

BONNEVILLE PURCHASING INSTRUCTIONS
Part 24 -- Construction and Demolition Contracts

PART 24
CONSTRUCTION AND DEMOLITION CONTRACTS

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24.1 APPLICABILITY.

(a) **INFORMATION:** This Part prescribes additional purchase policies and procedures for construction and dismantling, demolition, or removal of improvements. Guidance for the administration of construction contracts is provided in Appendix 14-A.

(b) **POLICY:** This Part applies to all contracts for construction and to the construction portion of contracts for supplies or services. In the event that the portions of multipurpose contracts are so commingled that priced deliverables for construction, service, or supply cannot be segregated, the BPI Part applicable to the predominant purpose shall be followed. However, whenever portions of multipurpose contracts are segregable and deliverables can be separately priced, the CO shall clearly identify those construction, service, or supply items in the pricing schedule and identify which contract clauses apply to the construction, service, or supply items of work. Segregation need not be attempted under contracts of less than \$100,000.

24.2 DEFINITIONS.

INFORMATION: As used in this part –

"As-built drawings" means drawings submitted by a contractor or subcontractor at any tier to show the construction of a particular structure or work as actually completed under the contract.

"Commercial construction" means services for the purpose of construction, as separately defined in BPI 24.2, which are commonly sold to the general public, described with performance requirements in the manner and to the level of detail that is consistent with standard industry practices and sound business judgment, and priced in the manner commonly used by the firm and industry in the normal course of business dealings with similar customers and transactions.

"Construction" means construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include but are not limited to improvements of all types, such as electrical substations, maintenance facilities, fish hatcheries, office facilities, bridges, dams, roads, sewers, water mains, power lines, pumping stations, railways, airport facilities, and terminals. Construction does not include exploratory drilling or other investigative

work which is intended to obtain preliminary data for engineering studies and which is not a part of commencing or continuing the construction process; nor does it include the manufacture, production, furnishing, construction, alteration, repair, processing, or assembling of personal property, or demolition without construction.

"Construction Contract" means a contract which places responsibility on the construction contractor to perform as per the design developed by BPA design staff and/or by an independent architectural/engineering firm under a separate contract.

"Construction-Management-Contract" means a service-type contract which places construction project oversight responsibility on the construction management contractor for all or a portion of each separate construction or other contract(s) awarded by BPA. A key responsibility of the construction management contractor is to work with the architect/engineer during design to ensure that "constructability" issues are adequately considered.

"Design-Build-Construction Contract" means a contract which places the responsibility for the complete design and construction of the project on the design-build contractor to meet the general specifications and specific performance requirements of the contract. This type of contract is sometimes referred to as the "turnkey" method or the "Engineer/Procure/Construct" EPC method.

"Design-Supply-Construction Contract" means a contract which places the responsibility for total system performance on the equipment manufacturer as per the general specifications and specific performance requirements of the contract.

"Plans and specifications" means drawings, specifications, and other data for and preliminary to the construction of a particular building, structure, or other real property.

"Shop drawings" means drawings by the construction contractor or a subcontractor at any tier submitted or required under a construction contract, showing in detail (1) the proposed fabrication and assembly of structural elements, (2) the installation (i.e., form, fit, and attachment details) of materials or equipment, or (3) both.

24.3 DISMANTLING, DEMOLITION OR REMOVAL OF IMPROVEMENTS.

(a) **INFORMATION:** Contracts for dismantling, demolition, or removal of improvements are subject to either the Service Contract Act (41 U.S.C. 351-357) or the Davis-Bacon Act (40 U.S.C. 276a - 276a-7). If the contract is solely for dismantling, demolition, or removal of improvements, the Service Contract Act applies, unless further work involving construction, alteration, or repair of a public building or public work at that location is contemplated. If such further construction work is intended, regardless of whether or not it falls under the same contract or is to be performed by BPA forces, then the Davis-Bacon Act applies to the contract for dismantling, demolition, or removal.

(b) **POLICY:** The CO shall consider the usefulness to BPA of all salvageable property. Any of the property whose usefulness to BPA exceeds its value as salvage to the Contractor should be expressly designated in the contract for retention by BPA. The contract may provide that the (1) BPA pay the Contractor for the dismantling or demolition of structures, (2) the Contractor pay BPA for the right to salvage and remove the materials resulting from the dismantling or demolition operation, or (3) a combination of both. Care should be taken to ensure compliance with environmental laws and regulations.

(c) **PROCEDURE:** The CO shall determine the fair market value of any property not to be retained by BPA, since the Contractor will receive title to this property. Its value will therefore be important in determining what payment, if any, shall be made to the Contractor, and whether

additional compensation will be made if the contract is terminated. Asset Center Representatives must approve the disposition of BPA property to be transferred to Contractors under dismantling, demolition or removal of improvements contracts. See Part 19 and Appendix 19-A for further information.

24.3.1 Clause Usage Prescriptions.

PROCEDURE: The CO shall insert a clause similar to clause 24-1, Dismantling and Demolition of Property, in solicitations and contracts involving the dismantling, demolition, or removal of improvements when the Contractor is given title to BPA property under the contract.

24.4 GENERAL CONSTRUCTION PURCHASE GUIDANCE.

24.4.1 State Regulation of Federal Construction Projects.

(a) **INFORMATION:** BPA contractors have occasionally encountered requests from state and local governments for the contractors to obtain building permits, zoning approval, sanitation approval, etc. Based on the "supremacy" clause of Article 6 of the United States Constitution, construction contractors are not required to obtain permits or approvals for work done under government contracts on BPA property. The States have enforcement authority for safety (OSHA) and environmental protection (CERCLA and RCRA).

(b) **PROCEDURE:** Contractors which encounter attempts by State or local government entities to assess various types of fees should be advised of BPA's position as noted above. The Contractor should be advised to inform the CO immediately if the assessing entity attempts in any way to prevent or hinder the Contractor at the job site. Legal advice should be sought from the Office of General Counsel.

24.4.2 Local Employment in Construction Projects.

POLICY: Occasionally, efforts are made by state or local governments to have BPA limit employment on construction projects to local residents or firms. Such a restriction has been held to be improper, and shall not be used in BPA contracts. (Reference Washington State Supreme Court case Laborers Local Union No. 374 v. Felton Construction Co., Nov. 24, 1982, and 42 Comp. Gen. 1, B-198952, 81-1 CPD 467). BPA recognizes that Tribal Employment Rights Ordinances (TERO) that effect projects on or near certain Indian reservations may have effect on contractor labor. BPA shall inform offerors of the existence of a TERO in the solicitation.

24.4.3 Disclosure Construction Project Size.

POLICY: When the estimated price of the proposed construction project is \$100,000 or more, solicitations should state the size of the requirements in terms of physical characteristics and estimated price range. In no event shall the statement of size disclose BPA's estimate. Therefore, the estimated price should be described in terms of one of the following price ranges:

- (a) Less the \$100,000.
- (b) Between \$100,000 and \$250,000.
- (c) Between \$250,000 and \$500,000.
- (d) Between \$500,000 and \$1,000,000.
- (e) Between \$1,000,000 and \$5,000,000.

- (f) Between \$5,000,000 and \$10,000,000.
- (g) More than \$10,000,000.

24.4.4 Safety Requirements.

POLICY: While a contractor, including subcontractors, is to be held responsible for its actions with respect to safety, BPA has adopted a safety policy which requires additional measures for working safely on and around transmission lines, substations, rights-of-way and other projects that may place workers in close proximity to energized transmission facilities. BPA safety policy and procedures are found in BPA's Accident Prevention Manual and in BPI 15.2. (Also, see BPI 11.5, 11.8, 14.16(a), 15.2.1(a), 23.1.5 for additional purchasing requirements regarding safety.)

24.5 SPECIFIC CONSTRUCTION PURCHASE GUIDANCE.

24.5.1 Liquidated Damages.

(a) **POLICY:** Liquidated damages clauses should be used only when (1) the time of completion or performance is such an important factor in the award of the contract that BPA may reasonably expect to suffer damage if the completion or performance is delinquent, and (2) the extent or amount of such damage would be difficult or impossible to ascertain or prove. In deciding whether to include a liquidated damages provision in a contract, the CO should consider the probable effect on such matters as pricing, competition, and the costs and difficulties of contract administration.

(b) **INFORMATION:** When administering contracts which include liquidated damages the CO shall take all reasonable steps to adequately warn Contractors of the pending assessment when concern of late completion develops. If a basis for termination for default exists, the CO should advise the Contractor that the liquidated damages which may continue to be assessed, would be damages that may be collected in addition to any reprourement costs (see Subpart 20.5.7). If completion or performance is desired after termination for default, efforts must be made to obtain the completion or performance elsewhere within a reasonable time.

(c) **INFORMATION:** The rate of liquidated damages used must be reasonable, and must be considered on a case-by-case basis, since liquidated damages fixed without any reference to probable actual damages may be held to be a penalty, and therefore unenforceable. The rate should, at a minimum, cover the estimated cost of contract administration, including inspection, for each day of delay in completion. In addition, other specific losses anticipated to be incurred as a direct result of the failure of the Contractor to complete the work on time should be included. Examples of specific losses are:

- (1) Additional inspection costs;
- (2) The cost of substitute facilities;
- (3) The rental of buildings; or
- (4) The cost of BPA crews, or hourly paid contract employees, forced on standby.

24.5.1.1 Clause Usage Prescriptions.

PROCEDURE: The CO may include clause 24-2, Liquidated Damages, in solicitations and contracts when a firm-fixed-price completion type contract for construction, commercial construction, or demolition with a value greater than \$100,000 is contemplated and its use meets the requirements of 24.5.1(a) above. If different completion dates are specified in the contract for

separate parts or stages of the work, the CO may revise paragraph (a) of the clause to state the amount of liquidated damages for late completion of each part or stage of the work. Separate calculation and documentation of the estimated damages (24.5.1[c] above) must be developed for each amount specified with a differing basis.

24.5.2 Inspection of Site and Examination of Data.

(a) **INFORMATION:** If the contract site does not have free access, the CO should make appropriate arrangements for prospective offerors to inspect the work site. The CO should also afford them the opportunity to examine data in the possession of BPA, which may provide information concerning the performance of the work such as boring samples, original boring logs, geology reports, and record and plans of previous construction. The solicitation should notify offerors of the time(s) and place(s) for the site inspection and data examination. If it is not feasible for offerors to inspect the site or examine the data on their own, the solicitation should also designate an individual who will show the site or data to the offerors. A record shall be kept of the identity and affiliation of all offerors' representatives who inspect the site or examine BPA site information.

(b) **POLICY:** Significant site information should be made available to all offerors, including information regarding known safety or hazardous conditions, as well as, any utilities to be furnished during construction. During BPA guided site tours, care must be taken not to provide information contradictory to the solicitation. All potential offerors are to be advised of any substantive clarification or correction of the solicitation package.

24.5.2.1 Clause Usage Prescriptions.

PROCEDURE: The CO shall include clause 24-3, Site Investigation and Conditions Affecting the Work, in solicitations and contracts when a firm fixed price construction or demolition contract is contemplated, and the contract amount is expected to be greater than \$100,000.

24.5.3 Clause Usage Prescriptions.

PROCEDURE: Add the following clauses as required for the specific requirements of the contract.

24.5.3.1 Physical Data.

PROCEDURE: The CO shall include clause 24-4, Physical Data, in solicitations and contracts when a firm fixed price construction contract is contemplated and physical data (e.g., test borings, hydrographic, weather conditions data) will be furnished or made available to offerors. All information to be furnished or made available to offerors before award that pertains to the performance of the work shall be identified in the clause. When subparagraphs are not applicable, they may be deleted.

24.5.3.2 Preconstruction Conference.

PROCEDURE: The CO may include a clause similar to 24-5, Preconstruction Conference, in solicitations and contracts when a construction, or demolition contract is contemplated, and the CO deems a preconstruction conference with the Contractor is advisable.

24.5.3.3 Schedule for Construction Contracts.

PROCEDURE: The CO shall include a clause similar to 24-6, Schedules for Construction Contracts, in solicitations and contracts when a firm fixed price construction contract is contemplated, the contract amount is expected to be greater than \$100,000, and the period of

actual work performance exceeds 60 days. The clause is not applicable to term type (level of effort) contracts.

24.5.3.4 Differing Site Conditions.

(a) **INFORMATION:** The purpose of the Differing Site Conditions clause is to encourage offerors to limit inclusion of contingency costs in their offers for conditions which are not reasonably foreseeable. The clause will also assist BPA and the Contractor with compliance with the Archaeological Resources Protection Act of 1979 (36 CFR 1214).

(b) **PROCEDURE:** The CO shall include clause 24-7, Differing Site Conditions, in solicitations and contracts when a firm fixed price construction, or a firm fixed price demolition contract is completed, and the contract amount is expected to be greater than \$100,000. The clause is not applicable to term type (level of effort) contracts.

24.5.3.5 Layout of Work.

PROCEDURE: The CO may include a clause similar to 24-8, Layout of Work, in solicitations and contracts when a firm fixed price construction contract is contemplated and there is a need for accurate work layout and siting verification during work performance.

24.5.3.6 Specifications, Drawings and Material Submittals.

PROCEDURE: The CO shall include a clause similar to 24-9, Specifications, Drawings and Material Submittals, in all solicitations and contracts for construction expected to be greater than \$100,000. When shop drawings are required, the CO may add text similar to Alternate I or II to paragraph (i) of the clause.

24.5.3.7 Price Data Sheet.

PROCEDURE: The CO shall include a clause similar to 24-10, Price Data Sheet, in solicitations and contracts involving construction when a firm fixed price contract with lump sum pricing is in use, and the contract amount is expected to be greater than \$100,000. This clause will aid in the calculation of progress payments.

24.5.3.8 Working Hours.

PROCEDURE: The CO shall include a clause similar to 24-11, Working Hours, in solicitations and contracts for construction when a firm fixed price contract is contemplated and the contract amount is expected to be greater than \$100,000.

24.5.3.9 Radio Information.

PROCEDURE: The CO may include a clause similar to 24-12, Radio Information, in contracts involving construction. It is useful where the work requirements are not confined to one specific work area and contract inspection would be aided by access to the Contractor's radio communications.

24.5.3.10 Material and Workmanship.

PROCEDURE: The CO shall include clause 24-13, Material and Workmanship, in solicitations and contracts for construction.

24.5.3.11 Superintendence by the Contractor.

PROCEDURE: The CO shall include a clause similar to 24-14, Superintendence by the Contractor, in solicitations and contracts when a construction, commercial construction, or demolition contract is contemplated and the contract amount is expected to be greater than \$100,000. This clause may be used in similar contracts less than \$100,000.

24.5.3.12 Permits and Responsibilities.

PROCEDURE: The CO shall include clause 24-15, Permits and Responsibilities, in solicitations and contracts when a construction or demolition contract is contemplated and the contract amount is expected to be greater than \$100,000. The CO should consider inserting the clause, appropriately modified, in other than firm fixed price contracts.

24.5.3.13 Other Contracts.

PROCEDURE: The CO shall include clause 24-16, Other Contracts, in solicitations and contracts when a firm fixed price construction or demolition contract is contemplated, the contract amount is expected to be greater than \$100,000, and there is a reasonable expectation of other work activities at the work site during the term of the contract.

24.5.3.14 Operations and Storage Areas.

PROCEDURE: The CO may include a clause similar to 24-17, Operations and Storage Areas, in solicitations and contracts when a firm fixed price construction or demolition contract is contemplated and the contract amount is expected to be greater than \$100,000.

24.5.3.15 Use and Possession Prior to Completion.

PROCEDURE: The CO shall include clause 24-18, Use and Possession Prior To Completion, in solicitations and contracts when a firm fixed price construction contract is contemplated, the contract amount is expected to be greater than \$100,000, and there is a reasonable probability for early possession.

24.5.3.16 Cleaning Up.

PROCEDURE: The CO shall include a clause similar to 24-19, Cleaning Up, in solicitations and contracts when a firm fixed price construction or demolition contract is contemplated and the contract amount is expected to be greater than \$100,000.

24.5.3.17 Availability and Use of Utility Services.

PROCEDURE: The CO may include a clause similar to 24-20, Availability and Use of Utilities Services, in solicitations and contracts when a construction or demolition contract is contemplated. The clause is useful when the contract is to be performed on BPA sites, and the CO determines (a) that the existing utility system is adequate for the needs of both BPA and the Contractor, and (b) furnishing it is in BPA's interest. When this clause is used, the CO shall list the available utilities in the contract and the cost (if any) to be charged to the Contractor for each unit.

24.5.3.18 Road Maintenance.

PROCEDURE: The CO shall include a clause similar to 24-21, Road Maintenance, in solicitations and contracts when a firm fixed price construction or demolition contract is

contemplated, the contract work may damage site, or adjacent roads, and the contract amount is expected to be greater than \$100,000.

24.5.3.19 Use of Land for Storage and Offices.

PROCEDURE: The CO may include a clause similar to 24-22, Use of Land for Storage and Offices, in solicitations and contracts for line construction.

24.5.3.20 Use of Explosives.

PROCEDURE: The CO shall include a clause similar to 24-23, Use of Explosives, in all solicitations and contracts for construction and demolition when the contract may include the use of explosives.

24.5.3.21 Contractor's Daily Report.

PROCEDURE: The CO shall include a clause similar to 24-24, Contractor's Daily Report, in all solicitations and contracts for construction. The reports are useful for resolving contract disputes and for gathering data for management purposes. Any modification to the contents of this clause must consider that tracking of man-hours from these reports is to be used for calculation of accident rates under BPA contracts.

24.5.3.22 Field Contract Modifications.

PROCEDURE: The CO may include clause 24-25, Field Contract Modifications, in solicitations and contracts for construction when individuals to be delegated the authority of the clause are adequately trained. The CO may not modify the contents of this clause except when the contract type is other than firm fixed price or for title changes of BPA representatives assigned under the contract. The CO shall provide Field Modification forms, appropriately tailored to the contract, to those given the authority to issue them. The amount specified in the clause shall be inserted by the CO. This clause is not appropriate for use under term type (level of effort) contracts.

24.5.3.23 Oral Modifications.

PROCEDURE: The CO may include clause 24-26, Oral Modification, in solicitations and contracts for construction. The CO may not modify the contents of this clause.

24.5.3.24 Equipment Cost Allowances.

PROCEDURE: The CO may include a clause similar to 24-27, Equipment Cost Allowances, in solicitations and contracts for construction when a firm fixed price contract expected to be greater than \$100,000 is contemplated. This clause is useful in negotiation of equipment costs when equitable adjustments for contract changes are necessary.

24.5.4 Payment for Mobilization and Bonding Costs.

PROCEDURE: A separate item(s) may be included in the schedule of each construction solicitation and resultant contract to reimburse Contractors for the costs of mobilization where deemed appropriate by the CO. This will help to provide "front-end money" for small business contractors. COs should take care during negotiation to ensure the amount set for mobilization is reasonable, and not advance funding of the work. Front-end recovery of bonding costs is also appropriate and already covered in clause 22-2, Basis of Payment - Progress Payments (Construction Contracts).

24.50 TEXT OF CLAUSES.

The following clauses are referred to in BPI Part 24:

- 24-1 Dismantling and Demolition of Property
- 24-2 Liquidated Damages
- 24-3 Site Investigation and Conditions Affecting the Work
- 24-4 Physical Data
- 24-5 Preconstruction Conference
- 24-6 Schedules for Construction Contracts
- 24-7 Differing Site Conditions
- 24-8 Layout of Work
- 24-9 Specifications, Drawings and Material Submittals
- 24-10 Price Data Sheet
- 24-11 Working Hours
- 24-12 Radio Information
- 24-13 Material and Workmanship
- 24-14 Superintendence by the Contractor
- 24-15 Permits and Responsibilities
- 24-16 Other Contracts
- 24-17 Operations and Storage Areas
- 24-18 Use and Possession Prior to Completion
- 24-19 Cleaning Up
- 24-20 Availability and Use of Utility Services
- 24-21 Road Maintenance
- 24-22 Use of Land for Storage and Offices
- 24-23 Use of Explosives
- 24-24 Contractor's Daily Report
- 24-25 Field Contract Modifications
- 24-26 Oral Modification
- 24-27 Equipment Cost Allowances

Clause 24-1 DISMANTLING AND DEMOLITION OF PROPERTY (Sep 98)(BPI 24.3.1)

The Contractor shall receive title to all property to be dismantled or demolished that is not specifically designated in the contract as being retained by BPA. The title shall vest in the Contractor immediately upon BPA's issuing the notice of award, or if a performance bond is to be furnished after award, upon BPA's issuance of a notice to proceed with the work. BPA shall not be responsible for the condition of, or any loss or damage to, the property.

(End of clause)

Clause 24-2 LIQUIDATED DAMAGES (Sep 98)(BPI 24.5.1.1)

(a) If the Contractor fails to complete the work within the time specified in the contract, or any extension, the Contractor shall pay to BPA as liquidated damages, the sum of \$_____ for each day of delay.

(b) If BPA terminates the Contractor's right to proceed, the resulting damage will consist of liquidated damages until such reasonable time as may be required for final completion of the work, together with any increased costs to BPA in completing the work.

(c) If BPA does not terminate the Contractor's right to proceed, the resulting damage will consist of liquidated damages until the work is completed or accepted.

(End of Clause)

Clause 24-3 SITE INVESTIGATION AND CONDITIONS AFFECTING THE WORK (Sep 98)(BPI 24.5.2.1)

(a) The Contractor acknowledges that it has taken steps reasonably necessary to ascertain the nature and location of the work, and that it has investigated and satisfied itself as to the general and local conditions which can affect the work or its cost, including but not limited to (1) conditions bearing upon transportation, disposal, handling, and storage of materials; (2) the availability of labor, water, electric power, and roads; (3) uncertainties of weather, river stages, tides, or similar physical conditions at the site; (4) the conformation and conditions of the ground; and (5) the character of equipment and facilities needed preliminary to and during work performance. The Contractor also acknowledges that it has satisfied itself as to the character, quality, and quantity of surface and subsurface materials or obstacles to be encountered insofar as this information is reasonably ascertainable from an inspection of the site, including all exploratory work done by BPA, information available to the public from local government agencies, as well as from the drawings and specifications made a part of this contract. Any failure of the Contractor to take the actions described and acknowledged in this paragraph will not relieve the Contractor from responsibility for properly estimating the difficulty and cost of successfully performing the work, or for proceeding to successfully perform the work without additional expense to BPA.

(b) BPA assumes no responsibility for any conclusions or interpretations made by the Contractor based on the information made available by BPA. Nor does BPA assume responsibility for any understanding reached or representation made concerning conditions which can affect the work by any of its officers or agents before the execution of this contract, unless that understanding or representation is expressly stated in this contract.

(End of clause)

Clause 24-4 PHYSICAL DATA (Sep 98)(BPI 24.5.3.1)

Data and information furnished or referred to below is for the Contractor's information. BPA shall not be responsible for any interpretation of or conclusion drawn from the data or information made available to the Contractor. Further, BPA specifically does not warrant construction methodology which may be included in such documents.

(a) The indications of physical conditions on the drawings and in the specifications are the result of site investigations by _____ (insert a description of investigational methods used, such as surveys, auger borings, core borings, test pits, probings, test tunnels).

(b) _____ (insert other pertinent information).

(End of clause)

Clause 24-5 PRECONSTRUCTION CONFERENCE (Sep 98)(BPI 24.5.3.2)

The successful offeror will be required to attend a pre-construction conference at a site designated by the Contracting Officer prior to commencement of the work.

(End of Clause)

Clause 24-6 SCHEDULES FOR CONSTRUCTION CONTRACTS (Sep 98)(BPI 24.5.3.3)

(a) The Contractor shall, within five days after the work commences on the contract or another period of time determined by the Contracting Officer (CO), prepare and submit to the CO three copies of a practicable schedule showing the order in which the Contractor proposes to perform the work, and the dates on which the Contractor contemplates starting and completing the

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several salient features of the work (including acquiring materials, plant, and equipment). The schedule shall be in the form of a progress chart of suitable scale to indicate appropriately the percentage of work scheduled for completion each week during the contract period. If the Contractor fails to submit a schedule within the time prescribed, BPA may withhold approval of progress payments until the Contractor submits the required schedule. Should the Contractor fall behind its schedule, a revised schedule shall be forwarded with the next Contractor's request for progress payment. Additional schedules shall be furnished to BPA as soon as practicable if requested by the CO.

(b) With each payment request the Contractor shall submit a copy of the last submitted schedule annotated to indicate actual progress made to date. If at any time, in the opinion of the CO, the Contractor has fallen behind the schedule to an extent which would jeopardize timely completion, the Contractor shall take the steps necessary to improve its progress, including those that may be required by the CO, to enable timely completion without additional cost to BPA. The CO may require the Contractor to implement such things as increasing the number of shifts, the amount of overtime, days of work per week, and/or the amount of construction plant being utilized. The Contractor shall submit any supplementary schedules the CO deems necessary to demonstrate how the rate of progress necessary for timely completion will be regained.

(c) Failure of the Contractor to comply with the requirements of the CO under this clause shall be grounds for a determination by the CO that the Contractor is not prosecuting the work with sufficient diligence to ensure completion within the time specified in the contract. Upon making this determination, the Contracting Officer may terminate the Contractor's right to proceed with the work, or any separable part of it, in accordance with the default terms of this contract.

(End of clause)

Clause 24-7 DIFFERING SITE CONDITIONS (Sep 98)(BPI 24.5.3.4)

(a) The Contractor shall promptly, and before the conditions are disturbed, give a written notice to the Contracting Officer of (1) subsurface or latent physical conditions at the site which differ materially from those indicated in this contract, or (2) unknown physical conditions at the site, of an unusual nature, which differ materially from those ordinarily encountered and generally recognized as inherent to the type of work provided for in the contract. Unless specifically identified in the contract, discoveries of archaeological or historical remains such as graves, fossils, skeletal materials and artifacts protected by the Archaeological Resources Protection Act (36 CFR 1214) are considered type 2 conditions.

(b) BPA shall investigate the site conditions promptly after receiving the notice. If the Contracting Officer determines that the conditions do materially so differ and cause an increase or decrease in the Contractor's cost of, or the time required for, performing any part of the work under this contract, whether or not changed as a result of the conditions, an equitable adjustment shall be made under this clause and the contract modified in writing accordingly.

(c) No request by the Contractor for an equitable adjustment to the contract under this clause shall be allowed, unless the Contractor has given the written notice required; provided, that the time prescribed in (a) above for giving written notice may be extended by the Contracting Officer.

(d) No request by the Contractor for an equitable adjustment to the contract for differing site conditions shall be allowed if made after final payment under this contract.

(End of clause)

Clause 24-8 LAYOUT OF WORK (Sep 98)(BPI 24.5.3.5)

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The Contractor shall lay out its work from BPA-established base lines and bench marks indicated on the drawings, and shall be responsible for all measurements in connection with the layout. The

Contractor shall furnish, at its own expense, all stakes, templates, platforms, equipment, tools, materials, and labor required to lay out any part of the work. The Contractor shall be responsible for the execution of the work to the lines and grades that may be established or indicated by the Contracting Officer. The Contractor shall also be responsible for maintaining and preserving all stakes and other marks established by the Contracting Officer until authorized to remove them. If such marks are destroyed by the Contractor or through its negligence before their removal is authorized, the Contracting Officer may replace them and deduct the expense of the replacement from any amounts due or to become due to the Contractor.

(End of clause)

Clause 24-9 SPECIFICATIONS, DRAWINGS AND MATERIAL SUBMITTALS (Sep 98)(BPI 24.5.3.6)

(a) Anything mentioned in the specifications and not shown on the drawings, or shown on the drawings and not mentioned in the specifications, shall be of like effect as if shown or mentioned in both. In case of difference between drawings and specifications, the specifications shall govern. In case of discrepancy in the figures, in the drawings, or in the specifications, the matter shall be promptly submitted to the Contracting Officer, who shall promptly make a determination in writing. Any adjustment by the Contractor without such a determination shall be at its own risk and expense. The Contracting Officer shall furnish from time to time such detailed drawings and other information as considered necessary, unless otherwise provided.

(b) Wherever in the specifications or upon the drawings the words "directed", "required", "ordered", "designated", "prescribed", or words of like import are used, it shall be understood that the "direction", "requirement", "order", "designation", or "prescription", of the Contracting Officer is intended, and similarly the words "approved", "acceptable", "satisfactory", or words of like import shall mean "approved by", or "acceptable to", or "satisfactory to" the Contracting Officer, unless otherwise expressly stated.

(c) Where "as shown", "as indicated", "as detailed", or words of similar import are used, it shall be understood that the reference is made to the drawings accompanying this contract, unless stated otherwise. The word "provided" as used herein shall be understood to mean "provide complete in place", that is "furnished and installed".

(d) Omissions from the drawings and specifications or the misdescription of details of work which are manifestly necessary to carry out the intent of the drawings and specifications, or which are customarily performed, shall not relieve the Contractor from performing such omitted or misdescribed details of the work. They shall be performed as if fully and correctly set forth and described in the drawings and specifications.

(e) The Contractor shall check all drawings furnished by BPA prior to starting work and shall promptly notify the Contracting Officer of any discrepancies. Figures marked on drawings shall in general be followed in preference to scale measurements. Large scale drawings shall in general govern small scale drawings. The Contractor shall compare all drawings and verify the figures before laying out the work, and will be responsible for any errors which might have been avoided thereby.

(f) Shop drawings means drawings, submitted to BPA by the Contractor, Subcontractor, or any lower tier subcontractor pursuant to a construction contract, showing in detail (1) the proposed fabrication and assembly of structural elements and (2) the installation (i.e., form, fit, and attachment details) of materials or equipment. It includes drawings, diagrams, layouts,

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schematics, descriptive literature, illustrations, schedules, performance and test data, and similar materials furnished by the Contractor to explain in detail specific portions of the work required by the contract. BPA may duplicate, use, and disclose in any manner and for any purpose shop drawings delivered under this contract.

(g) If this contract requires material submittals (e.g., shop drawings, catalog cuts, certificates of conformance, etc.), the Contractor shall coordinate all such submittals, and review them for accuracy, completeness, and compliance with contract requirements and shall indicate its approval thereon as evidence of such coordination and review. Submittals sent to BPA without evidence of the Contractor's approval may be returned for resubmission. The Contracting Officer's representative (as set forth in Unit 3) will indicate an approval or disapproval of the submittal, and if not approved as submitted, shall indicate BPA's reasons therefor. Any work done before such approval shall be at the Contractor's risk. Approval by the Contracting Officer, by or his or her representative, shall not relieve the Contractor from responsibility for any errors or omissions in such submittals, nor from responsibility for complying with the requirements of this contract, except with respect to variations described and approved in accordance with (h) below.

(h) If submittals show variations from the contract requirements, the Contractor shall describe such variations in writing, separate from the submittal, at the time of submission. The variation description, a copy of the respective submittal and a proposal for its incorporation into the contract shall be sent directly to the Contracting Officer. If the Contracting Officer approves any such variation, the Contracting Officer shall issue an appropriate contract modification, except that, if the variation is minor or does not involve a change in price or in time of performance, a modification need not be issued.

(i) The Contractor shall submit to the Contracting Officer for approval 4 copies (unless otherwise indicated) of all submittals as called for under the various headings of these specifications. Three sets (unless otherwise indicated) of all submittals, will be retained by the Contracting Officer and one set will be returned to the Contractor.

(j) This clause shall be included in all subcontracts at any tier.

(End of clause)

Alternate I (Oct 93)

Upon completing the work under this contract, the Contractor shall furnish a complete reproducible set of all shop drawings as finally approved. These drawings shall show all changes and revisions made up to the time the work is completed and accepted.

(End of Alternate I)

Alternate II (Oct 93)

Upon completing the work under this contract, the Contractor shall furnish _____ sets of prints of all shop drawings as finally approved. These drawings shall show changes and revisions made up to the time the work is completed and accepted.

(End of Alternate II)

Clause 24-10 PRICE DATA SHEET (Sep 98)(BPI 24.5.3.7)

The Contractor shall provide, within 15 calendar days of receipt of a Notice of Award, a breakdown of elements of lump sum prices making up the accepted offer as set forth below. All

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blanks are to be filled in, and no editing of the provided format is authorized without prior authorization of the Contracting Officer or his or her official representative. Offerors are advised to inform potential subcontractors of this requirement in the event the required detail is greater than what would normally be provided. In the event a potential subcontractor refuses to provide the required detail through the prime Contractor, permission may be requested from the Contracting Officer, or his or her representative, to have data submitted directly to the Contracting Officer. If the Contractor, or subcontractor desires the information to be protected from public view, the data sheets should be clearly labeled as proprietary. Release of the data would be subject to the provisions of the Freedom of Information Act.

Item No. Description (Labor Material Equipment) Unit Qty Unit Cost Cost Total Amount

(CO FILL IN NON DOLLAR INFORMATION)

(End of Clause)

Clause 24-11 WORKING HOURS (Sep 98)(BPI 24.5.3.8)

(a) All sitework (except work during outages which may be required to be performed after normal working hours) shall be performed between 8 AM and 4:30 PM, Monday through Friday. No on-site work shall be permitted outside that workweek or on Federal Holiday observances, except as authorized in writing by the Contracting Officer.

(b) Application for varying working hours shall be submitted sufficiently in advance to enable the Contracting Officer to determine the desirability of allowing such performance, to determine if equitable adjustment to the contract must be made (to reimburse BPA for additional inspection or other costs) and to enable arrangements to be made for inspecting the work during those times.

(End of clause)

Clause 24-12 RADIO INFORMATION (Sep 98)(BPI 24.5.3.9)

(a) Radio/Transmitter Information: The Contractor shall furnish to the Contracting Officer within ten (10) days of contract award the following information in letter form;

(1) BPA contract number for this contract.

(2) Authorization as follows:

"The following information is our communications system authorization and supporting data. We give our permission to the Bonneville Power Administration for use of the frequencies stated below to operate (...FILL IN...) mobile radios/transmitters in conjunction with the communications systems we will have available for the project area."

(3) FCC license number.

(4) Frequency.

(5) Call sign.

(6) Transmitter power.

(7) States and Counties covered by this authorization for this project.

(8) Company name and address.

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(9) Name and telephone number of the company communications representative.

(10) Signature and title of authorized company representative and date signed.

(11) Attach a copy of current FCC Frequency Authorization for the project area.

(b) Leased Communication Services: If the successful offeror does not currently have an authorized radio communications system for the project area, the requirements of this section shall be provided through leased services.

(End of Clause)

Clause 24-13 MATERIAL AND WORKMANSHIP (Sep 98)(BPI 24.5.3.10)

(a) All equipment, material, and articles incorporated into the work covered by this contract shall be new and of the most suitable grade for the purpose intended, unless otherwise specifically provided in this contract. Use of sustainable materials for the manufacture of such products is encouraged. Equipment, material, or articles specified by trade name, make, or catalog number, shall be provided. Equivalent items are not acceptable unless specifically authorized in the specification.

(b) All work under this contract shall be performed in a skillful and workmanlike manner. The Contracting Officer may require, in writing, that the Contractor remove from the work any employee the Contracting Officer deems incompetent, unsafe, or otherwise objectionable.

(End of clause)

Clause 24-14 SUPERINTENDENCE BY THE CONTRACTOR (Oct 07)(BPI 24.5.3.11)

(a) At all times during performance of this contract, and until the work is completed and accepted, the Contractor shall directly superintend the work or assign and have on the worksite a competent superintendent who is satisfactory to the Contracting Officer and has authority to act for the Contractor.

(b) If the Contractor's crew consists primarily of individuals whose primary language is other than English, the superintendent must be able to communicate effectively and efficiently in the English language and the language(s) of the crew. In addition, there shall be at least one other person on the crew who is fluent in both English and the primary language of the crew.

(End of clause)

Clause 24-15 PERMITS AND RESPONSIBILITIES (Sep 98)(BPI 24.5.3.12)

The Contractor shall, without additional expense to BPA, be responsible for obtaining any necessary licenses and permits, and for complying with any Federal, state, and municipal laws, codes, and regulations applicable to the performance of the work. The Contractor shall also be responsible for all damages to persons or property that occur as a result of the Contractor's fault or negligence, and shall take proper safety and health precautions to protect the work, the workers, the public, and the property of others. The Contractor shall also be responsible for all materials delivered and work performed until completion and acceptance of the entire work, except for any completed unit of work which may have been accepted under the contract.

(End of clause)

Clause 24-16 OTHER CONTRACTS (Sep 98)(BPI 24.5.3.13)

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BPA may undertake or award other contracts for additional work, or may utilize in-house construction forces, at or near the site of the work. The Contractor shall fully cooperate with such other contractors and BPA employees, and carefully adapt scheduling and performance of the work under this contract to accommodate simultaneous performance, heeding any direction that may be provided by the Contracting Officer. The Contractor shall not commit or permit any act which will interfere with the performance of work by any other contractors or by BPA employees.

(End of clause)

Clause 24-17 OPERATIONS AND STORAGE AREAS (Sep 98)(BPI 24.5.3.14)

(a) The Contractor shall confine all operations (including storage of materials) on BPA premises to areas authorized or approved by the Contracting Officer's Technical Representative or Field Inspector.

(b) Temporary buildings (e.g., storage sheds, shops, offices) and utilities may be erected by the Contractor only with the approval of the Contracting Officer, and shall be built with labor and materials furnished by the Contractor without expense to BPA. The temporary buildings and utilities shall remain the property of the Contractor and shall be removed by the Contractor at its expense upon completion of the work. With the written consent of the Contracting Officer, the buildings and utilities may be abandoned and need not be removed.

(End of clause)

Clause 24-18 USE AND POSSESSION PRIOR TO COMPLETION (Sep 98)(BPI 24.5.3.15)

(a) BPA shall have the right to take possession of or use any completed or partially completed part of the work. Before taking possession of or using any work, the Contracting Officer shall furnish the Contractor a list of items of work remaining to be performed or corrected on those portions of the work that BPA intends to take possession of or use. However, failure of the Contracting Officer to list any item of work shall not relieve the Contractor of responsibility for complying with the terms of the contract. BPA's possession or use shall not be deemed an acceptance of any work under the contract.

(b) While BPA has such possession or use, the Contractor shall be relieved of the responsibility for the loss or damage to the work resulting from BPA's possession or use, notwithstanding the terms of the clause in this contract entitled "Permits and Responsibilities". If prior possession or use by BPA delays the progress of the work or causes additional expense to the Contractor, an equitable adjustment will be made in the contract price or the time of completion and the contract will be modified in writing accordingly.

(End of clause)

Clause 24-19 CLEANING UP (Sep 98)(BPI 24.5.3.16)

(a) The Contractor shall at all times keep the work area, including storage areas, free from accumulations of waste materials. Before completing the work, the Contractor shall remove from the work and premises any rubbish, tools, scaffolding, equipment, and materials that are not the property of BPA. Upon completing the work, the Contractor shall leave the work area in a clean, neat, and orderly condition satisfactory to the Contracting Officer.

(b) Unless specifically set forth in the contract, the Contractor shall not burn any material on site, on the right-of-way or on the access roads to the sites. All material and debris shall be hauled to an appropriate disposal site.

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(End of clause)

Clause 24-20 AVAILABILITY AND USE OF UTILITY SERVICES (Sep 98)(BPI 24.5.3.17)

(a) BPA shall make all reasonable required amounts of utilities available to the Contractor from existing outlets and supplies, as specified in the contract. Unless otherwise provided in the contract specifications, utilities will be furnished without charge. The Contractor shall carefully conserve any utilities furnished without charge.

(b) The Contractor, at its expense and in a workmanlike manner satisfactory to the BPA, shall install and maintain all necessary temporary connections and distribution lines, and all meters required to measure the amount of each utility used. Prior to final acceptance of the work by BPA, the Contractor shall remove all the temporary connections, distribution lines, meters, and associated paraphernalia.

(End of clause)

Clause 24-21 ROAD MAINTENANCE (Sep 98)(BPI 24.5.3.18)

The Contractor shall maintain all roads used by it, and upon completion of the job shall leave them in as good a condition as when first used. A road grading machine - not a bulldozer - shall be used for maintenance and final grading. In no event shall the Contractor interfere with the property owner's use of roads existing prior to the Contractor's entry.

(End of clause)

Clause 24-22 USE OF LAND FOR STORAGE AND OFFICES (Sep 98)(BPI 24.5.3.19)

(a) Right-of-Way:

(1) Use of land for storage and offices is restricted to the subject line right-of-way during the contract period, subject to the approval of the Contracting Officer. Campsites are prohibited.

(2) Adjacent right-of-way shall not be used except for access over and along existing roads and necessary extensions.

(b) Private Land:

(1) The Contractor shall not use private land for contract purposes without prior signed agreement from the landowner. The agreement shall include the following information:

(A) Name of landowner.

(B) Location of land.

(C) Purpose, terms and duration of agreement.

(D) Signatures of landowners and Contractor and dates signed.

(2) A signed copy of the agreement shall be furnished to the Contracting Officer prior to use of such land.

(3) The Contractor shall assume all liability for damages and interference with any part of the contract or other BPA work due to such use of private land.

(End of clause)

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Clause 24-23 USE OF EXPLOSIVES (Sep 98)(BPI 24.5.3.20)

(a) Precautions:

(1) The Contractor shall use the utmost care to prevent danger to life and to prevent damage to property beyond the blast area. Failure to observe necessary precautions shall be grounds for suspending the work. The Contractor shall take necessary measures such as blasting mats to prevent rocks and debris from being thrown onto cultivated pasture lands, recreational areas, and other sensitive areas.

(2) The use of electric blasting caps is prohibited near energized power lines. Individual charges shall be detonated by means of approved detonating safety fuse cords.

(3) All exploders, fuses, and explosives shall be transported, stored, and used in compliance with applicable laws and regulations, including those prescribed by local agencies.

(b) Warning Lights: The Contractor shall furnish and use a flashing high intensity warning light at each blasting site. The light shall be placed where it will be visible from low flying aircraft in all directions. The light shall be turned on about 5 minutes before, and remain on during the blasting. Each light shall be enclosed in a red lens, produce one million candle power, be visible vertically and horizontally, and flash at about 80, but not more than 130 times a minute.

(c) Fire Danger: The following shall apply to blasting when a danger of fire is present:

(1) The use of fuse and caps is prohibited.

(2) The Contracting Officer may stop blasting during periods of high fire danger.

(3) When the relative humidity is below 50 percent, a watchman shall remain at each blasting site for at least one hour after blasting.

(End of clause)

Clause 24-24 CONTRACTOR'S DAILY REPORT (Sep 98)(BPI 24.5.3.21)

The Contractor is required to submit a "Daily Report to Inspector," BPA F6410.11. The forms shall be completed daily and delivered to the designated BPA Contracting Officer's Technical Representative or Field Inspector. Information to be reported on the forms includes, but is not limited to: workers by classification, the move-on and move-off of construction equipment, materials and equipment delivered to the site, inspections and tests performed, and total cumulative hours worked.

(End of clause)

Clause 24-25 FIELD CONTRACT MODIFICATIONS (Sep 98)(BPI 24.5.3.22)

(a) The purpose of this clause is to establish a procedure whereby one contract modification will be used both to direct field changes of the type specified in the changes clause herein and to settle any question of equitable adjustments that might arise. This procedure shall apply only to those changes having less than \$ * ___ impact to the contract price and 7 calendar days or less time extension. (* CO fill in amount)

(b) When either party desires a change which falls within the category of changes defined in paragraph (a), a field modification form shall be executed by both parties which shall constitute a

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full, complete, and final settlement for the change directed. The BPA individuals, besides the Contracting Officer, authorized to execute such modifications are: Contracting Officer Representative, Contracting Officer's Technical Representative and/or Field Inspector.

(c) The Contractor's job superintendent, or other specified representative, shall be authorized to execute said document on behalf of the Contractor thereby legally binding their company. This person shall be on the job site at all times during performance of the contract.

(End of clause)

Clause 24-26 ORAL MODIFICATION (Sep 98)(BPI 24.5.3.23)

Notwithstanding other provisions herein, only the Contracting Officer is authorized to orally modify or affect the terms of this contract. Contractor response to oral contract changes from any other source is at its own risk of liability.

(End of clause)

Clause 24-27 EQUIPMENT COST ALLOWANCES (SEP 02)(BPI 24.5.3.24)

When equipment costs are a factor in any determination of contract price adjustment pursuant to the Changes clause or any other provision of the contract, such adjustments shall be calculated in accordance with this clause. Chart No. 1, at the end of the clause, summarizes the allowable equipment costs.

(a) Contractor Owned Equipment:

(1) Operated equipment:

(A) For operated equipment, the Total Allowable Cost per hour actually worked will consist of the hourly ownership cost, hourly overhaul cost, and the hourly operating cost (field repair and fuel expense) listed in the Cost Reference Guide (CRG), published by PRIMEDIA Information Inc. current as of the date the piece(s) of equipment were operated. Adjustments to the CRG listed average figures will not be allowed.

(B) If, for any reason, the exact piece of equipment is not included in the CRG, costs for a similar item may be used, if reasonable. Determination of the appropriate "similar" item will be a joint determination of the Contractor and the Contracting Officer and will be based first on the work application of the piece of equipment and then on the equipment specifications as contained in the CRG.

(C) Costs for specialized equipment not included in the CRG (such as tensioners and pullers used in stringing conductor) will be negotiated with the Contracting Officer. The cost components included in such negotiated costs will be the same as those contained in the CRG rates.

(D) If the equipment is used in excess of forty (40) hours per week, the ownership and overhaul costs will be allowed at fifty percent (50%) of the listed costs for those excess hours. Operating costs will be allowed at the full rate.

(2) Standby Equipment:

(A) For equipment on standby, the Total Allowable Cost will consist of the total of one-half of the hourly ownership cost plus one-half of the hourly overhaul cost listed in the CRG, published by PRIMEDIA Information Inc. current as of the date the piece(s) of

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equipment were on standby. No operating costs will be allowed. Adjustments from the CRG listed average figures will not be allowed.

(B) If, for any reason, the exact piece of equipment is not included in the CRG, costs for a similar item may be used, if reasonable. Determination of the appropriate "similar" item will be a joint determination of the Contractor and the Contracting Officer, and will be based first on the work application of the piece of equipment and then on the equipment specifications as contained in the CRG.

(C) Standby costs for specialized equipment not included in the CRG (such as tensioners and pullers used in stringing conductor) will be negotiated with the Contracting Officer. The cost components included in such negotiated costs will be the same as those contained in the CRG ownership and overhaul rates.

(D) Payment for equipment placed on standby will be limited to forty (40) hours per week (combined operated and standby hours).

(b) Rented Equipment:

(1) Operated Equipment:

(A) For operated rental equipment, the Total Allowable Cost will consist of the additional actual, reasonable, and allocable rental costs as evidenced by the rental agreement and invoices. Rental costs will be converted to a "per hour" basis by dividing the rental (invoice) amount by the number of normal contractor working hours during the period of rental (i.e., If working five 8-hour days per week, divide weekly rentals by 40 hours and monthly rentals by 176 hours. If working six 10-hour days per week, divide weekly rentals by 60 hours and monthly rentals by 260 hours.) See attached Chart No. 1 for these examples.

(B) If no operating costs are included in the rental charge, the total operating cost per hour for that piece of equipment, as contained in the CRG, will be allowed. If some operating costs are included in the rental charge, duplicated charges will be deleted from the CRG-listed operating cost. In any case, the total operating cost shall not exceed the CRG amount.

(C) Unless additional actual, reasonable, and allocable rental costs are incurred, payment for hours in excess of the normal contractor working hours per day will be limited to operating costs only.

(2) Standby Equipment:

(A) For rented equipment on standby, the Total Allowable Cost will consist of the additional actual, reasonable, and allocable rental costs as evidenced by the rental agreement and invoices. No operating costs will be allowed unless they are included in the original rental agreement amount and actually incurred by the Contractor.

(B) Payment for rental equipment placed on standby will be limited to normal contractor working hours.

(c) Intra-Company Rentals:

Costs of equipment rented from any division, subsidiary, or organization under common control of the Contractor shall be allowable to the extent that they do not exceed the CRG hourly ownership

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and overhaul costs. Hourly operating costs will be allowed, subject to the same provisions as contained in paragraph (b)(1)(B) above.

(d) Equipment Identification:

Within two weeks after the issuance of the Notice to Proceed, the Contractor shall furnish the Contracting Officer with a master list of all contractor-owned and rented equipment initially assigned to the project. The list shall include the manufacturer, year of manufacture, equipment model, rating or capacity, and other information pertinent to proper identification. The manufacturer's identification plates will be used to determine ratings or capacities and model designations whenever possible. The list shall be updated periodically as new equipment is employed on the contract work.

(e) Elimination of Duplicate Charges:

The Contractor shall review all equipment costs that are included in the cost allowances provided by the CRG or are negotiated with the Contracting Officer and either (a) eliminate them from all other direct and indirect costs charged to the contract and/or the extra work or (b) reduce the allowable cost by that component of cost specified in the CRG or negotiated rate.

(f) Cost Reference Guide Updates

In the event CRG rates are updated during the period of extra work or standby, rates applicable to the days actually involved will be used. The CRG will be deemed to have been updated as of the first day of the month of the revision. For cost contracts, the costs allowed as of the first day the equipment is assigned to the project will be maintained throughout the term of the contract.

(g) Condition of Equipment:

Rates determined in accordance with this clause are for equipment of modern design, in sound workable condition, and used in the manner originally intended. Payment for equipment not meeting these criteria will be at rates negotiated with the Contracting Officer.

Chart No. 1 -- Summary of Allowable Costs

	<u>Normal Working Hours</u>	<u>Excess Working Hours</u>	<u>Standby Hours</u>
Owned Equipment	Ownership Cost plus Overhaul Cost plus Operating Costs	1/2 Ownership Cost plus 1/2 Overhaul Cost plus Operating Costs	1/2 Ownership Cost plus 1/2 Overhaul Cost, but No Operating Costs
Rented Equipment	Hourly Rental * plus Operating Costs	Operating Costs Only	Hourly Rental * Only

* Hourly Rental Cost = [Invoice Cost] / [Normal Contractor Working Hours in the Period]

Examples

Working five 8-hour days Working six 10-hour days

Weekly Rental	Divide by 40 hours	Divide by 60 hours
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Monthly Rental	Divide by 176 hours	Divide by 260 hours
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(End of clause)