



MEMORANDUM

TO: SLDMWA Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer
Jaime McNeil, Engineering Manager

DATE: November 16, 2023

RE: Adoption of Resolution Authorizing Execution of Construction Contract for Jones Pumping Plant Unit 6 Rotor Repairs, Adoption of Single Source Procurement Justification, and Related Expenditure of up to \$250,000 from the FY19 EO&M Budget

BACKGROUND

The Jones Pumping Plant Rewind project was completed between the years of 2018 and 2023 pursuant to a construction contract with National Electric Coil (NEC, Inc.). As a condition of the original contract, a warranty inspection was to be performed after three to five years of service. The rewind of Unit 6 was completed in February of 2019, and the warranty inspection was completed on November 9, 2023.

During the inspection, significant cracks were found on the lower damper shorting bars of the rotor. David Roos, as Project Manager and technical resource for both the Unit Rewinds and the warranty inspection, advised that operating the unit as-is introduces the risk of a catastrophic failure. As such, repair or replacement of the lower damper shorting bars are required on an emergency basis in order to safely return Unit 6 back to service. Staff recommends prompt replacement of the bars to ensure long term reliability of the unit, because repairs are not likely to last longer than five years as demonstrated by the findings in the five-year inspection.

While this damage was discovered during the warranty inspection, it is not warranty work as it was outside the scope of the NEC contract. Unit 6 was the first unit to be rewound, and at that time, similar, but less severe cracks were found and repaired in place through a brazing technique. With the reappearance of the cracks after five years of operation, the brazing has proven an inadequate long-term repair technique. However, in all subsequent units, a design change was incorporated into the contract to replace the lower damper shorting bars entirely with a more robust design that mimicked previous upgrades already implemented to the upper damper shorting bars.

NEC has provided an estimate of \$215,000 to supply and install new lower damper shorting bars on Unit 6. NEC has successfully performed the same work on the other five units, and is best suited to complete the same upgrades on Unit 6.

ISSUE FOR DECISION

Whether to adopt the proposed Resolution Authorizing Execution of Construction Contract for Jones Pumping Plant Unit 6 Rotor Repairs, Adoption of Single Source Procurement Justification, and Related Expenditure of up to \$250,000 from the FY19 EO&M Budget.

RECOMMENDATION

Staff recommends adoption of the proposed resolution.

ANALYSIS

A single source procurement is required for this contract because the risk of catastrophic failure of Jones Pumping Plant Unit 6 presents an emergency. Prompt action is required to prevent the loss or impairment of this unit. NEC was chosen as the single source provider for the emergency repair because NEC successfully performed the Jones Pumping Plant rewinds on all six units. In addition, NEC has also already successfully performed the same proposed repairs on Units 1-5. With the consistent, high quality work NEC has performed on the JPP units, it is practical for the services to be provided by NEC to maintain consistency with the units and to return Unit 6 back to service in the most expeditious manner.

The proposed resolution would authorize negotiation and execution of a construction contract with NEC on substantially the terms discussed with the Board, and would authorize staff to take such actions as may be required or authorized to effectuate that agreement.

BUDGET IMPLICATIONS

There is no budget implication as the proposed expenditure of up to \$250,000 will be funded utilizing available funds in the JPP Rewind Project construction contingency originally budgeted in the FY19 EO&M budget.

ATTACHMENTS

1. Proposed Resolution
2. Single Source Justification
3. NEC Cost Estimate

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2023-__

**RESOLUTION MAKING SINGLE SOURCE FINDINGS AND AUTHORIZING
EXECUTION OF SINGLE SOURCE CONSTRUCTION CONTRACT FOR JONES
PUMPING PLANT UNIT 6 ROTOR REPAIRS AND EXPENDITURE OF UP TO \$250,000
FROM THE FY19 EO&M BUDGET**

WHEREAS, The Jones Pumping Plant Rewind project was completed between the years of 2018 and 2023 pursuant to a construction contract with National Electric Coil (NEC, Inc.).

WHEREAS, the San Luis & Delta-Mendota Water Authority (“Water Authority”) is responsible for operating and maintaining Jones Pumping Plant facilities; and

WHEREAS, in November 2023, during a 5-year warranty inspection of Unit 6 performed by Mr. David Roose and NEC, significant cracks were found on the lower damper shorting bars of the rotor and Mr. Roose advised that operating the unit as-is introduces the risk of a catastrophic failure; and

WHEREAS, NEC successfully performed the Jones Pumping Plant rewinds on all six units and NEC has also already successfully performed the same proposed repairs on Units 1-5

WHEREAS, after evaluation, Water Authority staff has determined, based on the facts summarized in Attachment 2, that only the construction services offered by NEC meet the Water Authority’s needs; and

WHEREAS, the need to perform the repairs is urgent, the Water Authority staff has determined that competition does not exist, and the specified services of NEC are necessary to complete the required Unit 6 rotor repairs; and

WHEREAS, Section 1.1. of the Authority’s Consolidated Procurement Policy, adopted by Resolution on April 10, 2020, requires the Board to specifically authorize contracts greater than \$200,000, and Section 4.6 requires the Authority to make specific findings prior to executing a single source construction contract; and

WHEREAS, the Jones Pumping Plant Unit 6 Rotor Repairs will be funded utilizing available funds originally included in the Fiscal Year 2019 Extraordinary Operation and Maintenance Budget for the Jones Pumping Plant Rewind Project; and

WHEREAS, Water Authority staff recommends that the Board of Directors authorize negotiation and execution of a single source construction contract with NEC.

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. Based on the above Recitals and the facts as stated in Attachment 1, the Board hereby finds as follows:

- (a) Only National Electric Coil, Inc. is qualified to complete the necessary repairs and replacements for JPP Unit 6 Rotor, and;
- (b) Circumstances indicate that competition for this construction contract does not exist.

Section 3. Based on the facts as stated in Attachment 1, the price proposed for the construction work is fair and reasonable for the repairs and replacement, and will be funded utilizing available funds originally included in the FY19 EO&M budget.

Section 4. The Executive Director or the Chief Operating Officer, for and on behalf of the Water Authority, is hereby authorized and directed to negotiate and execute a Construction Services Agreement with, National Electric Coil Inc. for services on substantially the terms discussed with the Board, as well as to take such actions as may be required or authorized by this Board to effectuate that agreement.

PASSED, APPROVED AND ADOPTED this 20th day of November 2023, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

Cannon Michael, Chairman
San Luis & Delta-Mendota Water Authority

Attest:

Federico Barajas, Secretary

I hereby certify that the foregoing Resolution No. 2023-___ was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the 20th day of November, 2023.

Federico Barajas, Secretary



NON-COMPETITIVE (SINGLE SOURCE) PROCUREMENT JUSTIFICATION FORM

Item/Service for single source procurement: _____

Selected vendor for the single source procurement: _____

Total Amount of Procurement including taxes: _____

Specification Number: _____

For any non-competitive (single source) procurement (except Professional services) over \$60,000, the Project Manager must complete this form and return it to the Procurement Department for review and procurement authorization. Attach additional pages of explanation if necessary. **A SINGLE SOURCE PROCUREMENT MAY NOT PROCEED UNTIL THE REQUIRED SIGNATORIES SIGN THIS FORM. NOTE: For procurements below the Delegation of Authority threshold of \$200,000.00, Board approval is NOT required prior to award and can be approved by the Executive Director or COO. The Board must be notified promptly following award.**

Section 1: Is this an emergency?

Yes No (Skip to Section 2)

If yes, explain in detail below and no further Sections are required. If over the Delegation of Authority threshold of \$200k, a separate memo documenting the decision shall be prepared by the Project Manager for Board notification/approval.

Note: "Emergency" shall mean a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

Explanation:

Section 2: Identify Type of Procurement

Goods, Supplies, Equipment (See section 3)

Non-Professional Services (See section 4)

Construction (See section 5)

Section 3: Goods, Supplies, Equipment (See Section 2.3 in Procurement Policy)

1. Identify the most applicable criteria below, and provide detailed support in explanation area below

- i. A specified product is necessary to match or interface with other products in use by the Authority
- ii. The Authority needs to purchase a specified product to field test or experiment to determine the products suitability for future use.
- iii. Only one product will meet the Authority's needs.

Explanation:

2. Is the product available from only one source? (To qualify for a single source, the product must be available from only one source)

- Yes No

Please explain how this determination was made. Note: Reasonable steps should be taken to confirm that the goods or supplies are purchased at a fair price. Include in explanation below.

Explanation:

Section 4: Non-Professional Services (See Section 3.1(b) in Procurement Policy)

Identify the most applicable criteria below and provide detailed support in explanation below.

- i. That only one firm or individual has the specialized expertise or experience necessary to perform the services, and other potential bidders cannot develop that experience or expertise prior to contract award.
- ii. The continuity of services is required to avoid risk of substantial loss or added expenditure to the Authority

Explanation:

Section 5: Construction (See Section 4.6 of the Procurement Policy)

Please identify ONE of the applicable justifications below by checking and providing explanation.

NOTE: If neither of the below circumstances exist, but the Executive Director or Chief Operation Officer recommends single-source construction contracting, then single source contracting may be used only following Board findings of circumstances indicating that competition does not exist and approval of single-source negotiations. CANNOT BE USED FOR PROJECTS UTILIZING FEDERAL FUNDS.

1. Where (i) a specified product is required, applying standards and (ii) only one contractor is authorized by the manufacturer or supplier to install the specified product, and (iii) the work for which only a single-source contractor is authorized and not work which reasonably would be expected to be subcontracted.
2. The Authority has conducted a competitive procurement for substantially similar construction services in the past five (5) years and only one actual or potential bidder for the services was identified.

Explanation:

3. If neither of the above apply, please provide an explanation to the Board as to why the Board should approve this Single-Source procurement.

Explanation:

Completed and Requested By:

Project Manager: _____

Date: _____

Reviewed By:

By: _____

Lisa Freitas, Procurement and Work & Asset Manager

Date: _____

Reviewed

By: _____

Pablo Arroyave, Chief Operating Officer

Date: _____

Approved Denied

National Electric Coil Company L.P.

3330 E 14th Street
Brownsville, TX 78521

Proposal for
The San Luis & Delta-Mendota Water Authority
Jones Pumping Plant

November 16, 2023



November 16, 2023

To: SLDMWA
Attn: David Roose (droose@dhhydro.com)
Re: Jones Pumping Plant \ Unit 6

Dear Mr. Roose,

We are pleased to submit the following quotation for your review and consideration, as requested.

Base Work Scope: Replace lower amortisseur segments on 40 field poles at site.

Price: \$214,940.00
Duration: 3 Weeks at site

Option 1: Replace upper and lower amortisseur segments on 40 field poles at site.

Price: \$409,880.00
Duration: 5 Weeks at site

Additional repairs required as determined by inspection will be reviewed with and approved by the customer prior to proceeding with such repairs. Please find enclosed our Time / Material Rate Sheet, for additional work as stated above.

If upon evaluation asbestos is determined to be present, our price to be quoted to abate this material will be based upon location and quantity and work will be performed in compliance with State and Federal Government regulations. Traceability and ownership of the material will remain with the owner after disposal.

Customer to provide disassembly and reassembly of generator, provide accessibility to bus connections for inspection, provide weather protection if outdoor unit, standard utilities, restrooms, any, or all scaffolding required and work area.

Notes:

- Prices do not include any duties, tariffs, taxes, etc.
- Materials and Resources quoted are subject to prior sale.
- Customer is to provide and maintain unit protection where applicable.

Proposal Limitations:

NEC's standard warranty extends for a period of one (1) year following delivery, as stipulated in the attached standard terms and conditions. The supplementary charge for extending the warranty duration is levied at a rate of four percent (4%) per additional year, calculated based on the initial proposal cost.

Incorporating the supplementary cost associated with the desired five (5) year warranty term serves the purpose of ensuring transparency within the framework of our underlying pricing structure. For clarity,

NEC's proposal does not contemplate a five (5) year warranty period, but rather NEC's standard warranty.

NEC's standard warranty stipulates that when undertaking any Warranty Work (defined as work carried out as part of a warranty claim), NEC shall not bear responsibility for the scope the work required to perform the Warranty Work that extends beyond the obligations of NEC's original scope of work, referred to as a "Scope-for-Scope Warranty." NEC's Scope-for-Scope Warranty does not contemplate removal or access work required to perform the Warranty Work even if NEC performs removal or access work as part of the original scope of work.

It is important to highlight that NEC's proposal does not include bonding. In the event that bonding becomes a requisite, NEC retains the right to revise the aforementioned pricing accordingly.

Prices are subject to acceptance within 30 days.

Terms are to be progress payments with 40% down payment upon receipt of purchase order and/or notice to proceed and 30% at schedule mid-point of work and 30% upon completion, and are net due upon receipt of our invoices, subject to credit review and acceptability: FOB Jones Pumping Plant, Tracy, California.

National Electric Coil's proposal is subject to National Electric Coil's Terms and Conditions of Sale attached hereto. Should SLDMWA and National Electric Coil fail to proceed under these terms, SLDMWA explicitly recognizes that NEC retains the right to subsequently alter any facet of the proposal; including, but not limited to, pricing, warranty, and schedule duration.

We appreciate your consideration of National Electric Coil and are looking forward to being of service to you, now and in the future. Please advise if we can be of further assistance.

Sincerely,



Chris Moses
National Electric Coil
Project Coordinator
614-735-1546 Cell

cmoses@national-electric-coil.com



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OUR EXPERIENCE GENERATES RESULTS!
www.national-electric-coil.com
www.highvoltagecoils.com

National Electric Coil

Terms and Conditions of Sale

1. **APPLICABILITY:** Any products or services provided or rendered by National Electric Coil (hereinafter referred to as "Seller") shall be made or supplied upon the Terms and Conditions of Sale set forth herein, which together with the quotations of the Seller, if any, shall constitute the complete agreement of the Purchaser and the Seller resulting from the acceptance of the quotation of the Seller or of an order from the Purchaser, and accordingly, this Agreement supersedes any other agreement or representation, verbal or written, with respect to the subject matter herein. Any purported additional or different terms contained in the Purchaser's order or response to quotation or any other document shall be deemed objected to by the Seller without need of further notice and shall not be effective or binding unless assented to in writing by a duly authorized representative of the Seller. Purchaser's assent to the Terms and Conditions of Sale set forth shall be conclusively presumed from the Purchaser's failure to object thereto in writing as well as any direction from Purchaser to Seller to proceed with the order or Purchaser's acceptance of all or part of the Products or Services ordered.

Any purchase order or other contractual document received from Purchaser that contains a penalty provision for failure to meet a shipment date shall be deemed objected to by Seller without need of further notice and shall not be effective or binding unless specifically approved in writing by an officer of the Seller.

Seller's written quotation, if any, shall expire and become null and void unless accepted by Purchaser within the period specified therein, or if no period is specified, then within thirty (30) days of the date shown thereon.

"Products" shall refer to Seller's supply of winding kits, multi-turn bars, single turn bars, coils, clips, blocking, wedges, or other goods, materials, parts, or apparatuses provided by Seller under the Contract Documents- as such was included within Seller's original scope of work.

"Services" shall refer to Seller's provision of testing and inspection services, mechanical disassembly or reassembly services, installation or removal of any Products or associated equipment, and generally the refurbishment of any unit or components thereof, or similar services which do not primarily involve the supply of Product s- as such was included within Seller's original scope of work.

"Work" shall refer generally to the provision of Seller's Products and/or Services as such was included within Seller's original scope of work.

"Contract Documents" shall be interpreted to mean Seller's terms and conditions, Seller's proposal, any Change Orders executed by Seller's authorized representative, any agreed upon technical specifications or commercial clarifications, and Purchaser's Purchase Order to the extent that one exists and is consistent with this Agreement.

"Seller" or "Contractor" shall mean National Electric Coil, whereas "Purchaser" shall mean the customer. Together, Seller and Purchaser may be referred to herein individually as a "Party" or together, as the "Parties."

2. **WARRANTY:** Seller warrants to Purchaser that a) any Products supplied by Seller hereunder shall be free from defects in material and workmanship under normal use and operation during the warranty period stated herein and b) any Services rendered hereunder by Seller will be performed in a good and workmanlike manner. If either (i) any Products provided hereunder by the Seller prove to be defective in material or workmanship within one (1) year from the date of delivery or (ii) any Services provided hereunder prove defective in workmanship within one (1) year from the date of completion of the work for electrical equipment Services or within thirty (30) days from the completion of the work for mechanical equipment or service, Seller, if promptly notified thereof in writing, will correct, on a scope-for-scope basis, such defect at its own expense, by, at its option, either repairing the defective Service, or by providing a replacement or repair of the defective Product to the extent, and only to the extent, that such costs or execution was included in Seller's original scope of work. Seller's responsibility for the execution and implementation of any warranty re-work, and any associated costs therewith (including material, labor, transportation, removal of a defective Product and its subsequent reinstallation, mechanical disassembly/reassembly for access to the defective Work, or otherwise) is limited to the extent of Seller's original scope of work and responsibility with Purchaser. Upon Seller's satisfactory completion of warranty work, the Warranty Period shall reset for twelve (12) calendar months. In any event, the overall warranty shall not extend beyond two (2) years from the original installation/service—irrespective of when the last warranty work was completed. For clarity, Seller shall not be responsible for any additional Work or costs incidental to the necessary re-work, nor shall Seller bear any responsibility for additional or collateral damage incurred as a result of Purchaser's or its contractors' removal or re-installation of any Product or disassembly/reassembly of any unit associated with any warranty work, THE FOREGOING IS THE SOLE AND EXCLUSIVE WARRANTY OF SELLER. ALL OTHER WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, ARE HEREBY DISCLAIMED BY SELLER AND EXCLUDED FROM THESE TERMS OF SALE, NOR SHALL THE SELLER BE LIABLE FOR ANY LOSS OR DAMAGE WHATSOEVER FROM ITS FAILURE TO DISCOVER OR REPAIR LATENT DEFECTS OR DEFECTS INHERENT IN THE DESIGN OF THE EQUIPMENT. Claims for defective materials or workmanship shall be subject to verification by a duly authorized representative of the Seller. No products shall be returned to Seller without its prior written consent. Products which Seller consents to have returned shall be shipped in accordance with the original shipping terms and each Party shall be responsible for its respective original scope of obligations and costs regarding the shipping of any defective or replacement Work. Seller shall not assume responsibility or accept invoices for unauthorized repairs or alterations to its products, even though defective. Any replacement or repaired product or service furnished under this warranty shall be warranted by Seller for the balance of the warranty period and under the same warranty conditions as applicable to the original product or service.

The foregoing warranty does not apply to experimental, prototype, or developmental products which are so identified at the time of initial sale.

Seller makes no warranty on products manufactured by others which are resold by Seller. Seller shall use its best efforts to obtain from each such product manufacturer, in accordance with the manufacturer's warranty or customary practice, the repair or replacement of products which prove defective in material or workmanship.

3. **WARRANTY EXCLUSIONS AND PURCHASER'S ACTS AND INDEMNIFICATION:** Seller's warranty does not cover, and Seller, its directors, officers, agents or employees, shall not be liable, under any circumstances, for any failure of the products provided by Seller or loss, damage, or injury to persons or property (including the equipment in which the products are installed) caused in whole or in part by (a) the negligent acts or omissions of Purchaser, its contractors, agents or employees; (b) failure of the Purchaser, its contractors, agents or employees, to observe any instructions of Seller or Seller's representative; (c) failure or malfunctioning of any products, tools, equipment, facilities, or devices not furnished by Seller; (d) any unauthorized alterations, adjustments, or modifications by Purchaser to the products provided by Seller; (e) improper installation, removal or re-installation, or disassembly/reassembly by Purchaser or its contractors, agents, or employees; (f) improper operation or attempts to operate the products provided by Seller beyond their rated capacity, or otherwise; (g) any abuse or misuse of the products provided by Seller, or damage thereto after the date of initial shipment; (h) manufacturing, design, or other defects, whether apparent or latent, in the machinery serviced or to be serviced by Seller; and (i) Purchaser's express or implied assumption of risk for the services performed hereunder, as for example, and without limitation, when Purchaser starts up, reinstalls, or reassembles machinery serviced by the Seller without direct, on-site supervision by the Seller. Purchaser expressly agrees herein to save Seller, its directors, officers, agents, and employees harmless from any such liability.
4. **LIMITATION OF LIABILITY:** Seller's liability on any claim of any kind, including negligence, for any loss or damage arising out of, connected with, or resulting from this contract, or the performance or breach thereof, or from the design, manufacture, sale, repair, inspection, maintenance, modification, or use of any equipment, products or services covered by, provided or rendered under this contract, shall in no case exceed the Contract Price that gives rise to the claim, except as provided in Section "5" hereof, entitled "PATENTS." Seller also disclaims all liability, whether in warranty, contract, tort, (including negligence), strict liability, or otherwise, to any party other than the original Purchaser. IN NO EVENT, WHETHER THE CLAIM IS BASED UPON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, OR OTHERWISE, SHALL SELLER OR ITS SUPPLIERS BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS OR REVENUES, LOSS OF USE OF THE PRODUCTS PROVIDED OR ANY ASSOCIATED PRODUCTS OR EQUIPMENT, DAMAGE TO ASSOCIATED PRODUCTS OR EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE PRODUCTS OR EQUIPMENT, FACILITIES, DOWNTIME, COSTS, LABOR OR ASSOCIATED EXPENSES, OR CLAIMS OF PURCHASER'S CUSTOMER FOR SUCH COSTS. Furthermore, Seller shall not be responsible for any costs related to the disassembly and/or reassembly of the equipment except, and to the extent and only to the extent, that such was included within Seller's original scope of work. All causes of action against Seller or its suppliers arising out of or relating to these Terms and Conditions of Sale, or the performance or breach hereof, shall expire unless brought within one (1) year of the time of accrual thereof.
5. **PATENTS:** Seller shall hold Purchaser harmless against any liability for infringement of any apparatus claim of any United States patent, issued at the date of the contract, and arising out of the sale or use in the form supplied by Seller of products designed and/or manufactured by Seller. Seller will assume no liability with respect to products specified by either Seller or Purchaser, but not designed and/or manufactured by Seller. Purchaser shall hold Seller harmless against any liability for infringement of any apparatus claims of any United States patent, issued at the date of the contract, and involving products provided by Seller, in accordance with drawings and/or specifications provided by Purchaser. The party assuming liability, pursuant to the foregoing, shall have the absolute control of the defense thereto, including the right to settle, defend against legal action, or to make changes in the products to avoid infringement.

6. **DELIVERY:** Estimates of delivery or completion dates are approximate and are based upon prompt receipt of all necessary information and ready access to Purchaser's equipment or facilities, if required. Unless otherwise stated herein, delivery of goods to a common carrier, licensed trucker, or representative of Purchaser shall constitute delivery to Purchaser, and all risk of loss or damage thereafter shall then be borne by Purchaser.

National Electric Coil – Terms and Conditions of Sale

7. **FORCE MAJEURE:** Seller shall not be responsible for delays in delivery or failure to deliver due to causes beyond Seller's control including, but not limited to, acts of God, pandemic/epidemic, war, mobilization, civil commotion, riots, embargoes, domestic or foreign governmental regulations or orders, acts of Purchaser or Seller's suppliers or their respective agents or employees, fires, floods, strikes, lockouts and other labor difficulties or shortages of or inability to obtain shipping space or transportation, or inability to secure necessary labor, fuel, materials, suppliers, or power at current prices or on account of shortages thereof. In the event of such delay, the date of completion shall be extended for a period equal to the time lost by reason of such delay. Under no circumstances shall Seller be liable for special, indirect, incidental or consequential damages on account of delay due to any cause.
8. **CANCELLATION AND RETURNS:** Order shall not be subject to cancellation or modification either in whole or in part without Seller's written consent and then only upon terms as Seller may, from time to time, specify that will at a minimum reimburse Seller for all applicable costs incurred by virtue of the sale including costs of purchased materials, engineering costs, and a reasonable allowance for profit based upon the Seller's expected profit on the sale. In any circumstance, Seller's written consent and instructions must be given in advance of Purchaser's return of any products for credit, transportation prepaid.
9. **PAYMENTS:** Unless specified to the contrary in writing by the Seller, terms of payment shall be net cash upon receipt of invoice. If Purchaser fails to pay any invoice when due, Seller may defer deliveries under this or any other contract with Purchaser except upon receipt of satisfactory security or cash before shipment. If, in the reasonable, business judgment of Seller, the financial condition of Purchaser at any time prior to delivery does not justify the terms of payment specified, or otherwise gives Seller reasonable grounds for insecurity of Purchaser's obligations, Seller may require payment in advance or cancel any outstanding order, whereupon Seller shall be entitled to receive reasonable cancellation charges. If delivery is delayed by Purchaser, payment shall become due on the date Seller is prepared to make shipment. Should manufacture be delayed by Purchaser, pro rata payments shall become due if and to the extent required of Seller to fulfill its commitments. All installment deliveries shall be separately invoiced and paid for without regard to subsequent deliveries. Delays in delivery or non-conformities in any installments shall not relieve Purchaser of its obligation to accept and pay for remaining installments. If payments are not made when due, Purchaser shall pay in addition to the payment overdue, a late charge equal to the lesser of one and one-half percent (1½%) per month, for a total of eighteen percent (18%), per annum, or the highest applicable rate allowed by law on such overdue payments.
10. **TITLE:** Until full payment of all obligations of Purchaser hereunder, Seller reserves the title (but not the risk of loss) to all products furnished hereunder. If Purchaser defaults in payment or performance, or becomes subject to insolvency, receivership or bankruptcy proceedings, or makes an assignment for the benefit of creditors, or without the consent of Seller voluntarily or involuntarily sells, transfers, leases, or permits any lien or attachment on the products, Seller may treat all amounts then or thereafter owed by Purchaser to be immediately due and payable (subject only to credits required by law) and Seller at its election may repossess said products. In the event of repossession of products under this section or under section "15" hereof, entitled "Security Interest," Seller may enter the premises where the products are located and may remove the same therefrom without notice, and without being liable to Purchaser for any damages whatsoever resulting from such repossession.
- All scrap copper, if any resulting from either the manufacture of the products and/or the services provided by the Seller hereunder, shall remain the property of Seller. Seller shall be entitled to remove such scrap copper from the Purchaser's premises.
11. **TOOLING:** Charges for dies, tools and/or gauges do not convey ownership or the right to remove same from Seller's premises. Tool charges shown on the invoice constitute only a part of the actual tool cost. Seller assumes the remainder of the original costs and the cost of maintenance. Purchaser, however, may purchase such dies and/or gauges upon request, at the discretion of the Seller.
12. **CHANGES IN PRODUCT DESIGN:** Seller reserves the right to change, discontinue, or modify the design and/or construction of any of its products and to substitute material equal to or superior to that originally specified.
13. **CONTRACT PRICE:** Prices are stated in U.S. dollars and are exclusive of any federal, state, or local property, license, privilege, sales, service, use, excise, value added, gross receipts, or other like taxes which may now or hereafter be applicable to, measured by, or imposed upon or with respect to this transaction, the property, its purchase, sale, replacement, value or use, or any services performed in connection therewith. Purchaser agrees to pay or reimburse Seller, its subcontractors or suppliers any such taxes which Seller, its subcontractors or suppliers are required to pay or collect, or which are required to be withheld by Purchaser or Seller. The price quoted by Seller includes import duties on raw materials and components used to manufacture the products, calculated on the basis of rates duty effective on the date of the quotation and based upon the method of valuation then employed for such items by U.S. Customs. If, for any reason, the amount of import duties assessed is greater than calculated above, the price shall be adjusted accordingly.
14. **COLLECTION COSTS:** In the event payment is not received for the products and/or materials or services provided hereunder, Purchaser shall be responsible to pay all reasonable collection costs incurred by Seller, including reasonable attorneys' fees.
15. **SECURITY INTEREST:** Purchaser grants Seller a security interest in the products and materials (goods, inventory, or otherwise) ordered as security for the performance by Purchaser of all of its obligations hereunder (including all products and materials acquired hereafter, future advances, accessions, substitutions, replacements and additions, from Purchaser and any proceeds from the sale or disposition of such products and materials). Purchaser agrees to execute such documents to evidence and perfect this security interest as Seller may reasonably require.
16. **FREIGHT ALLOWANCE:** All prices quoted are F.O.B. Origin (Customer's Factory), freight prepaid. Seller will prepay freight charges to any recognized freight destination within the Continental United States, associated freight charges will be added to the Seller's invoice for the products. Seller will select origin of shipment, method of transportation, and routing of shipment. Customer owns freight in transit and bears the risk of loss in transit.
17. **SPECIAL CHARGES:** Seller's invoice may be subject to additional charges related to minimum billing value, premium transportation, special packaging or handling, collect shipments, pre-packaged quantities and/or other special charges as Seller may, from time to time, specify.
18. **MINIMUM BILLING:** Minimum billing for any products or parts sold by Seller shall be such amount as Seller may, from time to time, specify, and if not so specified, then \$50.00 net.
19. **MISCELLANEOUS: THIS IS A COMPLETELY INTEGRATED AGREEMENT.** These terms and conditions, along with Seller's quotation, constitutes the entire agreement between the parties. All prior representations and understandings have been merged herein. This agreement may not be modified or terminated except by the written agreement of a duly authorized representative of Seller and Purchaser. Accordingly, any purported additional or different terms including those deemed "pass down", "flow through" or any applicable Federal Acquisition Regulations, shall not be incorporated into this agreement except as mandated by law.
- 19.1. Unless otherwise specified in writing by Seller, the Seller's published prices and specifications, if any, shall be subject to change without notice.
- 19.2. Choice of law: This contract shall be governed by and construed in accordance with the laws of the State of Ohio.
- 19.3. Unless otherwise specifically agreed to in writing by a duly authorized representative of the Seller, any products, materials or services provided hereunder are not intended for use in connection with any nuclear facility or other hazardous activity including, but not limited to, commercial or military aircraft, missile installation, space exploration, or other critical application where failure of one or more components could cause harm to persons or property. If so used, Seller disclaims all responsibility of every kind, including negligence, and Purchaser agrees to indemnify and hold Seller harmless for any liability or damage whatsoever arising out of the use of the products, materials, or services in such a manner.
- 19.4. Any employees of Seller who may be assigned to work on Purchaser's premises shall remain under the supervision and control of Seller and shall not constitute employees of Purchaser.
- 19.5. Seller shall have the right to subcontract any or all work covered by the contract.
- 19.6. Products to be furnished or services rendered hereunder will be produced or performed in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as amended.
- 19.7. Seller makes no promise or representation that its products will conform to any federal, state, or local laws, ordinances, regulations, codes or standards, except as particularly specified and agreed upon for compliance in writing between Purchaser and Seller. Prices do not include any required permit or inspection fees.
- 19.8. Assignment: Any assignment of this purchase order or any rights hereunder by Purchaser without the prior written consent of the Seller is prohibited and shall be void.
- 19.9. Waiver and Severability: Waiver by Seller of a breach of any of these Terms and Conditions of Sale shall be held to be invalid, illegal, or unenforceable, and the validity, legality and enforceability of the remaining provisions shall not be in any way be affected or impaired thereby. Furthermore, this contract is severable and in the event that any provision of

this contract is deemed unenforceable by a court of competent jurisdiction, then the remaining provisions shall remain unaffected and in full force; the agreement will be interpreted and enforced as if it did not contain the void clause to the extent of its invalidity and in a manner which reflects the intent of the Parties thereto.


NATIONAL ELECTRIC COIL
COLUMBUS, OH · BROWNSVILLE, TX

National Electric Coil Rate Plan
2023 Rate Schedule

<u>Straight Time Hourly Rates</u>	<u>Within USA</u>	<u>Outside USA</u> <u>15% Premium</u>
SHOP Mechanical		
Technician	\$ 118.00	
Specialized Technician	\$ 136.00	
Light Machining	\$ 121.00	
Medium Machining	\$ 124.00	
Heavy Machining and Balance	\$ 209.00	
 SHOP Electrical Coil Manufacturing	 \$ 98.00	
Negotiated on program basis		
 FIELD SERVICE		
Hydro & Fossil Conventionally Cooled		
Technician	\$ 149.00	\$ 171.00
Lead Technician	\$ 159.00	\$ 221.00
Fossil Inner-Gas Cooled/ Water Cooled		
Technician	\$ 155.00	\$ 192.00
Lead Technician	\$ 178.00	\$ 226.00
Mechanical Foreman	\$ 176.00	\$ 216.00
Site Technical Director/Site Project Leader	\$ 244.00	\$ 299.00
Balance Technicians (Vibration Analyst)	\$ 237.00	\$ 293.00
Clerical Home office	\$ 57.00	
 ENGINEERING		
Engineer	\$ 201.00	\$ 231.00
Site Project Coordinator	\$ 201.00	\$ 231.00
Principal Engineer	\$ 261.00	\$ 300.00
Project Manager	\$ 261.00	\$ 300.00
 Expenses (Motel, Meals, Incidentals) -	 \$ 224.00	 \$ 257.00
subject to change based on location		

Note: If work is done in successive years, rates will be indexed upward by 4% per year as of January 1st.

Continued...

National Electric Coil Rate Plan - Continued
2023 Rate Schedule

Other Expenses

Equipment - See project specific rate sheet

Subcontractor Expenses, Misc. Rentals, Consumables, and Materials - Cost plus 20%.

Shipping and Freight - Cost plus 10%.

Airline Charges / Rental Car - Cost plus 10%.

Personal Vehicle - \$0.60 per mile

Company Van - \$0.72 per mile

Company Stake Truck - \$1.15 per mile

Stator Repair Tooling - \$ Rate TBD per week

Definitions

Straight Time All shifts worked, the first eight hours of each of the workers' normal work shift Monday through Friday (except holidays).

Overtime The work hours in excess of normal first eight hours Monday through Friday, but less than twelve hours in the shift. The first twelve hours on Saturday. A 50% surcharge shall apply to all "Overtime" work.

Double Time All hours in excess of twelve in any one day. All hours worked on Sundays. All hours worked on designated National Electric Coil holidays. A 100% surcharge shall apply to all "Double Time" work.

Travel Time Travel time hours will be billed in accordance with definitions above for actual hours traveled (portal to portal). Site travel between suitable lodging and the project will be charged for travel time in excess of 15 minutes each way. All travel hours will be billed at straight time and overnight travel interruption will be billed one hour after flight arrival and 2 hours before flight departure.

On site COVID 19 Quarantine All cost associated with having to Quarantine during a work assignment will be billed per the T&M rate sheet at eight (8) straight time hours per day for all days plus expenses. Change out of crew member due to COVID 19 to support schedule would be billed under this scenario.

Standby Time A charge of eight (8) hours at the straight time rate per man day will be billed for each non-working week day and/or for each weekend day in which the field employee is required to be available for work or previously scheduled to work.

Mob/De-Mob Mobilization and de-mobilization charges of crew and equipment will apply as result of contract scope changes which will delay and or extend the project. These charges are billed at actual travel hours (portal to portal), airfare at cost plus 10% and equipment rentals at cost plus 20%

Quarantine COVID 19 All Quarantine cost associated with travel requirements will be billed per the T&M rate sheet at eight (8) straight time hours per day for all days plus expenses. This includes outbound and inbound travel.

Company Holidays New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving (2), Christmas Eve Day, Christmas Day, New Years Eve Day, Good Friday and Easter.

Payment Term Net due upon receipt of invoice unless otherwise stated.
1-1/2% per month finance charge applied to late payments.

