

forms for generation facilities are as follows:

(1) Insert new paragraphs in the "Notice and Instructions" to Bidders as follows:

"Proposals are invited on the basis of firm prices (or prices with a stated maximum percentage escalation) or on the basis of nonfirm prices to be adjusted as provided for below or on both bases. The owner may award the contract on either basis.

Nonfirm Prices—The prices are subject to adjustment upward or downward based on changes in the Bureau of Labor Statistics labor and material indexes.

A proportion of ___ percent [the borrower will enter the appropriate percentage amount] of the contract price shall be deemed to represent shop labor costs and shall be adjusted based on changes in the Bureau of Labor Statistics, Average Hourly Earnings Rate ___ [the borrower will enter the appropriate BLS index] from the month in which bids are opened to the month in which the work is accomplished. The adjustment for shop labor costs shall be obtained by applying the percentage increase or decrease in such index, to the percentage of each partial payment deemed to represent shop labor costs. A portion of ___ percent [the borrower will enter the appropriate percentage amount] of the contract prices shall be deemed to represent material costs and shall be adjusted based on changes in the Bureau of Labor Statistics, Producer Price Index, ___ [the borrower will enter the appropriate BLS index] for the period and in a manner similar to the shop labor costs adjustment. A portion of ___ percent [the borrower will enter the appropriate percentage amount] of the contract price shall be deemed to represent field labor costs and shall be adjusted based on changes in the Bureau of Labor Statistics, Average Hourly Earnings Rate ___ [the borrower will enter the appropriate BLS index], for the period and in a manner similar to the shop labor costs adjustment."

(2) Insert the following in the contract documents under the "Proposal" section:

"Firm Price \$ _____
Nonfirm Price \$ _____"

§1726.252 Prior approved contract modification related to liability for special and consequential damages.

This section applies only to transmission equipment purchases and generation contracts. Where the borrower anticipates difficulty in obtaining responsive bids on RUS standard con-

tract forms due to a lack of limitation with respect to special and consequential damages, and where the borrower believes that such a modification will encourage competition through the receipt of an alternative bid which limits the bidder's liability for special and consequential damages, the borrower may make the following approved phrase modifications in the RUS standard contract form on which the borrower solicits bids:

(a) Insert new paragraphs in the "Notice and Instructions to Bidders" as follows:

"Proposals are invited on the basis of alternative Liability Clauses Numbers 1 and 2. The Owner will determine on which Liability Clause basis the award will be made. Any other liability clauses in the proposal or any other modifications will be considered not responsive and unacceptable. These Liability Clauses are defined as follows:

Liability Clause Number 1. This will include unmodified all of the standard terms and conditions of the form of contract furnished by the Owner and attached hereto.

Liability Clause Number 2. This will include the following paragraph, in addition to all of the standard terms and conditions, otherwise unmodified, of the form of contract furnished by the Owner and attached hereto:

"Except for the Seller's willful delay or refusal to perform the contract in accordance with its terms, the Seller's liability to the Owner for special or consequential damages on account of breach of this contract shall not exceed in total an amount equal to ___ percent [the borrower will insert an appropriate percentage between 0 and 100 percent, inclusive] of the contract price."

(b) Insert the following in the contract documents under the "Proposal" section:

"Price \$(Based on Liability Clause 1) _____
Price \$(Based on Liability Clause 2) _____"

(c) Insert the following in the acceptance section of the standard contract form:

"This contract is based on Liability Clause Number _____."

(d) In RUS Form 200, the word "Bidder" would replace the word "Seller" in the Liability Clause in paragraph (a) of this section.