost of \$72,000. However, the cost has been included in the total rate case costs reflected in response to AG-1-20.

Big Sandy Rural Electric Cooperative
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20. With regard to rate case expenses, please provide the actual expenses incurred to date for the current rate case, in total and broken out by expense component per Exhibit 12.

Response

	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
Attorney					0
Consulting					0
Depreciation study	18,000				18,000
Advertising	1,103				1,103
Supplies	971				971
Subtotal	20,074	0	0	0	20,074
Internal costs					
Total	20,074	0	0	0	20,074

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First Data Request of the Attorney General

21. As noted on page 12 of BSRECC's 2007 Audited Financial Statements, the owner of the construction contractor for BSRECC is the brother of the President and General Manager of BSRECC and the amounts paid by BSRECC to this contractor were \$375,000 for 2006 and \$205,000 for 2007. In this regard, please provide the following information:

a. Do BSRECC's bylaws allow for payments for contractual work performed by family members of directors and/or officers of the cooperative? If so, indicate where in the current bylaws these types of transactions are allowed.

Response

Big Sandy's bylaws do reference qualifications for board members in Article IV, section 4, but these transactions do not violate the bylaws.

b. When was the construction contract first awarded to the company of which the brother of the President of BSRECC is the owner?

Response

The contract was first awarded June 25, 2001.

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First Data Request of the Attorney General

c. When the construction contract was first awarded, was it subject to a competitive bidding process? If not, why not? If so, provide a summary of all of the bids received and the reason why the contract was awarded to the company of which the brother of the President of BSRECC is the owner. Also, provide copies of all RFPs issued (if any), and any and all bids received.

Response

Yes, however, in 2001, Big Sandy had another construction contractor, which went out of business. G & S Contracting was the second lowest bidder during the bid process for the 2001-2002 contract, therefore, Big Sandy awarded the remainder of the contract to G & S.

d. Is the construction contract subject to periodic renewal? If not, why not? If so, how many renewals have taken place since the original contract was awarded? In addition, explain whether a new bidding process is conducted during each contract renewal. If not, explain why not.

Response

Yes. G & S successfully bid on Big Sandy's construction contract for the 2003-2004 period, the 2005-2008 period and most recently, the 2009-2012 period. Each bid awarded was subject to a competitive bidding process.

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22. The O&M ratios used for payroll, payroll tax, FAS 106 and Pension adjustments in the current BSRECC rate case and the pending rate cases for Grayson Rural Electric and Owen Electric are as follows:

	<u>BSRECC</u>	<u>Grayson</u>	<u>Owen</u>
- Payroll	65.79%	62.84%	61.70%
- Payroll tax	76.50%	62.84%	61.70%
- FAS 106	76.50%	62.84%	61.70%
- Pension	76.50%	62.84%	61.70%

In this regard, please provide the following information:

- a. Explain why the O&M ratios of 76.50% used for the BSRECC payroll tax, FAS 106 and pension expense adjustments is not consist with the O&M ratio for the payroll expense adjustment, similar to what is the case in the pending Grayson and Owen rate cases and many other prior cooperative rate case?
- b. Why is it appropriate to use O&M expense ratios for ratemaking purposes for payroll taxes, FAS 106 and Pension expenses that are significantly higher than the O&M expense ratio used for payroll?
- c. Explain the derivation of the 76.50% BSRECC O&M ratios for payroll tax, FAS 106 and pension and explain why it is so much higher than the BSRECC payroll O&M ratio of 65.79% and the Grayson and Owen O&M ratios of 62.84% and 61.70%.

Response

22.a. See PSC-2-6a. and b.

22.b. See PSC-2-6a. and b.

22.c. See PSC-2-6a. and b.

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23. With regard to BSRECC's number of employees, please provide the number of employees (in total and broken out between salaried, hourly non-bargaining, bargaining, and summer/part-time) for each month from January 2007 through December 2008, as compared to the corresponding employees used in calculating the adjusted test year payroll expense.

Response

	<u>Salary</u>	Non <u>Bargaining</u>	<u>Bargaining</u>	Summer <u>Part-Time</u>	<u>Total</u>
January	8	12	23	3	46
February	8	12	23	3	46
March	8	13	23	3	47
April	8	13	23	3	47
May	7	13	23	3	46
June	7	13	23	4	47
July	7	13	23	4	47
August	7	13	22	4	46
September	7	13	21	3	44
October	7	13	21	3	44
November	7	13	21	3	44
December	7	13	21	3	44
January	8	11	21	3	43
February	8	11	20	3	42
March	8	11	20	3	42
April	8	11	20	3	42
May	8	11	20	3	42
June	8	11	20	3	42
July	8	11	20	4	43
August	8	11	20	4	43
September	8	11	20	4	43
October	8	11	20	3	42
November	8	11	20	3	42
December	8	11	20	3	42

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24. Please provide the actual number of hours worked by BSRECC's Summer and Part Time employees (in total and, if available, by employee number) in the three years prior to the test year.

Response

	<u>2007</u>	<u>2006</u>	<u>2005</u>
34			
42	2,003	2,043	2,032
44	1,939	2,042	2,010
46	1,099		
148			603
156		574	
164			
	5,041	4,659	4,645

Big Sandy Rural Electric Cooperative
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25. Explain the requested payroll expense of \$9,600 for Dispatch in addition to the base wages for 2080 hours worked and overtime wages.

Response

The additional wages for dispatch relates to after hours answering telephone calls for Big Sandy and relaying the information to service men. One employee per week is assigned this task. After hours telephone calls by consumers are routed directly to the assigned employee.

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26. The information contained on the 8th page of Exhibit 1 shows that the President's salary numbers for the test year and the two preceding years remained the same level. If this needs to be corrected, provide the corrected exhibit page.

Response
See PSC-2-5.

Big Sandy Rural Electric Cooperative
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27. Please reconcile the total professional services expense of \$61,884 shown in Exhibit 33 to the account 923 – Outside Services expense of \$61,725 shown in Exhibit X.

Response

Big Sandy does not have an Exhibit 33 with the application.

On Exhibit 9, Big Sandy included \$159.97 too much in the health insurance premiums during the test year.

Big Sandy Rural Electric Cooperative
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28. Why hasn't BSRECC removed for ratemaking purposes the \$514.06 expenses incurred by Robert Moore for the KAEC Annual Meeting?

Response

An oversight only.

Big Sandy Rural Electric Cooperative
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29. With regard to Exhibit 11 (Miscellaneous Expenses), please provide the nature and purpose of \$1,878 Integrity Fund contribution shown on page 4 of Exhibit 11.

Response

This is a portion of the cash portion of patronage capital from CFC designated for legal and other costs that cooperatives incur for territorial disputes and issues.

Big Sandy Rural Electric Cooperative
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30. What were the requested projected rate case expenses and the actual rate case expenses incurred by BSRECC in its prior rate case, Case No. 2005-00125?

Response

The projected rate case expenses were \$33,000.

The actual rate case expenses were \$48,992.

Big Sandy Rural Electric Cooperative
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31. With regard to the \$114,229 test year expenses included in account 921-Office Supplies and Expenses, please provide the following information:
- a. In the same format as per the response to AG-1-33 in the prior rate case, Case No. 2005-00125, please provide a detailed breakout of all expense items making up the total expense of \$114,229.
 - b. If the expense line items to be provided in the response to (a) above includes "Employee Meetings" expenses, Dues and Others, please provide an additional detailed breakout for each of these expense line items in the same format and detail as per the response to AG-2-11 in Case No. 2005-00125.

Response

Computer software support	48,510
Utilities	23,517
Inter office line to Prestonsburg office	5,332
General office supplies	15,401
Janitorial and cleaning	1,895
Postage	201
Consumer adjustments	2,199
Director meals	636
Employee training	3,183
Flower fund	207
Professional dues	200
General manager expenses	5,281
Meetings expense	5,174
Employee labor and benefits	<u>2,494</u>
	<u>114,230</u>

Item 31
2 of 3

Big Sandy Rural Electric
Case No. 2008-00401
Account 921, Office Supplies and Expense

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
10/8/2007	36463	NRECA	365.00	Mgr exp Region 3 registration
10/8/2007	36480	Visa	8.20	Meal, review software
10/8/2007	36480	Visa	14.09	Meal, meet with school
10/8/2007	36480	Visa	727.20	Mgr expenses NRECA seminar
11/5/2007	36613	Visa	126.30	KAEC meeting expenses
11/5/2007	36613	Visa	14.64	KAEC meeting expenses
11/5/2007	36613	Visa	243.59	Mgr expense KAEC mtg
12/4/2007	36724	Bobby Sexton	317.09	Mgr expense NRECA seminar
12/4/2007	36725	Visa	176.46	Mgr expense KAEC mtg
12/4/2007	36725	Visa	223.54	Employee exp NRECA seminar
12/4/2007	36725	Visa	853.44	Mgr expense NRECA seminar
1/4/2008	36895	Visa	334.74	Mgr expense KAEC mtg
1/4/2008	36895	Visa	347.91	Employee exp KAEC mtg
1/4/2008	36895	Visa	42.58	Mgr expense KAEC mtg
1/15/2008	36913	KAEC	210.00	Mgr KAEC annual mtg meals
1/24/2008	36969	TVPPA	500.00	Lineman training registration
2/6/2008	37049	Visa	116.45	Mgr expense KAEC mtg
3/6/2008	37168	KAEC	200.00	Mgr Assoc dues
3/6/2008	37181	Visa	141.14	Mgr expense KAEC mtg
3/6/2008	37181	Visa	15.89	Employee meal with attorney
3/6/2008	37187	Judy McClure	267.65	Executive assistant seminar
4/7/2008	37306	Visa	37.82	Meal with auditor
4/7/2008	37306	Visa	270.36	Executive assistant seminar
4/7/2008	37306	Visa	26.31	Meal with auditor
4/18/2008	37398	KAEC	109.00	Registration, Admin Asst seminar
5/1/2008	37473	Visa	47.00	Employee exp KAEC mtg
5/1/2008	37473	Visa	384.37	Emp exp Human Resource mtg
5/1/2008	37473	Visa	154.92	Mgr expense KAEC mtg
5/5/2008	37542	KAEC	75.00	Safety training registration
6/3/2008	37728	Visa	360.01	Emp accounting assoc mtg
6/3/2008	37728	Visa	121.21	Emp accounting assoc mtg
6/3/2008	37728	Visa	840.00	Mgr airfare NRECA seminar
6/3/2008	37728	Visa	102.12	Mgr expense KAEC mtg
6/24/2008	37812	Bobby Sexton	180.00	Mgr exp CFC Financial Forum
7/3/2008	37902	Visa	383.17	Emp accounting assoc mtg
7/3/2008	37902	Visa	13.50	Mgr expense KAEC mtg

Big Sandy Rural Electric
Case No. 2008-00401
Account 921, Office Supplies and Expense

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
7/3/2008	37902	Visa	124.97	Mgr expense KAEC mtg
7/3/2008	37902	Visa	203.66	Mgr expense UUS mtg
7/17/2008	38039	David Estep	585.00	Employee benefit conference
7/17/2008	38040	Judy McClure	627.50	Employee benefit conference
8/7/2008	38114	Visa	709.43	Emp exp NRECA seminar
8/7/2008	38114	Visa	19.34	Emp meal with RUS Field Rep
8/7/2008	38114	Visa	176.84	Mgr expense KAEC mtg
8/7/2008	38114	Visa	1,249.04	Emp exp NRECA seminar
9/4/2008	38301	Visa	1,472.84	Mgr exp CFC Financial Forum
9/4/2008	38301	Visa	118.55	Mgr expense KAEC mtg
			<u>13,637.87</u>	

Summary

Employee training	3,183
General manger expens	5,281
Meeting expenses	5,174
	<u>13,638</u>

0.13

Witness: Alan Zumstein

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
AG's Initial Requests

32. With regard to the \$84,141 test year expenses included in account 908-Consumer Assistance Expenses, please provide the following information:
- In the same format as per the response in AG-1-34 in the prior rate case, Case No. 2005-00125, please provide a detailed breakout of all expense items making up the total expense of \$84,141.
 - If the expenses line items to be provided in the response to (a) above includes Advertising expenses, School Program expenses, Meeting expenses, and Miscellaneous expenses, please provide an additional detailed breakout for each of these expense line items in the same format and detail as per the response to AG-2-12 in Case No. 2005-00125.

Response

KAEC dues	10,968
Education	154
Civic dues and expense	1,088
School programs	1,558
Energy conservation programs	2,900
Postage and office supplies	4,578
Meeting expenses	3,903
Misc. dues	136
Utilities	944
Employee labor and benefits	66,652
Transportation expense	12,665
East Kentucky Power, Partner Plus	(21,505)
Cancer walk	100
	<hr/>
	84,141
	<hr/> <hr/>

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2 of 2

Big Sandy Rural Electric
Case No. 2008-00401
Account 908, Consumer Assistance

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
10/8/2007	36480	Visa	370.99	Pocket calendars
10/8/2007	36480	Visa	143.38	Emp mtg safety, conservation, energy audits
11/5/2007	36613	Visa	252.00	Appleday sponsor
11/5/2007	36613	Visa	93.81	Emp mtg safety, conservation, energy audits
11/5/2007	36616	Floyd Co Chamber	350.00	Chamber dues
11/5/2007	36617	Rural Electricity Resouce (640.00	Membership
12/1/2007	36706	Johnson Central HS	1,545.00	Touchstone Energy sponsor
12/4/2007	36725	Visa	91.17	Mtg with HVAC contractors
1/4/2008	36895	Visa	70.52	Emp mtg safety, conservation, energy audits
1/22/2008	36947	Paintsville/Johnson Co	315.00	Chamber dues
2/1/2008	36986	Aaron Davis	25.00	Emp exp to Member Service seminar
2/6/2008	37049	Visa	44.30	Emp mtg safety, conservation, energy audits
3/6/2008	37181	Visa	223.76	Emp exp to Member Service seminar
3/18/2008	37227	EKPC	644.37	Exp Energy Mgt Conference
4/7/2008	37306	Visa	55.80	Emp mtg safety, conservation, energy audits
4/18/2008	37420	WR Castle PTO	12.50	Year Book donation
5/1/2008	37473	Visa	186.60	Emp mtg safety, conservation, energy audits
6/3/2008	37728	Visa	115.55	Emp mtg safety, conservation, energy audits
6/3/2008	37728	Visa	1,447.26	Washington Youth tour exp
6/3/2008	37734	Aaron Davis	470.00	Washington Youth tour exp
7/3/2008	37902	Visa	134.79	Emp mtg safety, conservation, energy audits
7/3/2008	37902	Visa	11.67	Washington Youth tour exp
7/3/2008	37915	Paintsville Little League	100.00	Sponsor
8/7/2008	38114	Visa	32.92	Mtg with HVAC contractors
8/7/2008	38114	Visa	101.24	Emp mtg safety, conservation, energy audits
9/4/2008	38301	Visa	107.07	Emp mtg safety, conservation, energy audits
var	var	Paintsville Kiwanis	422.50	Civic dues
			<u>8,007.20</u>	

Summary:	
Civic dues and expenses	1,088
School programs	1,558
Meeting expenses	5,361
	<u>8,007</u>

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
AG's Initial Requests

33. With regard to Exhibit 5, page 2, please explain the \$101,109 difference between the actual test year and pro forma annualized interest expenses for the 1B283 RUS loan.

Response

Refer to PSC-2-9.

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
AG's Initial Requests

34. With regard to the proposed pro forma Other Interest expenses of \$55,003, please provide the following information:
- Confirm that the \$55,003 consists of \$32,877 for interest on Customer Deposits and \$42,126 for the EKPC Inez line.
 - Provide the actual monthly interest paid by BSRECC to EKPC for each month from September 2007 through December 2008.
 - Explain why the interest paid to EKPC during the test year is \$15,174 lower than the proposed annualized interest expense.

Response

34.a. Big Sandy can not confirm \$55,003. The amount that Big Sandy reports is \$75,003.

34.b.

September, 2007	0
October	0
November	0
December	0
January, 2008	2,382
February	3,510
March	3,510
April	3,510
May	3,510
June	3,510
July	3,510
August	3,510
September	3,510
October	3,510
November	3,510
December	3,510

34.c. Interest was not paid for each month of the test year.

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First Data Request of the Attorney General

35. With regard to your response to q. 21, above:
- a. Identify the name of BSRECC's construction company, and identify the construction company's owner(s) and the members of its board of directors ("BOD").

Response

The name of Big Sandy's construction contractor is G & S Contractors, Inc. The owners are James Goble and Ron Sexton.

- b. Describe what measures, if any, that were taken to isolate BSRECC's President and General Manager from the decision-making processes involved in awarding the contract to BSRECC's construction contractor.

Response

The entire bid process was conducted by Jeff Prater, Manager of Operations and David Estep, Manager of Finance & Adm. Cost analysis was performed by the accounting department, comparing each contractor's bid, based on historical construction jobs. The GM was not a part of the solicitation of bids or part of the analysis comparing contractor bids. Furthermore, the GM did not influence any employee or Director in the bid procedure and has made a conscious effort to separate himself from the bid process.

- c. Describe the actions BSRECC's BOD took and the roles its members played in the company's decision to award the contract to BSRECC's construction company.

Response

The sealed bids were opened in the presence of a board appointed Director, Danny Wallen. After the cost analysis was performed and reviewed, the Manager of Operations made a recommendation to the Board of Directors. Board member, Danny Wallen, concurred with Mr. Prater's recommendation.

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- d. Please disclose whether any BSRECC personnel and/or members of its BOD presently have, or ever have had any financial or pecuniary interest of any type or sort in the company's construction contractor. For each such interest, provide full and complete details.

Response

None of Big Sandy's personnel or its BOD have, or ever have had any financial or pecuniary interest in any construction contractor.

- e. Please disclose whether any personnel of BSRECC's construction contractor, and/or members of the contractor's BOD have, or ever have had any financial or pecuniary interest of any type or sort in BSRECC. For each such interest, provide full and complete details.

Response

None of G & S's personnel or owners have or ever have had any financial or pecuniary interest in Big Sandy RECC.

- f. Please disclose whether any current or former personnel of the construction contractor and / or the contractor's BOD conduct, or ever have conducted business transactions of any type or sort with businesses owned by the employees, managers or directors of BSRECC. For each such business transaction, provide full and complete details.

Response

Big Sandy is not aware of any such transactions.

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
First Data Request of the Attorney General

- g. Please disclose whether any employees, managers or directors of BSRECC conduct, or ever have conducted business transactions of any type or sort with businesses owned by the personnel of BSRECC's construction contractor. For each such business transaction, provide full and complete details.

Response

None of Big Sandy's personnel or BOD has ever conducted business with G & S Contractors.

- h. Please state whether any relative (by blood or marriage) of BSRECC's employees, managers or directors holds, will hold or has ever held any type or sort of position, whether as employee, officer, board member, contractor or consultant, with BSRECC's construction contractor. For each such position, provide full and complete details.

Response

Big Sandy lineman, Mark Crider, has a son that worked as a lineman for G & S, but is no longer employed. Maintenance Superintendent, Roger Akers has a brother-in-law that is a lineman for G&S.

- i. Please state whether any relative (by blood or marriage), of the employees, managers or directors of BSRECC's construction contractor holds, will hold, or has ever held any type or sort of position, whether as employee, officer, board member, contractor or consultant, with BSRECC. For each such position, provide full and complete details.

Response

None.

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
First Data Request of the Attorney General

- j. Does BSRECC currently maintain, or has it ever maintained, any contracts with vendors whose principals are in any manner related, by blood or marriage, to the personnel of BSRECC's construction contractor? If yes:
- (i) Please 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
 - (ii) Please state whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process, and provide copies of any and all relevant RFPs for the last five years.

Response

None other than G & S.

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First Data Request of the Attorney General

36. Please state whether any current or former BSRECC employees or members of BSRECC's Board of Directors ("BOD") are or ever were employees, board members, partners, or members of any other business entity or organization with which BSRECC conducts or has conducted business.
- (i) Identify each such individual, and the title of their position in both BSRECC and the other entity or organization.
 - (ii) With regard to your response to q. #, above, identify the nature of the business transactions BSRECC conducted with any other entity or organization identified therein, and the amount of monies spent on such transactions annually.

Response

Wade May, BOD, is the owner of a local carpet store, which Big Sandy has purchased carpet and tile for Big Sandy's office since 2001. There have been six (6) purchases since 2001 totaling \$1,939.09.

Bill Maxey, BOD, is a self-employed tile setter. Big Sandy has hired Bill Maxey on two (2) occasions to perform tile work since 2005. The total paid to Bill Maxey was \$1,204.00

Kelly Shepherd, BOD, is an employee of one of the banks in Paintsville, City National Bank. Big Sandy has had an account with this bank for several years.

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
First Data Request of the Attorney General

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

Response

Big Sandy does have a nepotism policy. This policy is attached and labeled "Item 37".

**BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION
POLICY STATEMENT NO. 100-075
SECTION A**

I. SUBJECT: NEPOTISM

To set forth a policy with regard to the employment of relatives of the Board of Directors and employees of Big Sandy RECC.

II. POLICY:

A. The following definitions apply when used in this policy:

- 1. "Immediate family" shall mean children, step-children, grand-children, brothers, sisters, step brothers, step sisters, half-brothers, half-sisters, spouses, parents, step parents, grandparents, aunts, uncles, nieces, nephews, brother-in-law, sister-in-law, daughter-in-law, mother-in-law, father-in-law, niece-in-law, and nephew-in-law.**
- 2. "Supervisory position" shall mean the relationship that exists between any management position and any position for which that management position is responsible.**

B. No member of the immediate family of a director of Big Sandy RECC or an employee of Big Sandy RECC shall be eligible to be hired by Big Sandy RECC.

C. If two employees become related as either spouse, father-in-law, mother-in-law, son-in-law, or daughter-in-law by marriage or otherwise, only one employee in supervisory position become so related by marriage or otherwise, one of them will be required to terminate employment. If the affected employees cannot decide which of them will terminate, the employee with the least seniority shall have employment terminated.

D. If an employee becomes a spouse, father-in-law, mother-in-law, son-in-law, or daughter-in-law of a director of Big Sandy RECC, or if the spouse, father, father-in-law, mother, mother-in-law, son, son-in-law, daughter, daughter-in-law of an employee becomes a director of Big Sandy RECC, the employee, in either case, shall not be eligible to hold a supervisory position. If such an employee already holds a

supervisory position, that employee shall be required to terminate his or her employment.

E. This policy does not apply to emergency situations.

III. RESPONSIBILITY

A. The President and Board of Directors shall be responsible for the administration of this policy.

IV. PROCEDURE

A. Upon establishing that nepotism exists, the Director shall not be nominated as a candidate, or if elected, shall resign, the supervisor shall resign, or the employee shall resign or be discharged.

V. SOURCE

Adopted November 4, 1983
Amended October 18, 1985
Amended April 19, 1996
Amended January 18, 2002
Amended January 16, 2004
Amended May 23, 2007

Joe W. Harris, Jr., Secretary

100-075

Big Sandy Rural Electric Cooperative
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First Data Request of the Attorney General

38. Describe, in detail, any and all inducements that BSRECC offered, or that the personnel of BSRECC's construction contractor demanded or requested during the course of negotiations leading to the establishment or initiation of business relations between the two entities.

Response

None.

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
First Data Request of the Attorney General

39. Did the contract between BSRECC and its construction contractor have any other consideration of any type or sort not expressly stated in the contract?

Response

No.

Big Sandy Rural Electric Cooperative
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First Data Request of the Attorney General

40. Provide a copy of any and all contracts entered between BSRECC and its construction contractor for the past five years.

Response

Copies of all construction contracts entered into within the past five years are attached and labeled "Item 40"

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

11-6-08
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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 and equipment, of rural electric projects of Big Sandy Rural Electric Cooperative Corporation, RUS designation KY 58 AL8, (hereinafter called the "Owner") will be received by the Owner on or before Saturday November 1, 2008 with a 2 day grace period until the next working day on Monday, November 3, 2008 at its office at Paintsville, KY at which time and place the proposals will be 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 are part of the enclosed packet or if more is needed can be obtained from the owner at Paintsville, KY. 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:*

- 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 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:

RUS 1728F-804 OVERHEAD
BULLETINS 1728F-806 UNDERGROUND

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 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 _____XXXXX_____ 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 _____XXXXXXXX_____ 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.*

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXXXX

- 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 X 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 _____XXXX_____ dollars (\$_____XXXX_____). 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 ___XX___ percent² (___X___%) 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 ___XX___ percent³ (___X___%) 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 XX 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 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 hereinbefore 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 Representations.

The Bidder represents that:

It has __, does not have __, 100 or more employees, and if it has, that it has __, has not __, furnished the Equal Employment Opportunity-Employers Information Report EEO-1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 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 subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Bidder will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; Provided, however, that in the event Bidder becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Bidder may request the United States to enter into such litigation to protect the interests of the United States.*
- c. *Certificate of Nonsegregated Facilities. The Bidder certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Bidder agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Bidder agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.*

Section 7. Franchises and Rights-of-Way. *The Bidder shall be under no obligation to obtain or assist in obtaining: Any franchises, authorizations, permits or approvals required to be obtained by the Owner from Federal, State, County, Municipal or other authorities; any rights-of-way over private lands; or any agreements between the Owner and third parties with respect to the joint use of poles, crossings, or other matter incident to the construction and operation of the project.*

Section 8. Nonassignment of Contract. *The Bidder shall perform directly and without subcontracting not less than twenty-five percent (25%) of the construction of the project, to be calculated on the basis of the total Contract price. The Bidder shall not assign the Contract effected by an acceptance of this Proposal or any interest in any funds that may be due or become due hereunder or enter into any contract with any person, firm or corporation for the performance of the Bidder's obligations hereunder or any part thereof, without the approval in writing of the Owner and of the Surety or Sureties, if any, on any bond furnished by the Bidder for the faithful performance of the Bidder's obligations hereunder. If the Bidder, with the consent of the Owner and any Surety or Sureties on the Contractor's Bond or Bonds, shall enter into a subcontract with any subcontractor for the performance of any part of this Contract, the Bidder shall be as fully responsible to the Owner and the Government for the acts and omissions of such subcontractor and of persons employed by such subcontractor as the Bidder would be for its own acts and omissions and those of persons directly employed by it.*

Section 9. 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:

M. Merit Y. Seel
Secretary

Dated Oct. 23, 2008

Dobson Power Line Constr. Co. Inc.
Bidder
James D. Dobson
President
7696 Harrodsburg Rd
Nicholasville, Ky 40356
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, _____

_____, for the construction of the following:

Owner

By _____
President

Secretary

_____, 20_____
Date of 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 CONTRACTOR AND INDEMNITY AGREEMENT (Line Extensions)

JAMES D DOBSON certifies that he or she is the
president of Dobson Power Line Construction Co Inc.
TITLE NAME OF CONTRACTOR

the Contractor, in a Construction Contract No. _____,
dated _____, 20____, entered into between the Contractor and
_____, RUS designation _____,
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.

10-23-08 Date By James D. Dobson 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 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.

Debarment Certification

- 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.

Dobson Power Line Construction Co., Inc.
 Organization Name PR/Award or Project Name

James D. Dobson Jr.
 Name and Title

James D. Dobson Jr. 11/1/08
 Signature Date

EXHIBIT "A" - RUS CONTRACT FORM 790

PROJECT DETAILS

1. Description of Project: The Project will consist of approximately:

Overhead Distribution Line Construction

Overhead Distribution Line Construction
XXXXXXX miles of _XXXX_ kV Single-Phase Lines
XXXXXXX miles of _XXXXX_ kV Two-Phase Lines
XXXXXX miles of _XXXX_ kV Three-Phase Lines
XXXX miles of secondary lines
XXXX miles of services for _XXX_ consumers.

Underground Distribution Line Construction

Underground Distribution Line Construction
XXXX X miles of _XXX_ kV Single-Phase Lines
XXXXX miles of _XXXX_ kV Two-Phase Lines
XXXX miles of _XXXX_ kV Three-Phase Lines
XXXXX miles of secondary lines
XXXX miles of services for _XXXX_ consumers.

Distribution Line Changes, Conversion, and Removal

Distribution Line Changes, Conversion, and Removal
XXXXX miles of _XXXX_
XXXX miles of _XXXX_
XXXX miles of _XXXX_

The project is located in VARIOUS PARTS OF BIG SANDY RECC TERRITORY

Counties, in the State(s) of KENTUCKY all as more fully described in the Plans, Specifications, Construction Drawings, and Contractor's Proposal therefore hereinafter referred to.

EXHIBIT "A" - RUS CONTRACT FORM 790

2. **Work on Energized Lines.** Unless stated below, all construction work including attachments to existing poles and line changes is to be performed with the line deenergized. Approximately _____ miles of the line changes are to be made with the lines energized and such lines are in the following locations or areas: _____

VARIOUS JOBS AND LOCATIONS WILL REQUIRE WORK ON ENERGIZED LINES AT 7.62/13.2 KV

and are more fully described in the Plans, Specifications, and Contractor's Proposal. For work in these locations the Bidder must provide personnel qualified to work on energized lines. All such work shall be performed to meet at least the safety rules and regulations prescribed by the Owner for its own employees including the use of rubber gloves, hot sticks and associated protective equipment, a copy of which rules and regulations may be examined at the office of the Owner. The owner will perform any required power line switching.

3. **Materials (Owner Furnished)**

Ground rods shall be _____ N/A _____ (Engineer to insert galvanized steel, copper, or stainless steel).

For transmission lines, the Bidder further agrees to furnish and use guy wire, overhead ground wire, and pole ground wire with ASTM Class _____ N/A _____ (Engineer to insert A, B, or C) zinc coating. Guy wire shall be _____ XX _____ size, _____ XX _____ grade.

The Bidder further agrees to furnish and use wood poles, wood crossarms, and other timber products, of which the physical characteristics, method of treatment, type of preservative, instructions on inspection and general procedure shall be in accordance with RUS standards and requirements.

Crossarms shall be _____ XX _____ (Engineer to insert Douglas Fir or Southern Yellow Pine), treated with _____ XX _____ (Engineer to insert type of preservative.)

RUS FORM 790 (IF APPLICABLE)

LIST OF OWNER FURNISHED MATERIALS

ITEM (1)	DESCRIPTION OF MATERIAL	LOCATION (2)	SUPPLIER (3)	SCHEDULED DELIVERY DATE (4)	CATALOG NUMBER	QUANTITY	UNIT PRICE	EXTENDED PRICE	RECEIVED BY CONTRACTOR (Date & Initial)
	ALL MATERIALS ARE SUPPLIED								

NOTES:

(1) Item corresponds with item designation in the list of materials in construction drawings. Under Article I, Section 3, the value of these materials will be deducted from payments to the Bidder for completed Construction Assembly Units.

(2) Location: 1. _____

2. _____

(3) Supplier: A. _____
(Name & Address) B. _____

(4) "N/A" indicates materials on hand.

Item 40 Pg 27 of 93

RUS FORM 790 - PROPOSAL SUMMARY

DISTRIBUTION LINE CONSTRUCTION

NEW CONSTRUCTION

Overhead

Part 1	\$	XXX	_____
Part A		XXXXXXXXXX	_____
Part B		XXXXXXXXXX	_____
Part C		XXXXXXXXXXXXXX	_____
Part D		XXXXXXXXXXXXXX	_____
Part E.....		XXXXXXXXXXXXXX	_____
Part F.....		XXXXXXXXXXXXXX	_____
Part G		XXXXXXXXXXXXXX	_____
.....		XXXXXXXXXXXXXX	_____
Part J		XXXXXXXXXXXXXX	_____
Part K		XXXXXXXXXXXXXX	_____
Part M.....		XXXXXXXXXXXXXX	_____
Part M.....		XXXXXXXXXXXXXX	_____
Part M.....		XXXXXXXXXXXXXX	_____
Part M.....		XXXXXXXXXXXXXX	_____
Part M.....		XXXXXXXXXXXXXX	_____
Part M.....		XXXXXXXXXXXXXX	_____
Part M.....		XXXXXXXXXXXXXX	_____

Total Overhead \$XXXXXXXXXXXXX_

Underground

Part UD	\$XXXXXXXXXXXXX	_____
Part UG	XXXXXXXXXXXXXX	_____
Part UK	XXXXXXXXXXXXXX	_____
Part UM.....	XXXXXXXXXXXXXX	_____
Part UR.....	XXXXXXXXXXXXXX	_____

Total Underground \$XXXXXXXXXXXXX_

Total New Distribution Line Construction \$XXXXXXXXXXXXX_

Line Changes

Part LCC	\$XXXXXXXXXX	_____
Part LCR	XXXXXXXXXX	_____
Part LCT.....	XXXXXXXXXX	_____

Total Line Changes \$XXXXXXXXXX_

TOTAL DISTRIBUTION LINE CONSTRUCTION \$XXXXXXXXXXXXX_

RUS FORM 790 - PROPOSAL SUMMARY

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION

Part 1--POLE UNITS

A pole unit consists of one pole in place. It does not include pole-top assembly unit or other parts attached to the pole. The first two digits indicate the length of the pole; the third digit shows the classification per ANSI (Example: 35-5 means a pole 35 feet long, Class 5.)

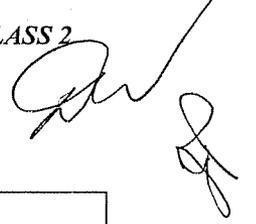
For Wood Poles: Species of Timber: VARIOUS, PINE, FIR, ETC.

Kind of Preservative: (Check one)

- 1. Creosote _____;
- 2. Pentachlorophenol X;
- 3. Copper Naphthenate _____;
- 4. Waterborne preservative - CCA X ACZA _____ ACA _____

Method of Treatment: (Check one)

- 1. Pressure X;
- 2. Thermal Process _____

11-6-08


ALL CLASSES ANSI CLASS SIZE 7 THRU 2 ARE INCLUDED (EXAMPLE: 40' CLASS 5 OR 40' CLASS 2 ARE THE SAME UNIT PRICE.)

Engineer to complete above)

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE
20'	325.00	70'	850.00		
25'	325.00	75'	975.00		
30'	325.00				
35'	360.00				
40'	360.00				
45'	385.00				
50'	460.00				
55'	550.00				
60'	625.00				
65'	750.00				

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART A--SINGLE PHASE PRIMARY POLE TOP CONSTRUCTION ASSEMBLY UNITS

A pole top construction assembly unit generally consists of the insulator(s), crossarm(s), braces, tie wire, suspension clamps, armor rods, jumpers, various connections (not including stirrups) and hardware required to support the primary conductors as indicated on the applicable RUS drawing for either temporary or permanent construction . It does not include the pole.

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	LABOR PRICE
A1	95.00		
A1-1	115.00		
A1.04	115.00		
A2	125.00		
A2.04	125.00		
A3	125.00		
A4	235.00		
A4.2	280.00		
A5-2	145.00		
A5-3	145.00		
A5	125.00		
A6	235.00		
A6.2	280.00		
A7	275.00		
A8	325.00		
A9	225.00		
A9-1	175.00		

JP RW

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART C--THREE PHASE PRIMARY POLE TOP CONSTRUCTION ASSEMBLY UNITS

A pole top construction assembly unit generally consists of the insulator(s), crossarm(s), braces, tie wire, suspension clamps, armor rods, jumpers, various connections (not including stirrups) and hardware required to support the primary conductors, as indicated on the applicable RUS drawing for either temporary or permanent construction. It does not include the pole.

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE
C1	150.00		
C1-1	195.00		
C1-2	160.00		
C1-3	195.00		
C2	275.00		
C2-2	285.00		
C3	285.00		
C3-1	350.00		
C4-1	490.00		
C4.2	675.00		
C7	425.00		
C7-1	450.00		
C7A	425.00		
C7A-1	520.00		
C8	520.00		
C8-3	575.00		
C8-3A	575.00		
C8-LS	745.00		
C8-US	775.00		
C9	275.00		
C9-2	275.00		

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART G--TRANSFORMER CONSTRUCTION ASSEMBLY UNITS

A transformer construction assembly unit generally consists of the transformer hardware, bolts, its protective equipment, and leads with their connectors and supporting insulators and pins, as indicated on the applicable RUS drawing. It does not include the pole top, secondary, service, or grounding assemblies. It also does not include the transformer.

UNIT NO.	UNIT LABOR PRICE		
G10	95.00		
G210	195.00		
G310	295.00		
G330	850.00		

OVERHEAD TRANSFORMER INSTALLATION ASSEMBLY UNITS

ASSEMBLY CONSISTS OF INSTALLING EITHER CONVENTIONAL OR SELF-PROTECTED TRANSFORMER UNITS ON SUPPORTING HARDWARE AS INDICATED ON APPLICABLE RUS DRAWINGS AND GUIDES.

UNIT NO.	UNIT LABOR PRICE		
1 ½ KVA	250.00		
3 KVA	250.00		
5 KVA	250.00		
7 KVA	250.00		
10 KVA	250.00		
15 KVA	250.00		
25 KVA	295.00		
37.5 KVA	315.00		
50 KVA	350.00		
75 KVA	375.00		
100 KVA	475.00		
167 KVA	575.00		
250 KVA	650.00		
333 KVA	750.00		
500 KVA	950.00		

REV

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART H (M)-GROUNDING CONSTRUCTION ASSEMBLY UNITS

A grounding construction assembly unit generally consists of the conductor, ground rod, connectors, hardware, and clamps, as indicated on the applicable RUS drawing.

UNIT NO.	UNIT LABOR PRICE	UNIT NO.		UNIT LABOR PRICE
M2-1	50.00			
M2-1N	55.00			
M2-2	45.00			

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART J--SECONDARY CONSTRUCTION ASSEMBLY UNITS

A secondary construction assembly unit generally consists of the insulator(s) and hardware needed to support the secondary conductors or cable, as indicated on the applicable RUS drawing. It does not include the secondary conductor or cable, or the insulators or hardware needed to support service conductors or cable. Tree trimming necessary for installing secondaries on poles not carrying primary line is included with the secondary construction assembly unit and shall be performed in accordance with the directions of the Engineer.

UNIT NO.	UNIT LABOR PRICE	UNIT NO.		UNIT LABOR PRICE
J5	50.00			
J6	50.00			
J8	50.00			
J10	50.00			

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

Part L--CONDUCTOR CONSTRUCTION ASSEMBLY UNITS

A conductor assembly unit consists of 1,000 feet of conductor or cable for primaries, secondaries or services, and includes tie wires, sleeves for splicing, connectors, and armor rods with clips or armor wire where necessary. In computing the compensation to the Bidder for conductor construction 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.

PRIMARY ALUMINUM OVERHEAD

OVERHEAD SERVICE WIRE

UNIT NO.	UNIT LABOR PRICE	UNIT	UNIT LABOR PRICE
		NO.	
#4 ACSR	715.00	#6 DUPLEX	975.00
#2 ACSR	715.00	#4 TRIPLEX	1235.00
#2 ACSR TREE WIRE	715.00	#2 TRIPLEX	1235.00
#1/0 ACSR	715.00	#1/0 TRIPLEX	1235.00
#3/0 ACSR	780.00	#4/0 TRIPLEX	1235.00
#4/0 ACSR	800.00	#336.4 TRIPLEX	1235.00
#336.4 ACSR	840.00	#2 QUAD PLEX	1950.00
#397 ACSR	860.00	#4 QUAD PLEX	1950.00
#556.5 ACSR	890.00	#1/0 QUAD PLEX	1950.00
		#4/0 QUAD PLEX	
		#336.4 QUAD PLEX	

OVERHEAD COPPER CONDUCTOR

OVERHEAD COPPER SERVICE WIRE

UNIT NO.	UNIT LABOR PRICE	UNIT	UNIT LABOR PRICE
		NO.	
#6 ACWC	715.00	#6 WEATHER PROOF	715.00
#8 ACWC	715.00	#8 WEATHER PROOF	715.00
#2-3 STRANDED COPPER	800.00		

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART M--MISCELLANEOUS CONSTRUCTION ASSEMBLY UNITS

Miscellaneous construction assembly unit generally consists of the insulator(s), jumpers, connectors, and hardware as indicated on the applicable RUS drawing.

UNIT NO.	Unit Labor Price			
M5-2	50.00			
M5-5	50.00			
M5-13	135.00			
M5-15	135.00			
M5-16	150.00			
M5-17	50.00			
M5-20	125.00			
M15	475.00			
M26-5 (YL'S EXCEPT COBRA)	85.00			
M26-5 (COBRA HEAD)	125.00			
M33-5	295.00			
M33-6	595.00			
M33-11	325.00			

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART P (M)--PROTECTION CONSTRUCTION ASSEMBLY UNITS

A protection construction assembly unit generally consists of surge arresters, hardware, jumpers, and other protective devices, as indicated on the applicable RUS drawing.

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UNIT NO.	UNIT LABOR PRICE			
M5-6	75.00			

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART M--METERING CONSTRUCTION ASSEMBLY UNITS

A metering construction assembly unit generally consists of the meter(s), current and potential transformer(s), surge arrester(s), cutout(s), switch(es), supports, hardware, jumpers, and wiring, as indicated on the applicable RUS drawing. (Excludes meter, conduit and meter wiring from current and potential transformers to meter.)

UNIT NO.	UNIT LABOR PRICE				
M8	475.00				
M8-6	500.00				
M8-15S	600.00				
M8-15	1800.00				
M8-63	500.00				

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART M--OIL CIRCUIT RECLOSER CONSTRUCTION ASSEMBLY UNITS

A oil circuit recloser construction assembly unit generally consists of the oil circuit recloser(s), surge arrester(s), cutout(s), switch(es), jumpers, connectors, and hardware, as indicated on the applicable RUS drawing.

UNIT NO.	UNIT LABOR			
	PRICE			
M3-10	260.00			
M3-12	975.00			
M3-23A	385.00			
M3-24	1250.00			
M3-30	1600.00			

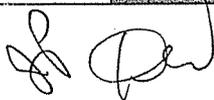
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EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART M--SECTIONALIZING CONSTRUCTION ASSEMBLY UNITS

A sectionalizing construction assembly unit generally consists of the cutout(s), switch(es), jumpers, connectors, and hardware, as indicated on the applicable RUS drawing.

UNIT NO.	UNIT	LABOR PRICE		
M3-4		185.00		
M3-41		260.00		
M5-9		95.00		
M5-9US		145.00		
M5-10		95.00		
M5-1		35.00		
M5ET		35.00		



DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

PART M--VOLTAGE ALTERATION CONSTRUCTION ASSEMBLY UNITS

A voltage alteration construction assembly unit generally consists of the voltage regulator(s), autotransformer(s), capacitor bank(s), insulator(s), surge arrester(s), cutout(s), switch(es), supports, hardware, and wiring, as indicated on the applicable RUS drawing.

UNIT NO.	UNIT	LABOR PRICE		
M7-11		1250.00		
M7-13		3250.00		
M9-11		475.00		
M9-12		950.00		
M9-13		1150.00		

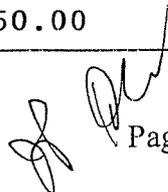


EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

Part UD--UNDERGROUND CABLE CONSTRUCTION ASSEMBLY UNITS

An underground cable construction assembly unit consists of 1,000 feet of cable for underground primaries, secondaries or services. It does not include the conduit, plowing, trenching and backfilling, or the termination of the primary cable which are provided for in other assembly units. It includes the termination, connection and sealing of secondary and service cables and conductors as shown in the specifications and construction drawings, and all primary, secondary and service cable splices (buried cable may be spliced only when and where permitted by the Owner. *) In computing the compensation to the Bidder for underground cable assembly units, only the distance between stakes, paralleling the cable shall be used. The number of units so computed will include all cable installed in place in all specified trenches, risers, conduits, crossings, manholes, transformers, terminal housings and meter boxes. ** The conductor or cables listed are the manufacturer's designation of type, size, voltage rating, and material. The Bidder and the Owner shall jointly perform cable acceptance tests on installed cable in accordance with the

specifications using test equipment furnished by the BIDDER. (Engineer to insert Owner or Bidder).

- _____ * Engineer check here if primary splices are permitted.
- _____ * Engineer check here if secondary and service splices are permitted.
- _____ ** Engineer check here if 12 feet of service conductor is to be left as a coil 3 feet from the building with ends capped instead of connection to meter box.

PRIMARY UNDERGROUND 15KV URD CABLE

UNIT NO.	UNIT LABOR PRICE
#2 15 KV URD	*HOURLY RATE* PG. 49
#1/0 15 KV URD	" "
#4/0 15 KV URD	" "
#350 15 KV URD	" "
#500 15 KV URD	" "

SECONDARY UNDERGROUND SERVICE WIRE

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE
#1/0 UF TP (600 V)	HOURLY RATE	#4/0 UF QUAD-PLEX (600 V)	HOURLY RATE
#4/0 UF TP (600 V)	" "	#350 UF QUAD-PLEX (600 V)	" "
#350 UF TP (600 V)	" "		

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

Part UG--UNDERGROUND TRANSFORMER CONSTRUCTION ASSEMBLY UNITS

An underground transformer construction assembly unit consists of the transformer hardware, housing, safety signs, switches, over-current protective devices, grounding loop, and hardware and leads with their connectors and supporting insulators installed in place. This unit includes the cable terminations, ground rod(s), and clamps but does not include surge arresters, fault indicators, or trenching.

UNIT NO.	UNIT LABOR PRICE		
UG6	HOURLY RATE		
UG17	HOURLY RATE		

UNDERGROUND TRANSFORMER INSTALLATION ASSEMBLY UNITS

Assembly consists of installing either a single phase or three phase pad mount transformer on supporting hardware as indicated on the applicable RUS drawings and guides

SINGLE PHASE PAD MOUNT TRANSFORMER

THREE PHASE PAD MOUNT TRANSFORMER

UNIT NO.	UNIT LABOR PRICE	UNIT NO.		UNIT LABOR PRICE
25 KVA	HOURLY RATE		75 KVA	HOURLY RATE
37.5 KVA	" "		100 KVA	" "
50 KVA	" "		250 KVA	" "
75 KVA	" "		300 KVA	" "
100 KVA	" "		500 KVA	" "
167 KVA	" "		750 KVA	" "
			1000 KVA	" "
			1500 KVA	" "

Handwritten initials/signature

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

Part UK--UNDERGROUND SECONDARY AND SERVICE CONSTRUCTION ASSEMBLY UNITS

An underground secondary and service construction assembly unit consists of one secondary or service cable terminal housing mounted in place. It includes the power pedestal, stake (when required), mounting hardware, safety signs, directional marker, housing identification marking and the cable identification tags. It does not include ground rod or pad. It includes the insulated connector blocks and installation of pad lock (if required).

UNIT NO.	UNIT LABOR PRICE				
	HOURLY RATE				
UK5					

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - NEW CONSTRUCTION (Continued)

Part UA-UC- UM--MISCELLANEOUS UNDERGROUND CONSTRUCTION ASSEMBLY UNITS

A miscellaneous underground construction assembly unit consists of an additional unit needed in the Project for new construction but not otherwise listed in the Proposal. This part includes the miscellaneous construction assembly units as shown on the respective underground construction drawings. Where miscellaneous units consist of or include a primary cable termination, the unit includes the preparation of the cable to accommodate the termination, the stress cone and the connection of the cable to the terminal equipment. Pad construction assembly units are in this part and include the site preparation, bedding, drainable material when specified, cable slot, backfilling, tamping and the pad in place.

UNIT NO.	UNIT LABOR PRICE				
UA1	375.00				
UC1	750.00				
UM3-14	HOURLY RATE				
UM1-5	" "				
UM8-6	" "				
UM6-34	" "				
UMT	" "				

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

UR 2-S(D&W) Trenching Construction assembly Unit, Soil--Consists of one (1) lineal foot of trenching in soil, measured parallel to the surface of the ground, to a specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting. This unit includes all material and labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, under- ground power and telecommunications 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 construction assembly units, when required. *NOTE: Where in the judgment of the Owner greater than normal difficulty will be involved in trenching because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter "T". This will be applicable only in those areas predesignated by the Owner on the detail maps herein. Where more than one cable is to be installed in the trench, the regular UR 2-S unit designation should be modified by a suffix corresponding to the construction drawing for the type of cable placement desired. (see below for dept & width)*

UR 2-R (D&W) Trenching Construction assembly Unit, Rock--Consists of one (1) lineal foot of trenching in rock, measured parallel to the surface of the ground, to specified depth (D) and width(W), in inches, including the excavation, and backfilling and compacting to place cable to the depth specified in the Specifications. This unit will be specified by the Owner only when field conditions at the site show the existence of rock at a depth preventing the placing of the cable in soil to the depths required in the Specifications. This unit includes all material and labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telecommunications 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 construction assembly units, when required. (see below for depth & width)

UR2-5 REFERS TO SOIL AND UR2-R REFERS TO ROCK

UNIT NO.	UNIT LABOR PRICE	UNIT		UNIT LABOR PRICE
(UR2-S) 4" x 24"	LABOR RATE (PG. 49)			
(UR2-S) 12 X 48"	" "			
UR 2-R 4 X 24"	" "			
UR 2-R 12 X 48"	" "			

REV

UNDERGROUND CONDUIT (ASSEMBLY UG-CON) CONSISTS OF THE LABOR NECESSARY TO INSTALL ONE (1) LINEAL FOOT OF CONDUIT PIPE IN AN EXCAVATED TRENCH ALONG WITH ANY CONNECTORS, COUPLINGS, ELBOWS, OR PIPE BENDING NEEDED TO COMPLETE INSTALLATION OF PIPE AS TO BE READY FOR BACKFILLING AND COMPACTING.

UNIT NO.	UNIT LABOR PRICE	UNIT		UNIT LABOR PRICE
			NO.	
UG-CON (2" PVC)	LABOR RATE		UG-CON (2" STEEL)	LABOR RATE
UG-CON (3" PVC)	" "		UG-CON (3" STEEL)	" "
UG-CON (4" PVC)	" "		UG-CON (5" STEEL)	" "
UG-CON (5" PVC)	" "		U-GUARD (ALL TYPES)	" "

8

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS

HEAVY EQUIPMENT NEEDS

IN THE JUDGEMENT OF THE OWNER WHEN GREATER THAN NORMAL DIFFICULTY WILL BE INVOLVED EITHER IN ERECTING POLES, LINES, STRUCTURES, AND OTHER OVERHEAD CONSTRUCTION OR ACCESSING REMOTE AREAS WHERE CONSTRUCTION OR REMOVAL IS REQUIRED ALL HEAVY EQUIPMENT SUCH AS DOZERS, EXCAVATORS, CRANES, ETC. MUST BE PREAPPROVED AND WILL ONLY BE GRANTED AT THE OWNERS' DISCRETION.

THE REQUIRED PREAPPROVAL OF SUCH EQUIPMENT WILL BE GIVEN BY THE OWNER'S CONSTRUCTION SUPERINTENDENT FOR THE TYPE OF EQUIPMENT NEEDED, THE LENGTH OF TIME NEEDED, AND AMOUNT TO BE CHARGED.

IF IT IS AGREED THAT THE OWNER WILL PAY FOR SAID EQUIPMENT, NOT THE BIDDER, A COPY OF THE BILL MUST BE SUBMITTED TO THE OWNER WHEN JOB IS COMPLETED.

Two handwritten signatures in black ink. The first signature on the left is a stylized 'DW'. The second signature on the right is a more complex, cursive signature.

**EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS – CONDUCTOR
TRANSFER UNITS(Continued)**

PART LCT – CONDUCTOR TRANSFER UNITS

A conductor transfer unit consists of 1,000 feet of conductor or cable for primaries, secondaries, or services, and includes tie wires, sleeves for splicing, connectors, and armor rods with clip or armor wire where necessary. In computing the compensation to the Bidder for the conductor transfer units, only the horizontal distance between conductor supports or pole stakes shall be used.

On a permanent transfer, a conductor transfer unit will be used in computing the compensation for transferring conductors from existing poles or structures to a new pole or structure that is installed within 10 feet horizontally of the existing structure or pole.

Deadend structures will receive a conductor transfer price for the length of each phase and each neutral span transferred from an existing structure to a new structure.

Example: A new 40' pole A5 pole top assembly with 2 ACSR is installed next to an existing 35' pole A5 pole top assembly. The span length of conductor transferred is 300'. Bidder will be paid to transfer 600' of 2 ACSR conductor.

Tangent and Angle structures will receive a conductor transfer price for the length of each phase and neutral by longest adjacent span.

Example: A new 40' pole is installed adjacent to an existing 35' A1 pole top assembly with #2 ACSR with one adjacent span being 200' and the other adjacent span being 300', the Bidder will be compensated to transfer 600' of #2 ACSR conductor.

PRIMARY WIRE TRANSFER

SERVICE WIRE TRANSFER

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE
#1/0 ACSR T	775.00	#2 TRIPLEX T	1250.00
#3/0 ACSR T	850.00	#4 TRIPLEX T	1250.00
#2 ACSR T	750.00	#1/0 TRIPLEX T	1250.00
#4 ACSR T	750.00	#4/0 TRIPLEX T	1250.00
#336.4 ACSR T	975.00	# 336.4 TRIPLEX T	1250.00
#6 ACWC T	750.00	#6 DUPILEX T	1000.00
#8 ACWC T	750.00	#2 QUAD PLEX T	1950.00
#2-3 STRANDED T	750.00	#4 QUAD PLEX T	1950.00
#4/0 ACSR T	900.00	#1/0 QUAD PLEX T	1950.00
#397 ACSR T	990.00	#4/0 QUAD PLEX T	1950.00
		336.4 QUAD PLEX T	1950.00

[Handwritten initials]

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS – TRANSFORMER TRANSFER UNITS(Continued)

Part LCT—TRANSFORMER TRANSFER CONSTRUCTION ASSEMBLY UNITS (Continued)

A TRANSFORMER TRANSFER UNIT CONSISTS OF THE PERMANENT TRANSFER OF A POLE MOUNT TRANSFORMER FROM POLE OR STRUCTURE TO A NEW POLE OR STRUCTURE LOCATED WITHIN 10 (TEN) FEET HORIZONTALLY OF THE EXISTING POLE OR STRUCTURE. THIS UNIT CONSISTS OF REMOVING ALL JUMPER, GROUNDS, CONNECTORS, AND RE-INSTALLING ALL GROUNDS, JUMPERS, AND CONNECTORS NECESSARY TO RETURN THE TRANSFORMER TO SERVICE.

UNIT NO.	UNIT LABOR PRICE	UNIT NO.		UNIT LABOR PRICE
1 ½ T	350.00			
3 KVA T	350.00			
5 KVA T	350.00			
7 KVA T	350.00			
10 KVA T	350.00			
15 KVA T	350.00			
25 KVA T	430.00			
37.5 KVA T	475.00			
50 KVA T	525.00			
75 KVA T	575.00			
100 KVA T	700.00			
167 KVA T	850.00			
250 KVA T	975.00			
333 KVA T	1100.00			
500 KVA T	1325.00			

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**EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS – LINE CHANGES (Continued)**

PART LCN & LCR SECTION—HOURLY RATES NOT COVERED BY UNITS

THIS SECTION INCLUDES HOURLY RATES FOR WORK OTHER THAN INSTALLATION/RETIREMENT ON UNIT PRICE BASIS

HOURLY RATE FOR EMERGENCY HELP IN STORM DAMAGES OR UNUSUAL OCCURANCES ON WORK ORDERS OR MEMBERSHIP EXTENSIONS, ETC.

WORKER TITLE	REGULAR TIME			OVERTIME
WORKING FOREMAN			60.00	90.00
JOURNEY LINEMAN			55.00	82.50
APPRENTICE LINEMAN			55.00	82.50
OPERATOR			45.00	67.50
BUCKET			35.00	--
DIGGER			35.00	--
PICKUP TRUCK			25.00	--

**EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS – LINE CHANGES (Continued)**

Part LCR--REMOVAL CONSTRUCTION ASSEMBLY UNITS

Removal construction assembly units cover the furnishing of all labor for the removal of existing units of construction from existing lines, disassembling into material items, and all labor and transportation for the returning of all materials to the warehouse of the Owner in an orderly manner or transporting elsewhere to the site of the Project for reuse in the prosecution of this Contract as approved by the Engineer.

The Bidder will be charged by the Owner for the full value of all materials removed under this part at the value shown in Table C. Such charges will be placed against the Bidder as units are removed and the value will be deducted from the total value of installed construction assembly units for determination of the work accomplished for purposes of monthly progress payments to the Bidder.

Of the materials listed in Table C to be removed from existing lines, certain materials will be reused in the construction of the Project. Such materials to be reused are listed in Table C-1. Materials other than those listed in Table C-1 shall, if not damaged in handling, be returned to the Owner for full credit at the values shown in Table D. The Bidder will be allowed full credit for all material items, other than those listed in Table C-1, returned to the Owner which, in the opinion of the Engineer, were not damaged by the Bidder in removal and handling even though the materials may not be reusable for reasons of obsolescence or deterioration. Such credits shall be allowed the Bidder as materials are returned to the Owner's warehouse and shall be added to the total value of installed construction assembly units for determination of the work accomplished for purposes of monthly progress payments to the Bidder.

The unit removal prices shall include all material and labor required to reinstall in accordance with specifications any conductors temporarily detached. The Bidder will reinstall at the Bidder's own expense any other units removed by the Bidder for the Bidder's own convenience.

The removal units are specified by the prefix LCR and followed by the construction assembly unit designation of existing construction assembly unit to be removed. For example, an LCR A1 signifies the removal of an A1 construction 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 LCR 30-foot pole signifies the removal of a 30-foot pole of any class. The Bidder is not required under this unit to remove from the pole any ground wire 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 construction assembly itself, any necessary handling, resagging, and retying of conductors in those cases where an existing pole-top construction assembly will be removed and replaced by a new pole-top construction assembly and where any existing conductor is to be reused.*

The unit of removal of pole-top assemblies also includes any holding or handling of mainline or tap conductors at tap lines, angles, and deadends where such is involved, and reinstalling of such conductor in accordance with the specifications; for example, an LCR 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 construction assembly when installed. The new unit of construction, however, will be specified separately in Part LCN.

- c. Conductor.** *The conductor removal unit covers the removal of 1,000 feet of conductor or cable and reeling or coiling it in a workmanlike manner in such a way that it can be reused by the Bidder or the Owner. The Owner will furnish to the Bidder reels if it is to be returned to the Owner's warehouse on reels. The Bidder will retain possession of all jumpers, tie wire, armor rods, connectors, and other conductor accessories removed. These items will not be returned to the Owner. The removal unit for each size of conductor or cable is shown by the prefix LCR followed by D and the conductor or cable type; thus an LCR D-6ACWC signifies the removal unit for 1,000 feet of 6A Copperweld-copper conductor.*

**EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS- LINE CHANGES (CONTINUED)**

PART LCR-REMOVAL CONSTRUCTION ASSEMBLY UNITS (CONTINUED)

- d. **Guys.** All guys regardless of length, type of attachment, or size of guy strand are specified by the same unit; thus an LCR E signifies the removal of any guy.
- e. **Anchor.** Only anchor rods are to be removed by the Bidder in anchor removal units. The anchor will be left in the ground; thus an LCR 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 top of the rod will be at least 18 inches below ground.
- f. **Transformers.** The unit for removal of transformer construction assembly units is divided into two parts, (1) Conventional Transformer Construction assembly, and (2) Self-Protected Transformer Construction assembly. Only one unit is specified for each type, and all sizes of transformers 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 LCR followed by the description of the unit to be removed; thus LCR G Conventional signifies the removal of a conventional transformer construction assembly for any size transformer.
- g. **Secondary Units.** The unit for removal of secondary assemblies includes, in addition to the removal of the construction 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 construction assembly includes the handling or holding of any conductor at tap lines where such is involved, and the reinstalling of such tap conductor in accordance with the specifications.
- h. **Service Units.** The unit for removal of service assemblies includes, in addition to the removal of the construction 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:

A.—POLE REMOVAL UNITS

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE
20' POLE	100.00	50' POLE	135.00
25' POLE	100.00	55' POLE	150.00
30' POLE	100.00	60' POLE	175.00
35' POLE	115.00	65' POLE	200.00
40' POLE	115.00	70' POLE	225.00
45' POLE	125.00	75' POLE	250.00

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EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - LINE CHANGES (Continued)

Part LCR--REMOVAL CONSTRUCTION ASSEMBLY UNITS (Continued)

B--POLE TOP ASSEMBLY REMOVAL UNITS

UNIT NO.	UNIT LABOR PRICE	UNIT	UNIT LABOR
		NO.	PRICE
A1	45.00	B5-1	225.00
A1-1	50.00	B7	225.00
A1.04	50.00	B8	225.00
A2	55.00	B9	90.00
A2.04	55.00	B9-1	75.00
A3	55.00	C1	70.00
A4	95.00	C1-1	95.00
A4.2	130.00	C1-2	75.00
A5-2	90.00	C1-3	95.00
A5-3	90.00	C2	95.00
A5	65.00	C2-2	125.00
A6	95.00	C3	135.00
A6.2	130.00	C3-1	150.00
A7	105.00	C4-1	210.00
A8	135.00	C4.2	315.00
A9	105.00	C7	210.00
A9-1	105.00	C7-1	225.00
B1	65.00	C7A	225.00
B1-1	90.00	C7A-1	225.00
B1.1N	90.00	C8	225.00
B2	90.00	C8-3	225.00
B2.3N	90.00	C8-3A	225.00
B3	130.00	C8-LS	285.00
B4-1	200.00	C8-US	295.00
B4.2	200.00	C9	95.00
		C9-2	95.00

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - LINE CHANGES (Continued)
PART LCR--REMOVAL CONSTRUCTION ASSEMBLY UNITS (Continued)

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE
DC-C1	150.00	DC-C2-1	215.00
DC-C1-1	195.00	DC-C3	270.00
DC-C1-2	150.00	DC-C3B	275.00
DC-C1-2L	175.00	DC-C4-1	420.00
DC-C1-3L	215.00	DC-C8	400.00

C-CONDUCTOR REMOVAL UNITS (OVERHEAD UNITS & UNDERGROUND)

#2 ACSR	285.00	#6 & 8 WP	285.00
#4 ACSR	285.00	#6 DUPILEX	450.00
#2 ACSR TREE W	285.00	#2 TRIPLEX	700.00
#1/0 ACSR	300.00	#4 TRIPLEX	700.00
#3/0 ACSR	375.00	#1/0 TRIPLEX	700.00
#4/0 ACSR	400.00	#4/0 TRIPLEX	700.00
#336.4 ACSR	425.00	#336.4 TRIPLEX	700.00
#397 ACSR	425.00	#2 QUAD PLEX	975.00
#556.5 ACSR	425.00	#4 QUAD PLEX	975.00
#6 ACWC	285.00	#1/0 QUAD PLEX	975.00
#8 ACWC	285.00	#4/0 QUAD PLEX	975.00
#2-3 STRANDED	285.00	#336.4 QUAD PLEX	975.00
#2 15 KV URD	LABOR RATE Pg. 49	#1/0 UF TP	LABOR RATE (Pg. 49)
#1/0 15 KV URD	" "	#4/0 UF TP	" "
#4/0 15 KV URD	" "	#350 UF TP	" "
#350 15 KV URD	" "	#4/0 UF QUAD-PLEX	" "
#500 15 KV URD	" "	#350 UF QUAD-PLEX	" "

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EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
 DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - LINE CHANGES (Continued)

Part LCR--REMOVAL CONSTRUCTION ASSEMBLY UNITS (Continued)

D,E,F,G,H--GUYS,ANCHORS,TRANSFORMERS,SECONDARY,AND SERVICE REMOVAL UNITS

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE
E1-1S	30.00	1 1/2 KVA OVERHEAD	100.00
E1-2	30.00	3 KVA OVERHEAD	100.00
E1-2S	30.00	5 KVA OVERHEAD	100.00
E1-3	30.00	7 KVA OVERHEAD	100.00
E1-INS	30.00	10 KVA OVERHEAD	100.00
E1.3L	30.00	15 KVA OVERHEAD	100.00
E2-2	30.00	25 KVA OVERHEAD	135.00
E3-10	5.00	37.5 KVA OVERHEAD	160.00
E3-2	30.00	50 KVA OVERHEAD	175.00
E4-2	30.00	75 KVA OVERHEAD	200.00
E5-2	90.00	100 KVA OVERHEAD	225.00
F1-2	35.00	167 KVA OVERHEAD	275.00
F1-3	35.00	250 KVA OVERHEAD	325.00
F1-3T	35.00	333 KVA OVERHEAD	350.00
F1-5	35.00	500 KVA OVERHEAD	375.00
F4-1S	35.00	J5	25.00
F5-1	35.00	J6	25.00
F5-2	35.00	J8	25.00
G10	40.00	J10	25.00
G210	85.00	K10	25.00
G310	135.00	K10C	25.00

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EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - LINE CHANGES (Continued)
PART LCR-REMOVAL CONSTRUCTION ASSEMBLY UNITS (CONTD)

SERVICE, GROUNDING, OCR, SECTIONALIZING, VOLTAGE, METERING & MISCELLANEOUS REMOVAL UNITS

UNIT NO.	UNIT LABOR PRICE	UNIT NO.	UNIT LABOR PRICE
K11	25.00	M5-1	20.00
K12	25.00	M5-2	35.00
K13	25.00	M5-4	35.00
K14	25.00	M5-5	35.00
K14C	25.00	M5-6	35.00
K14CS	25.00	M5-9	35.00
K15C	25.00	M5-9US	35.00
K15CS	25.00	M5-10	35.00
K16C	25.00	M5-13	25.00
K17	25.00	M5-15	35.00
M2-1	-0-	M5-16	35.00
M2-2	-0-	M5-17	25.00
M26-5 (VL'S EXCEPT COBRA)	35.00	M5-20	35.00
M26-5 (COBRA HEAD)	50.00	M5ET	20.00
M3-4	50.00	M15	75.00
M3-10	125.00	M7-11	325.00
M3-12	425.00	M7-13	1250.00
M3-23A	150.00	M8	95.00
M3-24	550.00	M8-6	95.00
M3-30	750.00	M8-15	575.00
M3-41	125.00	M8-15S	195.00



EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS – LINE CHANGES (Continued)

Part LCR—REMOVAL CONSTRUCTION ASSEMBLY UNITS (CONTD.)

Underground Units (CONTD.)

UNIT NO.	UNIT LABOR PRICE	UNIT NO	UNIT LABOR PRICE
M8-63	95.00	UG6	LABOR RATE PG. 49
M9-11	350.00	UG17	" "
M9-12	550.00	25 KVA PAD MOUNT SINGLE PHASE	" "
M9-13	750.00	37.5 KVA PAD MOUNT SINGLE PHASE	" "
M33-5	95.00	50 KVA PAD MOUNT SINGLE PHASE	" "
M33-6	190.00	75 KVA PAD MOUNT SINGLE PHASE	" "
M33-11	95.00	100 KVA PAD MOUNT SINGLE PHASE	" "
		167 KVA PAD MOUNT SINGLE PHASE	" "
TOP POLE	115.00	75 KVA PAD MOUNT THREE PHASE	" "
RPTS*	150.00	100 KVA PAD MOUNT THREE PHASE	" "
		250 KVA PAD MOUNT THREE PHASE	" "
		300 KVA PAD MOUNT THREE PHASE	" "
		500 KVA PAD MOUNT THREE PHASE	" "
		750 KVA PAD MOUNT THREE PHASE	" "

*RETURN POLE TO STOCK

EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS
 DISTRIBUTION CONSTRUCTION ASSEMBLY UNITS - LINE CHANGES

Part LCR--REMOVAL CONSTRUCTION ASSEMBLY UNITS (Continued)

UNDERGROUND UNITS (CONTD.)

UNIT NO.	UNIT LABOR PRICE	UNIT		UNIT LABOR PRICE
		NO.		
1000 KVA PAD MOUNT THREE PHASE	LABOR RATE Pg. 49			
1500 KVA PAD MOUNT THREE PHASE	" "			
UA1	85.00			
UC1	250.00			
UK5	LABOR RATE			
UM1-5	" "			
UM3-14	" "			
UM6-34	" "			
UM8-6	" "			
UMT	" "			
UG-CON (2" PVC)	" "			
UG-CON (3" PVC)	" "			
UG-CON (4" PVC)	" "			
UG-CON (5" PVC)	" "			
UG-CON (2" STEEL)	" "			
UG-CON (3" STEEL)	" "			
UG-CON (5" STEEL)	" "			

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EXHIBIT "A" CONSTRUCTION ASSEMBLY UNITS

Comments:

1. _____

2. _____

3. _____

Item 40 pg 40 of 75

ORIGINAL

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

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

**MR RON SEXTON
G & S CONTRACTING, INC
1709 KY RT 321, SUITE 4
PRESTONSBURG KY 41653**

*Approved 12-2-04
8:28 am*

*J. Hester
RA*

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

*Janet R. Salzer
Law Expires 4/12/08*

DISTRIBUTION LINE EXTENSION CONSTRUCTION CONTRACT
(Labor Only)

RUS Form 792

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U.S. Department of Agriculture
Rural Utilities Service

DISTRIBUTION LINE EXTENSION CONSTRUCTION CONTRACT
(Labor Only)

PROPOSAL

TO:

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

(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*
Line Conversion and Line Extensions
2005 through 2008 - *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* Two Thousand

dollars (\$ 2,000.00) 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 -0-

(-0- *) percent for all units installed on energized lines in accordance with instructions of the Owner, as provided in Article II, Section 1g.*

Section 4. Description of Contract. *The Specifications and Construction Drawings set forth in:*

- RUS Bulletin 50-3, Specifications and Drawings for 12.5/17.2 kV Line Construction;*
- RUS Bulletin 50-5, Specifications and Drawings for 14.4/24.9 kV Line Construction;*
- RUS Bulletin 50-6, 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:

System improvements and force account as required

Section 5. Familiarity with Conditions. The Contractor acknowledges that it has made a careful examination of the site of the Project and of the Plans, Specifications and Construction Drawings, and has become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, the kind of equipment, tools, and other facilities required before and during the construction of the Project and has become acquainted with the availability status of materials to be furnished by the Owner and with the labor conditions which would affect work on the Project.

Section 6. License. The Contractor warrants that a Contractor's license is , is not , required, and if required, it possesses Contractor's License No. _____ for the State of _____ in which the Project is located, and said license expires on _____.

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 Ten

(10) 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

504 11th Street, Paintsville 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 Fifteen (15) days per mile of line, whichever is the greater, which days shall be calendar days (excluding Sundays). The time of the completion of the Section is of the essence of the contract to be effected by acceptance of this Proposal.
- d. A statement that all required easements and rights-of-way have been obtained from the owners of the properties across which the Section is to be constructed (including tenants who may reasonably be expected to object to such construction).
- e. A statement that all necessary staking has been completed.
- f. A statement that all necessary funds for prompt payment for the construction of the Section will be available.
- g. Specific instruction as to location and extent of work to be performed on energized lines, if any.

The Contractor will not be required to dig holes, set poles, install anchors, install underground conduit, perform any plowing for the installation of underground cable, or dig trenches if there are more than six (6) inches of frost in the ground nor to perform any construction on such days when in the judgment of the Owner snow, rain, or wind or the results of snow, rain, or frost make it impracticable to perform any operations of construction; provided further that the contractor will not perform any plowing for the installation of underground cable on public roads or highways if there are more than two (2) inches of frost in the ground. To the extent of the time lost due to the conditions described herein and approved in writing by the Owner, the time of completion set out above will be extended. The time for completion shall be extended for a period of any reasonable delay (other than a delay resulting from the failure of the Contractor to secure sufficient labor) which is due exclusively to causes beyond the control and without the fault of the Contractor including acts of God, fires, floods, inability to obtain materials, direction of the Owner to cease construction as herein provided, and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however, that no such extension of time for completion shall be granted the Contractor unless within ten (10) days after the happening of any event relied upon by the Contractor for such an extension of time the Contractor shall have made a written request therefor in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes, except acts or omissions of the Owner, shall result in any liability on the part of the Owner.

Section 2. Changes in Plans, Specifications and Drawings. The Owner may, from time to time during the progress of the construction of the Project, make such changes in, additions to, or subtractions from the Plans, Specifications, and Construction Drawings as conditions may warrant: Provided, however, that if the cost to the Contractor shall be materially increased by any such change or addition, the Owner shall pay the Contractor for the reasonable cost thereof in accordance with a construction contract amendment signed by the Owner and the Contractor, but no claim for additional compensation for any such change or addition will be considered unless the Contractor shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.

Section 3. Supervision and Inspection.

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

- b. *The Owner reserves the right to require the removal from the Project of any employee of the Contractor if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner shall have the right to require the Contractor to increase the number of his employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Contractor of his obligations to complete the work within the time and in the manner specified in this Proposal.*
- c. *The manner of performance of the work, and all equipment used therein, shall be subject to the inspection, tests, and approval of the Owner. The Owner shall have the right to inspect all payrolls and other data and records of the Contractor relevant to the work. The Contractor will provide all reasonable facilities necessary for such inspection and tests. The Contractor shall have an authorized agent accompany the inspector when final inspection is made and, if requested by the Owner, when any other inspection is made.*
- d. *In the event that the Owner shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Contractor, if requested by the Owner, to have an inspection made by an engineer approved by the Owner for the purpose of determining the exact nature, extent, and location of such defects.*

Section 4. Defective Workmanship. *The acceptance of any workmanship by the Owner shall not preclude the subsequent rejection thereof if such workmanship shall be found to be defective after installation, and any such workmanship found defective before final acceptance of the work or within one (1) year after completion shall be remedied or replaced, as the case may be, by and at the expense of the Contractor. In the event of failure by the Contractor so to do, the Owner may remedy such defective workmanship and in such event the Contractor shall pay to the Owner the cost and expense thereof. The Contractor shall not be entitled to any payment hereunder so long as any defective workmanship, in respect of the Project, of which the Contractor shall have had notice, shall not have been remedied or replaced, as the case may be.*

Section 5. Materials. *At or prior to the commencement of construction of each Section, the Owner shall make available to the Contractor all materials for such Section which the Owner has on hand, and from time to time as such additional deliveries of materials, if any, are received by the Owner, the Owner shall make such materials available to the Contractor: Provided, however, that the Contractor or his authorized representative will give to the Owner a receipt in such form as the Owner shall approve for all materials furnished by the Owner to the Contractor. The Contractor will return to the Owner or reuse in the construction of other assembly units all materials removed from the lines under Section H - Conversion Assembly Units and Section I - Removal Assembly Units. Upon completion of each Section of the Project the Contractor will return to the Owner all materials, including usable materials as well as scrap, furnished by the Owner in excess of those required for the construction of the Section as determined from the Final Inventory approved by the Owner. The Contractor will reimburse the Owner at the current invoice cost to the Owner for loss and for breakage through Contractor's negligence of materials furnished by the Owner to the Contractor and for materials removed from the lines by the Contractor.*

Section 6. Term of Contract. *It is understood and agreed that, notwithstanding any other provisions of this Contract, the Contractor will not be required to commence any construction after the expiration of 1 year , 2 years , following acceptance of this Proposal by the Owner.*

ARTICLE III—PAYMENT

Section 1. Payments to Contractor.

- a. *Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Contractor for construction accomplished during the preceding calendar month on the basis of completed Construction Units furnished and certified to by the Contractor and approved by the Owner solely for the*

purpose of payment: Provided, however, that such approval by the Owner shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such estimate approved during the construction of a Section shall be paid by the Owner to the Contractor prior to completion of the Section. Upon completion by the Contractor of the construction of a Section, the Contractor will prepare a Final Inventory of the Section showing the total number and character of Construction Units and, will certify it to the Owner together with a certificate of the total cost of the construction performed. Upon the approval of such certificates, the Owner shall make payment to the Contractor of all amounts to which the Contractor shall be entitled thereunder which shall not have been paid.

- b. The Contractor shall be paid on the basis of the number of Construction Units actually installed at the direction of the Owner, as shown by the Inventory based on the Staking Sheets: Provided, however, that the total cost shall not exceed the maximum Contract price for the construction of the Project, unless such excess shall have been approved in writing by the Owner. It is understood and agreed that this maximum*

Contract price is _____ dollars (\$ _____). It is also agreed that the Contractor shall not be entitled to any claim for damages on account of any reasonable additions to or subtractions from the Project, or of any delay occasioned thereby, or of any changes in the routing of the lines.

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

Section 2. Certificate of Contractor and Indemnity Agreement – Line Extensions. *Upon the completion of construction of any section of the project but prior to payment to the Contractor of any amount in excess of ninety percent (90%) of the total cost of all construction units comprising the completed section, the Contractor shall deliver to the Owner in the form attached hereto, (1) a certificate that all persons who have furnished labor in connection with the project and subcontractors who have furnished services for the project have been paid in full, and (2) Contractor, agrees to protect, defend, indemnify and hold harmless Owner and its employees, agents, officers and directors from any and all claims and damage which may arise from the construction or safety training or doing any work or furnishing of labor or materials provided for in this contract, of any part thereof, including, but not limited to, any and all claims and damage by governments for fines, penalties or assessments for alleged violations of laws, regulations and safety rules by Contractor, its employees, agents, or subcontractors. Further, Contractor, agrees to defend and pay all costs in defending these claims, including attorney fees.*

ARTICLE IV—PARTICULAR UNDERTAKINGS OF THE CONTRACTOR

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

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

- a. The Contractor shall at no time and under no circumstances cause or permit any employee of the Contractor to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in accordance with Article II, Section 1, subsection g.*
- b. The Contractor shall so conduct the construction of the Project as to cause the least possible obstruction of public highways.*
- c. The Contractor shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances, and regulations or by local conditions.*

- d. *The Contractor shall do all things necessary or expedient to protect properly any and all parallel, converging, and intersecting lines, joint line poles, highways, and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways, or other property are damaged in the course of the construction of the Project the Contractor shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.*
- e. *Where the right-of-way of the Project traverses cultivated lands, the Contractor shall limit the movement of his crews and equipment so as to cause as little damage as possible to crops, orchards, or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during the construction of the Project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. Except as otherwise provided in the descriptions of underground plowing and trenching assembly units, the Contractor shall not be responsible for loss of or damage to crops, orchards, or property (other than livestock) on the right-of-way necessarily incident to the construction of the Project and not caused by negligence or inefficient operation of the Contractor. The Contractor shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by the construction of the Project.*
- f. *The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control of the Contractor and during such period of control by the Contractor all risks in connection with the construction of the Project and the materials to be used therein shall be borne by the Contractor. The Contractor shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Contractor by reason of any act of God or other casualty or cause whether or not the same shall have occurred by reason of the Contractor's negligence.*
- (i) *To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Contractor's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Contractor's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Contractor, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making Contractor liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.*
- (ii) *To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Contractor, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Contractor shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Contractor does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Contractor.*
- (iii) *Contractor shall provide to Owner's satisfaction evidence of Contractor's ability to comply with the indemnification provisions of subparagraphs i and ii above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.*
- g. *Any and all excess earth, rock, debris, underbrush, and other useless material shall be removed by the Contractor from the site of the Project as rapidly as practicable as the work progresses.*

- h. Upon violation by the Contractor of any provisions of this section, after written notice of such violation given to the Contractor by the Owner, the Contractor shall immediately correct such violation. Upon failure of the Contractor so to do the Owner may correct such violation at the Contractor's expense.
- i. The Contractor shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.
- j. The Contractor shall not proceed with the cutting of trees or clearing of right-of-way without written notification from the Owner that proper authorization has been received from the owner of the property, and the Contractor shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on his land in connection with the Project and shall obtain the consent in writing of the Owner before proceeding in any such case.
- k. The Contractor shall attend Owner's monthly safety meetings or produce evidence that the Contractor is providing equivalent safety training by qualified instructors to its employees. If Contractor chooses to attend Owner's safety meetings, then the Owner shall permit, without charge, all Contractors and their employees reasonable access to and use of its safety training facilities and safety training materials. Owner may impose reasonable conditions on the use of these facilities and materials. Owner shall also make available to its Contractor and their employees, without charge, annual CPR and First Aid Certification training.

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

- a. Workers' compensation and employer's liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the contract. If any employee or employee is not subject to workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.
- b. Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than \$1 million each occurrence, limits for property damage of not less than \$1 million each occurrence, and \$1 million aggregate for accidents during the policy period. A single limit of \$1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.
- c. Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than \$1 million each occurrence, and property damage limits of \$1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

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

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

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

Section 3. Bond. If the estimated cost of the construction of a Section shall exceed \$100,000, the Contractor agrees to furnish prior to the commencement of such construction, a bond in the penal sum not less than the estimated cost of such Section in the form attached hereto with a Surety or Sureties listed by the United States Treasury Department as acceptable sureties. In the event that the Surety or Sureties on the performance bond delivered to the Owner shall at any time become unsatisfactory to the Owner, the Contractor agrees to deliver to the Owner another or an additional bond.

Section 4. Delivery of Possession and Control to the Owner. Upon written request of the Owner, the Contractor will deliver to the Owner full possession and control of any portion of the Project provided the Contractor shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of possession and control to the Owner, the risks and obligations of the Contractor as set forth in Section 1f of this Article IV with respect to such portion so delivered to the Owner, shall be terminated; Provided, however, that nothing herein contained shall relieve the Contractor of any liability with respect to defective workmanship as specified in Article 11, Section 4.

ARTICLE V—REMEDIES

Section 1. Completion on Contractor's Default. If default shall be made by the Contractor or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Contractor and the Surety, if any, a written notice requiring the Contractor to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Contractor and the Surety, if any, such default shall be corrected or arrangements for the correction thereof satisfactory to the Owner shall be made, the Owner may take over the construction of the Project and prosecute the same to completion by contract or otherwise for the account and at the expense of the Contractor, and the Contractor shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliance, and plant belonging to the Contractor or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims, or demands which the Contractor may have against third persons in connection with this Proposal and for such purpose the Contractor does hereby assign, transfer, and set over unto the Owner all such rights, claims, and demands.

ARTICLE VI—MISCELLANEOUS

Section 1. Patent Infringement. The Contractor will save harmless and indemnify the Owner from any and all claims, suits, and proceedings for the infringement of any patent or patents covering any equipment used in the work.

Section 2. Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Contractor.

Section 3. Compliance with Statutes and Regulations. The Contractor will comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Contractor acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called "Kick-Back" Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. 287,1001, as amended. The Contractor understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental agencies having jurisdiction in the premises.

Section 4. Equal Opportunity Provisions.

a. Contractor's Representations.

The Contractor represents that:

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

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

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

- b. *Equal Opportunity Clause. During the performance of this Contract, the Contractor agrees as follows:*
- (1) *The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.*
 - (2) *The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.*
 - (3) *The Contractor will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.*
 - (4) *The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.*
 - (5) *The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.*
 - (6) *In the event of the Contractor's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be cancelled, terminated, or suspended in whole or in part, and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.*
 - (7) *The Contractor will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.*

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

Section 5. *Franchises and Rights-of-way.* The Contractor will be under no obligation to obtain or assist in obtaining any franchises, authorizations, permits, or approvals required to be obtained by the Owner from Federal, State, County, Municipal or other authority; any rights-of-way over private lands or any agreements between the Owner and third parties with respect to the joint use of poles, crossing or any other matter incident to the construction and operation of the Project.

Section 6. *Nonassignment of Contract.* The Contractor will not assign the Contract effected by an acceptance of this Proposal or any part thereof or enter into any contract with any person, firm or corporation for the performance of the Contractor's obligations thereunder, or any part thereof, without the approval in writing of the Owner.

Section 7. *Definitions.*

- a. The term "Owner" shall also include an engineer employed by the Owner, or a firm or engineer retained by the Owner, and designated by the Owner to act in that capacity. The Contractor will be notified in writing by the Owner of those designated to act for the Owner at the time of acceptance of this Proposal.
- b. The term "Completion of Construction" shall mean full performance by the Contractor of the Contractor's obligations under the contract and all amendments and revisions thereof relating to any Section of the Project or to the Project except the Contractor's obligations in respect of (i) Certificate of Contractor and Indemnity Agreement - Line Extensions under Article III, Section 2 hereof and (ii) the Final Inventory referred to in Article III, Section 1a hereof.
- c. The term "Completion" shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof relating to any Section of the Project or to the Project.

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

G&S CONTRACTING, INC
CONTRACTOR

By Jim Noble
PRESIDENT

1709 KENTUCKY ROUTE 321, SUITE 1A
PRESTONSBURG, KENTUCKY 41653
ADDRESS

ATTEST:

Janet Horne
SECRETARY

Date of Proposal 11/29/04

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.

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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
20'	209.84		457.50	Resag Neutral	32.94
25'	209.84	70'			
30'	209.84	75'	488.00		
	209.84				
35'	225.08				
40'	274.16				
45'	289.75				
50'	335.50				
55'	350.75				
60'	381.25				
65'	427.00				

POLE TOP ASSEMBLY UNITS

A pole top assembly unit consists of the installation of the hardware, crossarms and their appurtenances, insulators, etc., except tie wire, required to support the primary conductors.

SECTION A - 1 Phase		SECTION B - V Phase		SECTION C - 3 Phase	
Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	Unit No.	Unit Labor Price
A1	39.53	A6	105.41	B2	148.35
A1-1	64.24	A7	103.75	B2 SA	148.35
A2	66.60	A7-1	141.64	B3	70.82
A3	56.00	A7-3	141.64	B4-1	174.59
A4	96.81	A8	159.76		
A5-1	48.40	A9	133.41		
A5-2	51.45	A9-1	83.00		
A5-2A	51.45	B1 SA	84.00		
A5-3	33.58	B1	84.00		
A5	42.82	B1-1	148.35		

CONSTRUCTION UNITS - NEW CONSTRUCTION (Continued)

POLE TOP ASSEMBLY UNITS (Continued)

SECTION		SECTION		SECTION	
Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	Unit No.	Unit Labor Price
B5	83.96	C8-1	314.63		
B5-1	98.39	C8-2	289.50		
B7	133.41	C8-3	345.33		
B7-1	158.66	C8-4	345.33		
B7-3	158.66	C8-5	345.33		
B8	177.05	C9	157.71		
B9	177.05	C9-1	157.71		
B9-1	103.75	C9-2	189.40		
C1	103.75	C9-3	95.53		
C1-1	194.35	DCC1	270.00		
C1-2	103.75	DCC1-2	307.10		
C1-3	197.19	DCC1-3	325.00		
C2	189.40	DCC2	360.00		
C2-2	225.00	DCC2-2	380.00		
C3	137.03	DCC4-1	481.48		
C3-1	171.29	DCC8	550.04		
C4-1	277.43	DPC-1S	565.31		
C5-1 A	104.40	C7A	one piece arm deadend assembly		
C5-1	138.71		175.00		
C5-8	128.59				
C7	175.95				
C7-1	206.30				
C7-3	191.05				
C7-4	191.05				
C8	283.29				

CONSTRUCTION UNITS - NEW CONSTRUCTION (Continued)

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 stales 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
#6 or 8 ACWC	310.00	15 KV UG Cable	750.00	#2 Qplex	622.20
#2-3 Strand Copper	310.00	#6 DP	288.86	1/0 Qplex	622.20
#4 ACSR	309.50	#6 WP	288.86	2/0 Qplex	622.20
#2 ACSR	309.50	#8 WP	288.86	4/0 Qplex	756.40
1/0 ACSR	450.55	#4 TP	597.80	1/0 UG TP	740.00
3/0 ACSR	563.18	#2 TP	597.80	4/0 UP TP	785.00
4/0 ACSR	563.18	1/0 TP	622.20	#350 MCM--UGTP	850.00
336.4	638.75	2/0 TP	622.20	#336.4 QPX	756.40
397. SMCM	638.75	3/0 TP	756.40	#397 ACSR	638.75
500 MCM ACSR	638.75	4/0 TP	756.40		

Section E - GUY ASSEMBLY UNITS

#4 QPX	480.00
#350 TPX	756.40

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
E1-1S	39.53	E2-2	51.07	E3-10	9.90
E1-1	39.53	E2-3	54.10	E4-2	54.10
E1-2	42.58	E3-2	60.97	E4-3	54.10
E2-2S	60.85	E3-3	60.97	E5-2	160.00
E1-3	45.85	E3-3S	60.97	E7-3	138.78
E1-3S	45.85	E8-3	55.00	E1-2H	40.85
E1-INS	15.00				

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
F1-2	92.24	F1-5	115.00	F5-2	105.00
F1-3	105.00	F4-1S	35.00	F5-3	105.00
F1-3T	105.00	ROCK	32.00		

CONSTRUCTION UNITS - NEW CONSTRUCTION (Continued)

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
CSP-3	61.25	G150	491.46	G136 - ALL	30.00
CSP-5	61.25	G210	491.46	2 POLE BANK	988.20
CSP-10	125.85	G310	657.48	TRANSFORMER TRANSFER UNIT	
CSP-15	125.85	G311	657.48	SP-3T	92.00
CSP-25	132.60	G330	669.29	SP-5T	92.00
CONV-37-5	207.53	G312	669.29	SP-10T	157.68
CONV-50	220.03	G340	669.29	SP-15T	157.68
CONV-75	220.03	G167+	669.29	SP-25T	172.00
CONV-100	225.64	G9	30.00	CONV 37.5T	245.00
		G10 + G39	30.00	CONV 50.0T	260.00
				CONV 75T	260.00
				CONV 100T	310.00

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
ALL J'S	20.00				

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
ALL K'S	20.00				
ALL K "C"	20.00				

CONSTRUCTION UNITS - NEW CONSTRUCTION (Continued)

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
UM5	100.00	M5-8	28.00		
UM5-1	100.00	M5-9	45.00		
M2-1	59.28	M5-10	47.50		
M2-1N	59.28	M5-13	16.48		
M2-2	40.00	M5-15	34.59		
M2-9	15.74	M5-16	42.83		
M26-5	58.63	M5-20	42.00		
M3-1A	80.70	M5-23	11.44		
M3-10	126.83	M7-11	519.45		
M3-10A	126.83	M7-13	1753.48		
M3-11	515.33	M8	126.43		
M3-11A	402.00	M8-6	743.23		
M3-12	515.33	M8-15	743.23		
M3-12A	406.88	M8-15S	583.13		
M3-23A	219.05	M9	235.53		
M3-24A	562.91	M9-11	266.88		
M3-25A	562.91	M9-13	512.11		
M42-12	52.00	MOP	99.13		
M5et	12.29	M3-24	494.71		
M5-1	6.59	M3-30	575.00		
M5-2	26.99	M5-9US	80.00		
M5-4	8.24				
M5-5	13.81				
M5-6	34.59				
M5-7	8.24				

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.

CONSTRUCTION UNITS - NEW CONSTRUCTION (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 (A or B).)

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

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

B. Trees that are felled shall be cut to commercial wood lengths, stacked neatly, and left on the right-of-way for the landowner. Commercial wood length means the length designated by the Owner but in no case

shall it be required to be less than _____ (_____) feet. Brush, branches, and refuse shall, without delay, be disposed of by such of the following methods as the Owner will direct (Owner to strike out methods not to be used):

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

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

CONSTRUCTION UNITS - NEW CONSTRUCTION (Continued)

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 1,000 feet of cable for underground primaries, secondaries or services. It does not include the plowing, trenching and backfilling, or the termination of the primary cable which are provided for in other assembly units. It includes the labor for the termination, connection and sealing of secondary and service cables and conductors as shown in the specifications and construction drawings, and the labor for making all primary, secondary and service cable splices (buried cable may be spliced only when and where permitted by the Owner ^{1,2}.) In computing the compensation to the Contractor for underground cable assembly units, only the distance between stakes, paralleling the cable shall be used. The number of units so computed includes all installation of cable in all specified trenches, risers, conduits, crossings, manholes, transformers, terminal housings and meter boxes ³. The conductor or cables listed are the manufacturer's designation of types, size, voltage rating and material. The Contractor and the Owner shall jointly perform cable acceptance tests on installed cable in accordance with the specifications using

test equipment furnished by the _____ (Owner to insert Owner or Contractor).

- ¹ Owner check here if primary splices are permitted;
- ² Owner check here if secondary and service splices are permitted.
- ³ Owner check here if 12 feet of service conductor is to be left as a coil three feet from the building with ends capped instead of connection to meter box.

Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	Unit No.	Unit Labor Price
UC2-1	690.00				
UA1	230.00				

CONSTRUCTION UNITS - NEW CONSTRUCTION (Continued)

Section UG - UNDERGROUND TRANSFORMER ASSEMBLY UNITS

An underground transformer assembly unit consists of the installation of the transformer, its housing, warning sign, switches, over-current protective devices, grounding loop, and its hardware and leads with their connectors and supporting insulators. This unit also includes the installation of primary cable terminations but not of lightning arresters, fault indicators or ground rods, nor does it include any trenching. For pad-mount transformers, it does not include installation of the pad, drainable material, backfilling, compaction, or site preparation which are included in the pad assembly units. For submersible transformers it includes the installation of cable terminations, of the enclosure and cover, of drainable material (when specified ⁴) and the excavation.

⁴ Owner check here if drainable material is specified.

Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	Unit No.	Unit Labor Price
UG-17	282.00				
UG-7	282.00				

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
5" PVC CONDUIT	8.00	3" GALVANIZE CONDUIT	8.00	2" PVC CONDUIT UM 48-2	7.00 105.00
5" GALVANIZE CONDUIT	9.00	4" PVC CONDUIT	7.50	UM 48-1	70.00
3" PVC CONDUIT	7.50	4" GALVANIZE CONDUIT	8.00	UM 6-1	45.00
		2" GALVANIZE CONDUIT	7.50	UM 6-13	45.00
				UM 6-34	32.00

CONSTRUCTION UNITS - NEW CONSTRUCTION (Continued)

Section UR - UNDERGROUND EXCAVATION ASSEMBLY UNITS

- UR1-S (D) **Plowing Assembly Unit, Soil** - Consists of one (1) lineal foot of plowing in soil, measured parallel to the surface of the ground, to a specified depth (D), in inches, including the compacting, except as specifically provided for in other units. This unit includes all labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged during the plowing of the cable, except as specifically provided for in other units. NOTE: Where in the judgment of the Owner greater than normal difficulty will be involved in plowing because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter "T". This will be applicable only in those areas predesignated by the Owner on the detail maps herein. All plowing outside of the predesignated area on the map, regardless of the difficulty in placement actually experienced, will be inventoried as the regular UR1-S (D) units. If field conditions show the existence of rock to prevent the placing of the cable in soil to the depth required in the specifications the Owner may specify UR2-R units. Where more than one cable is to be installed in the slot, the UR1-S unit designation should be modified by a suffix corresponding to the number of cables installed. For example, UR1-S (D) 3c for 3 cables plowed at one time.
- UR2-S (D&W) **Trenching Assembly Unit, Soil** - Consists of one (1) lineal foot of trenching in soil, measured parallel to the surface of the ground, to a specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting. This unit includes all labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units. NOTE: Where in the judgment of the Owner greater than normal difficulty will be involved in trenching because of the presence of underground facilities of other utilities, this unit will be suffixed by the letter "T". This will be applicable only in those areas predesignated by the Owner on the detail maps herein. Where more than one cable is to be installed in the trench, the regular UR2-S unit designation should be modified by a suffix corresponding to the construction drawing for the type of cable placement desired.
- UR2-R (D&W) **Trenching Assembly Unit, Rock** - Consists of one (1) lineal foot of trenching in rock, measured parallel to the surface of the ground, to specified depth (D) and width (W), in inches, including the excavation, and backfilling and compacting to place cable to the depth specified in the Specifications. This unit will be specified by the Owner only when field conditions at the site show the existence of rock at a depth preventing the placing of the cable in soil to the depths required in the Specifications. This unit includes all labor required in the repair and/or replacement of streets, roads, drives, fences, lawns, shrubbery, watermains, pipes, pipelines and contents, underground power and telephone facilities, buried sewerage and drainage facilities, and any other property damaged by the trenching, except as specifically provided for in other units. This unit does not include underground cable facilities installed in the trench or cable bedding assembly units, when required.
- UR-3 **Cable Bedding Assembly Unit** - Consists of the installation of one (1) lineal foot of a 2-inch bed of clean sand or soil placed in the trench under the cable and a 4-inch layer of clean sand or soil backfill over the cable to the width of the trench. NOTE: The exact location and number of units shall be determined by the Owner after the trenches are open in those areas where rock or other conditions make special bedding necessary.
- UR-4a **Pavement Assembly Unit, Asphalt** - Consists of the labor necessary to remove and restore one (1) lineal foot of asphalt pavement, measured along the route of the cable, including any trenching necessary to place the cable at the required depth. All work shall be performed in accordance with the requirements of State or local authorities.
- UR-4c **Pavement Assembly Unit, Concrete** - Consists of the labor necessary to remove and restore one (1) lineal foot of concrete pavement, measured along the route of the cable, including any trenching necessary to place the cable at the required depth. All work shall be performed in accordance with the requirements of State or local authorities.

CONSTRUCTION UNITS - LINE CHANGES

The general heading of Line Changes applies to the changing of existing lines or portions thereof from their existing phasing, wire size, and type to new phasing, wire size, and type and the removal of existing lines or portions thereof and replacing with new lines in close proximity thereto. In general line changes involve three types of assembly units as follows:

- Section H - Conversion assembly units;
- Section I - Removal assembly units;
- Section N - New construction assembly units on existing lines or in replacing lines.

The assembly units that are included in Sections H, I, and N are defined by symbols and descriptions which follow together with the applicable descriptions included under New Construction. Where the descriptions are not correct or sufficiently explicit, or when special units are not covered by Construction Drawings, descriptions have been provided by the Owner in the respective sections.

Work included in these sections shall be performed under a schedule of deenergization and operating procedures as set forth by the Owner at the time of release of any Section involving work on existing lines. The Contractor will so plan and perform its work that it will be possible to safely reenergize all lines involved at the expiration of the time limits set up in the schedule to resume service to all consumers being served prior to deenergization. Prior to commencement of work each day on lines to be deenergized, and upon completion of work each day on such lines, the Contractor will notify the Owner thereof in writing or in such other manner as the circumstances permit.

Section H - CONVERSION ASSEMBLY UNITS

Conversion assembly units are pole-top assemblies and cover the furnishing of all labor for changing an existing assembly unit to a new assembly unit, utilizing certain items of materials of the existing assembly unit on poles to be left in place. Any materials removed from the existing assembly units which are not required in the construction of the conversion assembly unit are to be reused by the Contractor in the construction of other assembly units, or returned to Owner's warehouse, as directed by the Owner.

Conversion assembly units are specified by the prefix H with the new construction assembly unit designation shown first and the existing assembly unit designation shown last. For example, an H B1-A1 signifies the conversion of an existing A1 assembly unit to a B1 assembly unit (as was defined in the description of construction assembly units). In this instance the Contractor utilizes the existing pin-type insulator, single upset bolt and neutral spool and installs the additional crossarm, crossarm pins, braces, machine bolt, carriage bolts, lag screw, and insulator supplied by the Owner required for the new unit. The Contractor transports the pole-top pin and two machine bolts to the warehouse or uses them on the Project as directed by the Owner.

The Conversion assembly units also include the furnishing of all labor in the transferring, resagging and retying of conductors from one position on the pole to a different position on the pole where such transfers are required. Where replacement of conductor is required, the existing conductor will be removed under Section I and the new conductor installed under Section N.

Where replacement of a pole is required, the existing pole and pole-top assembly will be removed under Section I and the new pole and pole-top assembly will be installed according to Section N and no H units will be involved.

Conversion assemblies are listed in three subsections for converting pole-top assemblies from single to V phase, single to three phase, and V to three phase. The following descriptions apply to only those conversion units not sufficiently explicit:

Unit	Description

CONSTRUCTION UNITS - LINE CHANGES (Continued)

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.

CONSTRUCTION UNITS - LINE CHANGES (Continued)

- g. **Secondary Units.** *The unit for removal of secondary assemblies includes, in addition to the removal of the assembly itself, all necessary handling such as untying, resagging, and retying of secondary conductor or cables where existing secondary conductor or cable is to be reused.*

In addition, the unit for removal of the secondary assembly includes the handling or holding of any conductor at tap lines where such is involved, and the reinstalling of such tap conductor in accordance with the Specifications.

- h. **Service Unit.** *The unit for removal of service assemblies includes, in addition to the removal of the assembly itself, all necessary handling such as untying, resagging, and retying of service conductor or cable where existing service conductor or cable is to be reused.*

The following descriptions apply only to those removal units not sufficiently explicit:

Unit	Description

CONSTRUCTION UNITS - LINE CHANGES (Continued)

Section I - REMOVAL ASSEMBLY UNITS (Continued)

Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	Unit No.	Unit Labor Price
20-9 POLES	70.91	C2	126.82	M8-15	481.62
		C3	52.70	M8	65.88
25	70.91	C4	101.85	M9-11	143.35
30	70.91	C4-1	112.50	M9-12	434.62
35	89.93	C5-1	46.12	M9-13	461.16
40	92.00	C5	46.12	M3-30	417.24
45	104.46	C7	92.24	M5-9 US	45.00
50	115.00	C7-1	113.63		
55	132.00	C7-3	80.06		
60	150.00	C8	148.22		
65	165.00	C8-1	171.28		
70	190.00	C8-2	165.46		
A1	24.70	C9	126.82		
A1-1	31.11	C9-2	145.17		
A2	42.86	C8-3	251.62		
A3	26.56	M2-1	32.81		
A4	42.70	M2-1 H	32.81		
A5	23.08	M2-2	27.84		
A5-1	23.08	M26-5	32.00		
A5-2	23.08	M3-1 A	35.00		
A5-3	23.08	M3-10	79.05		
A5-4	32.94	M3-10			
A6	35.98	M3-11	143.30		
A7	62.58	M3-11 A	172.38		
A7-1	80.64	M3-12	160.00		
A8 W		M3-12 A	204.22		
A8	79.05	M3-23	98.82		
A9	88.70	M3-24	281.45		
A801		M3-25	390.00		
B1	49.41	M3-3	64.24		
B1-SA	49.41	M3-4	85.69		
B1-1	93.78	M3-41	85.69		
B2	93.78	M5-1	3.30		
B2-SA	93.78	M5-2	16.50		
B3	42.00	M5-4	4.12		
B4	61.00	M5-5	6.86		
B4-1	67.50	M5-6	14.87		
B5	43.00	M5-8	29.24		
B5-1	44.50	M5-9	30.00		
B7	75.76	M5-10	30.00		
B7-1	97.18	M5-13	8.24		
B7-3	97.18	M5-14	21.40		
B8	105.41	M5-15	21.96		
B9	105.41	M5-16	23.06		
B9-1	51.06	M5-20	28.00		
C1	65.87	M5-21	7.02		
C1-1	142.08	M5-ET	4.96		
C1-2	65.87	M7-11	320.16		
C1-3	126.82	M7-13	1087.75		
C2-2	152.00	M8-6	289.75		

CONSTRUCTION UNITS - LINE CHANGES (Continued)

Section I - REMOVAL ASSEMBLY UNITS (Continued)

WIRE TRANSFER UNIT PRICE

Unit No.	Unit Labor Price	Unit No.	Unit Labor Price	Unit No.	Unit Labor Price
#2 ACSR	140.00	G312	336.56	Wire transfer	unit price applie
#4 ACSR	125.00	G340	378.20	only when conductor	is transfer
1/0 ACSR	225.00	MOP	58.00	ed from old pole top	assembly t
3/0 ACSR	260.00	PAD MOUNT	135.00	new assembly.	
336.4 ACSR	280.00	ROCK	32.00	Includes all necessary	handling
#6 OR 8 ACWC	120.00	RPTS*	42.00	such as untying,	resagging,
8 ACWC	120.00	UM5-1	100.00	retying installation/	removal of
6 DPX	115.00	TOP POLE	50.00	armour rods and	tension splices
4/0 ODPX	345.00	#2 QPX	180.00	Ruling span will	apply on pole
1/0 QUA	315.00	#4 QPX	170.00	top assemblies such	as A1, A2,
2-3 STR	185.00	#397 ACSR	330.00	C1, etc.	
25 STR	185.00	4/0 ACSR	280.00		
1/0 TPLX	315.37			TRANSFER	UNIT PRICE
#2 TPLX	315.37			4/0 ACSR T	225.00
#4 TPLX	302.00				
4/0 TPLX	345.00			2-3 STRT	200.00
1/0 UPTPX	302.75			1/0 UPTPX T	130.00
2 WP	110.00			#2 QPLX T	200.00
4 WP	100.00			#4 QPLX T	150.00
6 WP	100.00				
8 WP	100.00			397 ACSR T	300.00
"E" UNITS	22.00			4/0 QPLEX T	225.00
"F" UNITS	17.50			1/0 OPLEX T	200.00
"J" UNITS	10.00				
"K" UNITS	10.00			2/0 QPLEX T	215.00
CON 3-25 KVA	75.00				
CONV 37 1/2-50 KVA	85.00				
CONV 75	105.00				
CONV 100	120.00				
CSP 105-3 TO	75.00				
25 KVA				WIRE	
CSP 105-25 TO	100 100.00			#4 ACSR T	100.00
DCC 1	122.80			#2 ACSR T	150.00
DCC 1-2	138.12			1/0 ACSR T	150.00
DCC 2	211.22			3/0 ACSR T	200.00
DCC 4-1	283.04			336.4 ACSR T	350.00
DCC 8	343.12			6 ACWC T	100.00
DCC 13	358.38			8 ACWC T	100.00
DCC 22	343.04			6 DPX T	130.00
DPC 1 S	358.38			4 WP T	100.00
E1-INS	6.25			6 WP T	100.00
E3-10	7.90			8 WP T	100.00
G-9	20.00				
G-10	20.00			4 TPX T	150.00
G-39	20.00			2 TP T	200.00
G-105	20.00			1/0 TP T	200.00
G-106	20.00			4/0 TP T	250.00
G136	20.00				
G210	256.93				
G310	339.16				

CONSTRUCTION UNITS - LINE CHANGES (Continued)

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																											
	THIS SECTION INCLUDES HOURLY RATES FOR WORK OTHER THAN INSTALLATION/RETIREMENT ON UNIT PRICE BASIS:																											
	<u>HOURLY RATE FOR EMERGENCY HELP IN STORM OUTAGES ONLY:</u>																											
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HOLD HARMLESS AGREEMENT

G & S CONTRACTING, INC., agrees to defend, indemnify and hold harmless BIG SANDY RECC and its directors, officers, agents and employees from all claims of whatsoever nature or kind, including those brought by employees of G & S CONTRACTING, INC. , its employees, agents, and subcontractors. G & S CONTRACTING, INC., agrees to defend and pay all costs in defending these claims, including attorney fees.

Further, G & S CONTRACTING, INC., 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. BIG SANDY RECC shall receive a minimum 30-day notice in the event of cancellation of insurance required by the agreement. G & S CONTRACTING, INC., shall furnish a certificate of insurance to BIG SANDY RECC showing that the above obligations and requirements are provided for by a qualified insurance carrier, and showing BIG SANDY RECC as an additional insured on such insurance.

G & S CONTRACTING, INC.

BIG SANDY RECC

BY: *J M Goble*
DATE: 1-3-05

BY: *Jeff Prater*
PLANT SUPERINTENDENT

STATE OF KENTUCKY
COUNTY OF JOHNSON

Personally appeared before me the above named *J M Goble* and *JEFF PRATER* and signed their names this 10th day of January 2005.

My Commission Expires: 8-28-06

Janet Horne
NOTARY PUBLIC, STATE AT LARGE

Big Sandy Rural Electric Cooperative
Case No. 2008-00401
First Data Request of the Attorney General

41. Please provide unredacted copies of minutes, notes, memoranda, or any and all other documents of any type or sort, regardless of the media in which they are stored, regarding meetings between employees, managers or directors of BSRECC and BSRECC's construction contractor and its employees, managers or directors in which business relations between the two entities were discussed.

Response

None.