

amounts of up to a cumulative total of \$250,000 or one percent of NUP (not to exceed \$2,000,000), whichever is greater, per calendar year of substation and transmission line construction (including minor modifications or improvements), exclusive of the cost of owner furnished materials and equipment.

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

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

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

§§ 1726.78–1726.124 [Reserved]

Subpart D—Generation Facilities

§ 1726.125 Generating plant facilities.

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

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

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

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

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

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

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

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

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

engineering service contracts in accordance with applicable RUS rules. For types of projects not shown, such as nuclear and alternate energy projects, RUS will identify the specific contracts which will require RUS approval on a case by case basis.

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

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

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

§§ 1726.126–1726.149 [Reserved]

Subpart E—Buildings

§ 1726.150 Headquarters buildings.

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

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

(b) *Procurement procedures.* A borrower may use Multiparty Lump Sum Quotations to award contracts in amounts of up to a cumulative total of \$250,000 or one percent of NUP (not to exceed \$1,000,000), whichever is greater, per calendar year of headquarters construction (including minor modifications or improvements.) The borrower must use formal competitive bidding

for all other headquarters contract construction.

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

§§ 1726.151–1726.174 [Reserved]

Subpart F—General Plant

§ 1726.175 General plant materials.

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

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

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

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

§ 1726.176 Communications and control facilities.

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

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