

PUERTO RICO ELECTRIC POWER AUTHORITY

Bid -- Purchase Order

Page 1 of 4

Prepared Date

: 10/28/2009

Replies Required By

: 11/04/2009

Quote Number : Q033842

Description : REPAIR THREE PHASE POWER TRANSFORMER

Supplier : 00540202

To : BULLETIN BOARD
DIVISION DE SUMINISTROS
SAN JUAN PR 00936
United States of America

From : FRANCES M. PÉREZ
PR Electric Power Authority
PO Box 364267
San Juan PR 00936-4267
US

Phone :

Phone :

(787) 289-3300

Fax :

DELIVERY POINT OFFER:

DELIVERY PROMISE:

PAYMENT TERMS:

P.R. EXCISE TAXES INCLUDED

(Y/N)

SELLING TERMS (CHOOSE ONE)

FOB FAS CIF C+F

VALIDITY: (IN DAYS)

Authorized Signature

TITLE:

S.S.:

DATE:

PH:

FAX:

PUERTO RICO ELECTRIC POWER AUTHORITY

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Supplier : 00540202

Deliver To : SUBESTACIONES (SUMINISTROS).

Notes: **APENDICE I (10-30-09)**

SE GENERA ESTE APENDICE I PARA INCLUIR ESPECIFICACIONES REVISADAS.
SE INFORMA LAS LICITADORES LOS SIGUIENTES CAMBIOS:

1. CAMBIOS EN LAS ESPECIFICACIONES- SEGUROS Y FIANZAS.

EL RESTO DE LOS TERMINOS Y CONDICIONES PERMANECEN INALTERADOS.

NOTAS ESPECIALES:

FECHA DE PRESUBASTA: 11/04/09

HORA: 2:00 P.M.

LUGAR: SALÓN DE CONFERENCIAS, SOTANO EDIFICIO DUROTIX
MONACILLOS

FECHA DE ACEPTACIÓN DE PREGUNTAS: 11/09/09

FECHA DE APERTURA: 11/16/09

HORA: 10:30 A.M.

LUGAR: SALÓN DE SUBASTAS B - DIVISIÓN DE SUMINISTROS, 3ER PISO EDIF.
NEOS, SANTURCE.

NOTAS ESPECIALES:

1. SE INCLUYE ALCANCE DE TRABAJO EN DOCUMENTO APARTE.

2. EL CONTRATISTA PROVEERÁ UN CERTIFICADO EN ORIGINAL FIRMADO POR UN
REPRESENTANTE AUTORIZADO DE UNA COMPAÑÍA EN PUERTO RICO QUE DESCRIBA LA
CUBIERTA QUE SE PROPORCIONA DE LOS SEGUROS APLICABLES.

3. PARA ESTA SUBASTA SE SOLICITA UNA FIANZA DE LICITACION DE 10
PORCIENTO DEL TOTAL DE LA OFERTA.

4. EL CONTRATISTA AGRACIADO SOMETERÁ UNA FIANZA DE EJECUCIÓN Y DE PAGO
DE 100 PORCIENTO DEL TOTAL COTIZADO.

5. EL CONTRATISTA DEBERA SOMETER CERTIFICACIÓN DE ELEGIBILIDAD DEL
REGISTRO ÚNICO DE LICITADORES DE LA ADMINISTRACIÓN DE SERVICIOS
GENERALES DEL ELA DE PR.

LOS LICITADORES DEBERAN ASEGURARSE DE MANTENER TODOS SUS DOCUMENTOS
VIGENTES. FAVOR VERIFICAR CON LA SRA. ODETTE CHARDON, SUPERVISORA DE
LA OFICINA DEL REGISTRO LICITADORES.

FRANCES M. PEREZ - SUPERVISOR DE COMPRAS SENIOR

TEL: (787) 521-3315, 3316 FAX. (787) 521-2593, e-mail:

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Supplier : 00540202

fr-perez-dsad@prepa.com

Line Number	Item Number/Requisition	Quantity Required	Unit Price
Commodity Code/Description		UOM	UOM
Manufacturer Name		Lead Time	Total Line Value
Reference			Discount %
Description			

1 SM081783/09-0000012238

1.00

ALL FOR

TO REPAIR THREE PHASE POWER TRANSFORMER AT MOBILE SUBSTATION,
MOBLESOURCE S/N 0406, 38/13.2 KV, 33.6 MVA, 65 DEGREES C, FOA AS PER
ATTACHED SPECIFICATIONS TERMS AND CONDITIONS.

REQUISITOS Y DOCUMENTOS GENERALES:

1. TODO PROVEEDOR QUE INTERESE PARTICIPAR EN LOS PROCESOS DE COMPRAS EN LA AUTORIDAD DE ENERGIA ELECTRICA, TIENE QUE PERTENECER AL REGISTRO UNICO DE LICITADORES DE LA ADMINISTRACION DE SERVICIOS GENERALES DEL ESTADO LIBRE ASOCIADO DE PUERTO RICO Y AL REGISTRO DE LICITADORES DE LA AUTORIDAD DE ENERGIA ELÉCTRICA.

2. TIENE QUE ESTAR REGISTRADO Y ACTIVO EN EL REGISTRO DE LICITADORES DE LA AUTORIDAD DE ENERGIA ELÉCTRICA.

3. TIENE QUE ESTAR EVALUADO Y/O CALIFICADO PARA OFRECER LOS BIENES Y SERVICIOS SOLICITADOS ANTES DE SOMETER SU PROPUESTA.

4. LOS LICITADORES TIENEN QUE INCLUIR CON SU COTIZACIÓN UNA DECLARACIÓN JURADA DE NO CONFLICTO DE INTERESES.

GENERAL REQUIRED DOCUMENTS AND REQUIREMENTS

1. BIDDERS WHO HAS AN INTENTION TO PARTICIPATE IN PREPA'S PURCHASING PROCESSES SHALL BE REGISTERED AND ACTIVE IN PUERTO RICO'S GENERAL SERVICES ADMINISTRATION BIDDERS REGISTRY OFFICE AND PUERTO RICO'S ELECTRIC POWER AUTHORITY BIDDERS REGISTRY OFFICE.

2. BIDDERS MUST BE REGISTERED AND ACTIVE IN PREPA'S SUPPLIERS' REGISTRATION OFFICE.

3. ALL POSSIBLE BIDDERS MUST BE QUALIFIED AND/OR EVALUATED TO PROVIDE SERVICES OR GOODS BEFORE A PROPOSAL SUBMISSION.

4. BIDDERS SHALL INCLUDE PREPA'S SWORN STATEMENT OF NON- CONFLICT WITH PROPOSAL DOCUMENTS.

CLAUSULAS PARA PAGOS DE IMPUESTOS ESTATALES Y FEDERALES

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EN CUMPLIMIENTO CON LA SECCIÓN 2906 DEL ARTÍCULO 2, DEL CÓDIGO DE RENTAS INTERNAS DE PUERTO RICO, LA AUTORIDAD DE ENERGÍA ELÉCTRICA ESTÁ EXENTA DEL PAGO DEL ARBITRIO GENERAL DEL 6.6%. ADEMÁS, A PARTIR DEL 15 DE NOVIEMBRE DE 2006, ESTÁ EXENTA DEL PAGO DEL IMPUESTO A LA VENTA Y USOS (IVU) ESTATAL Y MUNICIPAL POR VIRTUD DE LA SECCIÓN 2508 DE LA LEY 117 DEL 4 DE JULIO DE 2006, CONOCIDA COMO LA LEY DE JUSTICIA CONTRIBUTIVA.

* LAS FACTURAS TIENEN QUE DETALLAR EL CONCEPTO DE LA COMPRA O SERVICIO.

LOCAL AND FEDERAL TAXES CLAUSE

IN COMPLIANCE WITH PUERTO RICO'S INTERNAL REVENUE SERVICE CODE, SECTION 2906, ARTICLE 2, PUERTO RICO ELECTRIC POWER AUTHORITY IS EXEMPT OF 6.6% TAX PAYMENT, ALSO, STARTING ON NOVEMBER 15TH, 2006; AND IN ACCORDANCE TO LAW 117 OF 4TH OF JULY OF 2006, KNOWN AS LEY DE JUSTICIA CONTRIBUTIVA ; PREPA IS EXCEMPT OF IVU (IMPUESTO A LA VENTA Y USOS ESTATAL Y MUNICIPAL) TAX PAYMENT.

INVOICES SHALL INCLUDE ALL DETAILS RELATED TO GOOD OR SERVICE PURCHASED.

CRITERIO DE ACEPTACIÓN PARA APLICAR LA LEY NÚMERO 14 DEL 8 DE ENERO DE 2004

LA LEY NÚMERO 14 DEL 8 DE ENERO DE 2004 APLICA A LAS COMPRAS DE LA AUTORIDAD DE ENERGÍA ELÉCTRICA.

PARA CONSIDERAR Y APLICAR ESTA LEY EL LICITADOR TIENE QUE SOMETER CON SU COTIZACIÓN COPIA DE LA RESOLUCIÓN CON EL INCENTIVO DE PREFERENCIA OTORGADO POR LA JUNTA PARA LA INVERSIÓN DE LA INDUSTRIA PUERTORRIQUEÑA ADSCRITA A LA COMPAÑÍA DE FOMENTO INDUSTRIAL.

ACCEPTANCE CRITERIA FOR LAW NO. 14 OF JANUARY 8TH, 2004

LAW NO. 14 OF JANUARY 8TH, 2004; APPLIES TO PREPA'S PURCHASES.

IN ORDER TO CONSIDER AND APPLY THIS LAW, BIDDERS SHAL HAVE TO INCLUDE WITH A PROPOSAL, AN APPROVED COPY OF THE INCENTIVO DE PREFERENCIA RESOLUTION. THIS DOCUMENT WILL PRESENT AN INCENTIVE PERCENTAGE APPROVED BY LA JUNTA PARA LA INVERSIÓN DE LA INDUSTRIA PUERTORRIQUEÑA .

**SPECIFICATIONS FOR REPAIR
OF MOBILE SUBSTATION
09-12238 (320-005-010)**

1. Scope of Work

To furnish all labor, engineering and materials for the rewinding of the following transformer in strict accordance with this specifications, terms and conditions; to update or redesign using current production materials available, present day computer techniques, current test data and short circuit stress calculation as per PREPA'S desired short circuit currents, and latest ANSI short circuit requirements. The core and mechanical support structure must be analyzed and improved if necessary in addition to the nameplate winding assembly. The winding system will be designed to meet the ultimate limiting thermal rises and short circuit forces as established in ANSI c 57.12.00 - 1980 and as calculated during the design stage.

- A. The design, construction, repair and tests of the failed transformer shall conform to the latest standards of the Institute of Electric and Electronic Engineers Association (IEEE). The National Electrical Manufacturers Association (NEMA) and the American National Standard Institute (ANSI). Bidders shall quote for: Only One Phase Rewind, Two Phase Rewind and Complete Rewind of the unit.

TRANSFORMER TO BE REPAIRED

Articles or Services

- | | | |
|----|------------|---|
| 1. | Mfg : | Moblesource Mobile Substation |
| | S.N.: | 0406 |
| | Volts: | 38,000/13200 Auto +- 10% on Load Taps
in +- 16 Steps |
| | BIL: | 250KV/110KV |
| | Class: | ODAF |
| | KVA: | 33,600 @ 95°C Rise |
| | LTC: | ABB TYPE UZERT 200/600 |
| | Windings: | Autotransformer, 3 phases, 60 cycles |
| | Impedance: | 7.2 % |
| | CN: | 128A-03-001-000 |
| | Dimension: | Height 13'-6", width 8', length 46' |
| | Weight: | 61,000 lbs. Total transformer weight, 30,500 lbs. untanking
92,000 lbs. Total for Mobile Substation
16,500 lbs. oil |
| | PCB: | Non Detected |

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION
REQ. 09-12238 **Page 2**

Bidders shall quote for all parts listed below, including labor for replacement, and calibration if necessary.

- a. Winding temperature indicator.
- b. Oil temperature indicator.
- c. Pressure relief valve.
- d. Main tank level gauge.
- e. LTC level gauge.
6. oil coolers
8. to refurbish two oil pumps as necessary

2. Technical Specifications

1. The above listed equipment shall be rewound using paper insulated copper conductors. The rewinding must include as necessary, the high voltage windings, the low voltage windings, tap windings and any other winding if applicable. The contractor shall also replace as necessary, all coil leads in the main tank. The contractor shall inspect and make the necessary adjustments, repairs or replacement of instrumentation and load tap changing equipment if the transformer is provided with such. All transformer gaskets shall be replaced by hard nitrile (BUNA N) gaskets.

After untanking, disassembly and strip down of the core and coils, the contractor shall submit a failure analysis report. The report shall include possible causes of failure and recommendation to improve the transformer design and performance; and description of the work to be performed.

The contractor shall make all tests necessary to insure that its materials and workmanship are of the required degree of excellence and that the equipment furnished by him will perform as specified and guaranteed.

- B. Test: In addition to the standards tests, the following test shall be performed in accordance with the latest revision on ANSI standard test code 057.12.90.
 1. Resistance measurement of all windings on the rated voltage connection.
 - b. Ratio tests on rated voltage connection and on all tap connections.
 - c. Polarity and phase-relation test on the rated voltage connection.
 - d. No load losses at rated voltage on the rated voltage connection.
 - e. Exciting current at rated voltage on the rated voltage connection, and at 90% and 110% of rated voltage.

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION

REQ. 09-12238

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- f. Impedance and load losses at rated voltage connection. If the transformer is provided with a tertiary winding or harmonic balance winding, the contractor shall make all necessary tests to determine impedances between primary to secondary, primary to tertiary, and secondary to tertiary.
- g. Applied potential test at 100% rated test voltage.
- h. Induced potential test at 100% rated test voltage.
- i. Insulation power factor test to all windings and between windings.
- j. Impulse test (full rewind) as per ANSI standard.
- k. RIV for transformer rated 69KV and above.
- l. Insulation resistance to core and windings.

After the completion of the repair job, the contractor shall submit two sets of certified test data.

GENERAL NOTES

1. Consideration

The Authority agrees to pay and the Contractor to accept as full payment for the complete performance of this order, in accordance with all terms and conditions herein contained.

2. Commencement and completion of work

Mobilization of personnel and equipment and/or the transportation of the transformer to shop shall be commenced in such a way that actual repair and rehabilitation work shall be started within ten days after notice to proceed. The contractor shall provide a master schedule covering the repair period.

3. Changes and/or Extra Work

The Authority may, at any time, make changes within the Scope of Work and/or extra work. When such changes and/or extra work require a price and/or schedule revision, such revision (s) shall be negotiated and valid only upon the written consent of both parties on the contract amendment document.

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION
REQ. 09-12238 **Page 4**

If any unforeseen damage requiring a different repair or changes in the Scope of Work is disclosed at any time during Contractor's performance of work, the Contractor shall furnish to the Authority specific repair recommendations for engineering evaluation and approval before proceeding with the work.

4. Inspection and Acceptance

- A. The Contractor's work shall be subject to inspection by the Authority, whose representative shall have reasonable access to all places of manufacture of parts, assembly and tests of equipment. The Contractor shall provide office space and normal office facilities for the Authority's representatives to witness such tests.
- B. Performance of all tests shall be notified to the Authority with such anticipation as to permit the Authority to send its representative to witness such tests.
- C. The transformer shall not be shipped back to Puerto Rico until the Contractor's work has received preliminary acceptance from the Authority's inspector.

5. Penalty

- 1. If the Contractor fails to comply with the delivery date established by the appearing parties, it shall pay to the Authority, as fixed and agreed penalty damages the sum of \$500 for each calendar day of delay in making delivery, up to a maximum of 5% of the contract price, and the Contractor and its sureties shall be liable for the amount thereof; provided, that the Contractor shall not be charged with penalty damages when the delay in delivery is due to unforeseeable causes beyond the control, and without the fault of negligence of the Contractor. In case of delay, the Head of the Material Management Division shall ascertain the facts and extend the time for delivery when in his judgment; the finding of fact justifies such an extension. The Authority shall have the right to the payment or to the withholding of penalty damages for delay in delivery although actual damages attributable to the delay are minimal or nonexistent. Contractor agrees that penalty damages shall not be subject to reduction, moderation on account of minimal actual damages or because damages are nonexistent. Bidders should clearly state in their proposal the acceptance of this clause; however, bidder's silence on this regard shall be understood to mean a full acceptance of the clause and all terms. Rejection or non acceptance of this clause shall be cause of rejection of bidder's proposal.

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION
REQ. 09-12238 **Page 5**

6. Force Majeure

1. Neither party shall be held responsible for the non performance of this Contract, except for the obligation to pay money, already due and owing, if performance hereunder is prevented or delayed by force majeure. As used herein, the term "Force Majeure" shall mean, any cause or circumstances of whatever nature, whether pertaining to a party hereto or its agents, contractors or subcontractors, and which is not within the control of said party hereto, such as, but not limited to acts of God; war; acts of the public enemy; riot; federal, state, or municipal, action or regulation; flood; epidemics; quarantine restrictions; embargoes; damage to or destruction in whole or in part of equipment not due to lack of care or negligence; or any other causes, contingencies, or circumstances within or without the United States not subject to the parties control, either of a similar or dissimilar nature, which prevent or hinder the performance of this Contract. Any such causes of delay, even though existing on the date of the Contract, shall extend the time of the Contractor's performance as stated in Article 10, Delays.

7. Liabilities

- A. The Contractor shall not be responsible for indirect or consequential damages that may occur in relation to the work performed.
- B. The Contractor shall be responsible for all damages to persons or property that occur as a result of its fault or negligence in connection with the prosecution of the work and shall be responsible for proper care and protection of all materials delivered and work performed until completion of work.
- C. The Contractor shall be responsible for all damages (except consequential damages) to third parties, that occur as a result of his fault or negligence in connection with the prosecution of the work.

8. Save Harmless

1. The Contractor agrees to indemnify and save harmless the Authority for all cost and expenses of any nature arising out of any claims for bodily and personal injuries, including death, sustained by any person, including the employees of the contractor, and for damage to property of any nature including loss of use, caused by the contractor, its employees, subcontractor, arising out of its or their performance of failure to perform and/or arising out of materials furnished by the Authority in the performance of contracts; except that the contractor shall not be liable for the sole negligence of the Authority.

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION

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9. Independent Contractor

- A. The Contractor shall be considered an independent contractor for all purposes of this Contract and all persons engaged in carrying out The Contractor's obligations hereunder, shall be the servants of the Contractor or subcontractors and not the servant or agents of The Authority.
- B. The Contractor agrees to make, use, provide and take all proper, reasonably necessary and sufficient precautions, safeguards, and protection against the occurrence or happening of injuries, death and/or damages to any person or property during the performance of the work and to be responsible for, indemnify and save The Authority harmless from public liability and cost and expenses resulting there from or damages that may happen or occur solely through the fault or negligent acts or omissions of The Contractor, its employees, agents and subcontractors, during the performance of the work or while carrying out any act or action directly or indirectly relate or in connection with the performance of this Contract.

10. Insurance Requirements

The Contractor shall obtain and maintain in full force and effect during the life of this Contract and thereafter as provided herein, policies of insurance covering all operations engaged in by the Contract, which shall be formally agreed with insurance companies authorized to do business in Puerto Rico, and to that effect it shall provide in original certificates of insurance and endorsements, as follows:

A. *Workers Compensation Insurance*

The Contractor shall provide Workers Compensation Insurance as required by the Workmen's Compensation Act of the Commonwealth of Puerto Rico. The Contractor shall also be responsible for compliance with said Workmen's Compensation Act by all his subcontractors, agents, and invitees.

The Contractor shall furnish PREPA a certificate from the State Insurance Fund showing that all personnel employed in the work are covered by the Workmen's Compensation Insurance, in accordance with this contract.

B. *Employer's Liability Insurance*

The Contractor shall provide Employer's Liability Insurance with minimum bodily injury limits of \$1,000,000 for each employee and \$1,000,000 for each accident, covering against the liability imposed by Law upon the contractor as a result of bodily injury, by accident or disease, including death arising out of and in the course of employment, outside of and in the course of employment, and outside of

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION

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and distinct from any claim under the Workmen's Compensation Act of the Commonwealth of Puerto Rico.

C. Commercial General Liability Insurance

The Contractor shall provide a Commercial General Liability Insurance with limits of \$2,000,000 per occurrence and \$2,000,000 aggregate. This Policy shall include a completed operations and products coverage.

D. Automobile Liability Insurance

The Contractor shall provide an Automobile Liability Insurance with limits of \$1,000,000 combined single limit covering all owned, non owned and hired automobiles.

E. Inland Marine Insurance:

The Contractor shall provide Inland Marine Insurance to cover equipment in transit by land. The limit of this insurance must be at a minimum the cost of the equipment with the highest value to be transported during the term of the Contract.

F. Ocean Cargo Insurance:

The Contractor shall provide Ocean Cargo Insurance to cover equipment in transit in a cargo vessel. The limit of this insurance must be at a minimum the cost of the equipment with the highest value to be transported during the term of the Contract.

11. Requirements under the Policies

The Commercial General Liability and Automobile Liability Insurance required under this contract shall be endorsed to include:

A. As additional insured:

Puerto Rico Electric Power Authority
Risk Management Office
PO Box 364267
San Juan, PR 00936-4267

B. A 30 days cancellation or nonrenewable notice to be sent by certified mail with return receipt to the above address.

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION

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- C. An endorsement including this Agreement under contractual liability coverage and identifying it by number, date and parties to the Agreement.
- D. Waiver of Subrogation in favor of PREPA.
- E. The Breach of any of the Warranties or Conditions in these policies by the Contractor shall not prejudice PREPA'S rights under this policy.

12. Bonds

The Contractor shall furnish at any time before the execution of the contract:

A Performance Bond in the amount of one hundred percent (100%) of the contract price, with good and sufficient surety satisfactory to the Authority guaranteeing that the contractor will well and faithfully perform the contract work within the time specified.

A Payment Bond in the amount of one hundred percent (100%) of the contract price, with good and sufficient surety satisfactory to the Authority to guarantee the prompt payment of all labor, supervision, equipment and materials required in the performance of the work.

All bonds shall be presented to the Authority before commencement of any work and shall be executed in the required official form of the Authority.

13. Shipment

- 1. The Contractor shall be responsible for picking up the mobile substation and deliver it as indicated in (B). The Contractor shall prepare all materials and articles for shipment in such manner as to protect them from damage in transit by railway and ocean vessel, and shall be responsible for and make good any and all damage due to improper preparation for shipment. Where necessary, heavy parts or machines shall be mounted on skids or crated and any wise be lost shall be boxed or wired in bundles and plainly marked for identification. All parts shall be prepared for shipment so that slings for handling can be attached readily while the parts are on cars. Where it is unsafe to attach slings to the box, boxed parts shall be packed with slings attached to the parts and the slings projected through the box or crate so that attachment can be readily. The Contractor shall mark on all boxes and crated the kind of storage required for the protection of the equipment of materials being furnished by him, clearly stating whether is should be stored under cover or in heated rooms. The Contractor shall be liable for any damage to equipment due to improper storage because of the above specific instructions.

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION

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2. The mobile transformer shall be picked up at Monacillo Transmission Center, San Juan P. R. and delivered at the same place.

14. Location of Repair Facilities

1. The transformer shall be redesigned, repaired and tested at the same location.

15. Experience

1. The bidder's proposal shall include an experience history listing similar or higher capacity units repaired by bidder for other utilities. A minimum of five years operation experience for similar units is required.

All repair facilities must be prequalified by PREPA as approved shops for the repair of transformer of equal or higher capacity.

16. Delivery

1. Delivery time preferred by the Authority is within 182 calendar days after the supplier receives the order. Nevertheless, the Authority will consider quotations with delivery offers up to a maximum of 210 calendar days after receipt of order. Quotations with delivery time within the preferred delivery date will be considered on an equal basis. Quotations exceeding the maximum delivery as stated above will be rejected. Quotations with delivery time between the preferred deliveries as stated above will be rejected. Quotations with delivery time between the preferred delivery time and the maximum allowed delivery time will be compared on that basis for bid award:

$$EQ = \frac{(QP) \times (DO)}{DP}$$

Where EQ = Evaluated quotation

QP = Quoted Price

DP = Delivery time preferred
By the Authority (calendars days)

DO = Deliver time offered by bidder
(calendar days) If DO is greater
than DP'

17. Workmanship

1. All work shall be performed and completed in a through workmanlike manner and shall follow the best modern practice in the manufacture of materials and

apparatus of the types covered by these specifications, notwithstanding any omissions from these specifications. All work shall be performed by personnel skilled in their various trades. All parts shall be made accurately and to standard gauge, where possible, so as to facilitate replacement and repairs.

18. Payments

1. The Authority will pay to the Contractor the total purchase order as follows:

The Contractor shall submit a payment plan that contemplates certifications of work completed at different intervals. The certifications shall not exceed 25% of contracted price and not more than three will be accepted until equipment delivery and acceptance tests are performed.

The Authority shall pay as contracted, but not more than 75% of contracted price before equipment delivery.

19. Warranty for Rehabilitation and Repair of Transformers

1. The contractor warrants the Authority that the rehabilitation of the equipment provided hereunder will be free from defects in workmanship for a period of one (1) year from the date when the transformer under this agreement is energized and/or eighteen (18) months after transformer is received by the Authority, whichever comes first. This warranty is issued provided the Authority has operated the equipment in accordance with generally approved industry practices and any written instructions provided by the contractor, and further provided that the Authority notify the contractor in writing as soon as the defect occurs.
2. Should any piece of equipment or part furnished by the contractor fail to meet the warranty and/or the covered by the warranty, the contractor will repair or replace such parts or piece of equipment as may be necessary to meet the warranty. If any part or piece of equipment not furnished by the contractor fails, it will be removed and replaced by the Authority without cost to the contractor, provided that such failure is not directly related to the contractor's work.

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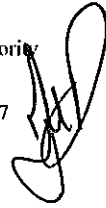
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SAN JUAN PR 00936
United States of America

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PR Electric Power Authority
PO Box 364267
San Juan PR 00936-4267
US



Phone :

Phone :

(787) 289-3300

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TITLE:

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2. EL CONTRATISTA PROVEERÁ UN CERTIFICADO EN ORIGINAL FIRMADO POR UN REPRESENTANTE AUTORIZADO DE UNA COMPAÑÍA EN PUERTO RICO QUE DESCRIBA LA CUBIERTA QUE SE PROPORCIONA DE LOS SEGUROS APLICABLES.
3. PARA ESTA SUBASTA SE SOLICITA UNA FIANZA DE LICITACION DE 10 PORCIENTO DEL TOTAL DE LA OFERTA.
4. EL CONTRATISTA AGRACIADO SOMETERÁ UNA FIANZA DE EJECUCIÓN Y DE PAGO DE 100 PORCIENTO DEL TOTAL COTIZADO.
5. EL CONTRATISTA DEBERA SOMETER CERTIFICACIÓN DE ELEGIBILIDAD DEL REGISTRO ÚNICO DE LICITADORES DE LA ADMINISTRACIÓN DE SERVICIOS GENERALES DEL ELA DE PR.

LOS LICITADORES DEBERAN ASEGURARSE DE MANTENER TODOS SUS DOCUMENTOS VIGENTES. FAVOR VERIFICAR CON LA SRA. ODETTE CHARDON, SUPERVISORA DE LA OFICINA DEL REGISTRO LICITADORES.

FRANCES M. PEREZ - SUPERVISOR DE COMPRAS SENIOR

TEL: (787) 521-3315, 3316

FAX: (787) 521-2593, e-mail: fr-perez-ds@prepa.com

PUERTO RICO ELECTRIC POWER AUTHORITY

Bid -- Purchase Order

Page 3 of 4

Prepared Date

: 10/28/2009

Replies Required By

: 11/04/2009

Quote Number : Q033842

Description : REPAIR THREE PHASE POWER TRANSFORMER

Supplier : 00540202

Line Number	Item Number/Requisition	Quantity Required	Unit Price
Commodity Code/Description		UOM	UOM
Manufacturer Name			
Reference	Lead Time		Total Line Value
Description			Discount %

1 SM081783/09-0000012238

1.00

ALL FOR

TO REPAIR THREE PHASE POWER TRANSFORMER AT MOBILE SUBSTATION,
MOBLESOURCE S/N 0406, 38/13.2 KV, 33.6 MVA, 65 DEGREES C, FOA AS PER
ATTACHED SPECIFICATIONS TERMS AND CONDITIONS.

REQUISITOS Y DOCUMENTOS GENERALES:

1. TODO PROVEEDOR QUE INTERESE PARTICIPAR EN LOS PROCESOS DE COMPRAS EN LA AUTORIDAD DE ENERGIA ELECTRICA, TIENE QUE PERTENECER AL REGISTRO UNICO DE LICITADORES DE LA ADMINISTRACION DE SERVICIOS GENERALES DEL ESTADO LIBRE ASOCIADO DE PUERTO RICO Y AL REGISTRO DE LICITADORES DE LA AUTORIDAD DE ENERGÍA ELÉCTRICA.

2.TIENE QUE ESTAR REGISTRADO Y ACTIVO EN EL REGISTRO DE LICITADORES DE LA AUTORIDAD DE ENERGÍA ELÉCTRICA.

3.TIENE QUE ESTAR EVALUADO Y/O CALIFICADO PARA OFRECER LOS BIENES Y SERVICIOS SOLICITADOS ANTES DE SOMETER SU PROPUESTA.

4. LOS LICITADORES TIENEN QUE INCLUIR CON SU COTIZACIÓN UNA DECLARACIÓN JURADA DE NO CONFLICTO DE INTERESES.

GENERAL REQUIRED DOCUMENTS AND REQUIREMENTS

1. BIDDERS WHO HAS AN INTENTION TO PARTICIPATE IN PREPA'S PURCHASING PROCESSES SHALL BE REGISTERED AND ACTIVE IN PUERTO RICO'S GENERAL SERVICES ADMINISTRATION BIDDERS REGISTRY OFFICE AND PUERTO RICO'S ELECTRIC POWER AUTHORITY BIDDERS REGISTRY OFFICE.

2. BIDDERS MUST BE REGISTERED AND ACTIVE IN PREPA'S SUPPLIERS' REGISTRATION OFFICE.

3. ALL POSSIBLE BIDDERS MUST BE QUALIFIED AND/OR EVALUATED TO PROVIDE SERVICES OR GOODS BEFORE A PROPOSAL SUBMISSION.

4. BIDDERS SHALL INCLUDE PREPA'S SWORN STATEMENT OF NON- CONFLICT WITH PROPOSAL DOCUMENTS.

CLAUSULAS PARA PAGOS DE IMPUESTOS ESTATALES Y FEDERALES

PUERTO RICO ELECTRIC POWER AUTHORITY

Bid -- Purchase Order

Page 4 of 4

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EN CUMPLIMIENTO CON LA SECCIÓN 2906 DEL ARTÍCULO 2, DEL CÓDIGO DE RENTAS INTERNAS DE PUERTO RICO, LA AUTORIDAD DE ENERGÍA ELÉCTRICA ESTÁ EXENTA DEL PAGO DEL ARBITRIO GENERAL DEL 6.6%. ADEMÁS, A PARTIR DEL 15 DE NOVIEMBRE DE 2006, ESTÁ EXENTA DEL PAGO DEL IMPUESTO A LA VENTA Y USOS (IVU) ESTATAL Y MUNICIPAL POR VIRTUD DE LA SECCIÓN 2508 DE LA LEY 117 DEL 4 DE JULIO DE 2006, CONOCIDA COMO LA LEY DE JUSTICIA CONTRIBUTIVA.

* LAS FACTURAS TIENEN QUE DETALLAR EL CONCEPTO DE LA COMPRA O SERVICIO.

LOCAL AND FEDERAL TAXES CLAUSE

IN COMPLIANCE WITH PUERTO RICO'S INTERNAL REVENUE SERVICE CODE, SECTION 2906, ARTICLE 2, PUERTO RICO ELECTRIC POWER AUTHORITY IS EXEMPT OF 6.6% TAX PAYMENT, ALSO, STARTING ON NOVEMBER 15TH, 2006; AND IN ACCORDANCE TO LAW 117 OF 4TH OF JULY OF 2006, KNOWN AS LEY DE JUSTICIA CONTRIBUTIVA ; PREPA IS EXCEMPT OF IVU (IMPUESTO A LA VENTA Y USOS ESTATAL Y MUNICIPAL) TAX PAYMENT.

INVOICES SHALL INCLUDE ALL DETAILS RELATED TO GOOD OR SERVICE PURCHASED.

CRITERIO DE ACEPTACIÓN PARA APLICAR LA LEY NÚMERO 14 DEL 8 DE ENERO DE 2004

LA LEY NÚMERO 14 DEL 8 DE ENERO DE 2004 APLICA A LAS COMPRAS DE LA AUTORIDAD DE ENERGÍA ELÉCTRICA.

PARA CONSIDERAR Y APLICAR ESTA LEY EL LICITADOR TIENE QUE SOMETER CON SU COTIZACIÓN COPIA DE LA RESOLUCIÓN CON EL INCENTIVO DE PREFERENCIA OTORGADO POR LA JUNTA PARA LA INVERSIÓN DE LA INDUSTRIA PUERTORRIQUEÑA ADSCRITA A LA COMPAÑÍA DE FOMENTO INDUSTRIAL.

ACCEPTANCE CRITERIA FOR LAW NO. 14 OF JANUARY 8TH, 2004

LAW NO. 14 OF JANUARY 8TH, 2004; APPLIES TO PREPA'S PURCHASES.

IN ORDER TO CONSIDER AND APPLY THIS LAW, BIDDERS SHAL HAVE TO INCLUDE WITH A PROPOSAL, AN APPROVED COPY OF THE INCENTIVO DE PREFERENCIA RESOLUTION. THIS DOCUMENT WILL PRESENT AN INCENTIVE PERCENTAGE APPROVED BY LA JUNTA PARA LA INVERSIÓN DE LA INDUSTRIA PUERTORRIQUEÑA .

**SPECIFICATIONS FOR REPAIR
OF MOBILE SUBSTATION
09-12238 (320-005-010)**

1. Scope of Work

To furnish all labor, engineering and materials for the rewinding of the following transformer in strict accordance with this specifications, terms and conditions; to update or redesign using current production materials available, present day computer techniques, current test data and short circuit stress calculation as per PREPA'S desired short circuit currents, and latest ANSI short circuit requirements. The core and mechanical support structure must be analyzed and improved if necessary in addition to the nameplate winding assembly. The winding system will be designed to meet the ultimate limiting thermal rises and short circuit forces as established in ANSI c 57.12.00 - 1980 and as calculated during the design stage.

- A. The design, construction, repair and tests of the failed transformer shall conform to the latest standards of the Institute of Electric and Electronic Engineers Association (IEEE). The National Electrical Manufacturers Association (NEMA) and the American National Standard Institute (ANSI). Bidders shall quote for: Only One Phase Rewind, Two Phase Rewind and Complete Rewind of the unit.

TRANSFORMER TO BE REPAIRED

Articles or Services

- | | | |
|----|------------|---|
| 1. | Mfg : | Moblesource Mobile Substation |
| | S.N.: | 0406 |
| | Volts: | 38,000/13200 Auto +/- 10% on Load Taps
in +/- 16 Steps |
| | BIL: | 250KV/110KV |
| | Class: | ODAF |
| | KVA: | 33,600 @ 95°C Rise |
| | LTC: | ABB TYPE UZERT 200/600 |
| | Windings: | Autotransformer, 3 phase, 60 cycles |
| | Impedance: | 7.2 % |
| | CN: | 128A-03-001-000 |
| | Dimension: | Height 13'-6", width 8', length 46' |
| | Weight: | 61,000 lbs. Total transformer weight, 30,500 lbs. untanking
92,000 lbs. Total for Mobile Substation
16,500 lbs. oil |
| | PCB: | Non Detected |

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION
REQ. 09-12238 **Page 2**

Bidders shall quote for all parts listed below, including labor for replacement, and calibration if necessary.

- a. Winding temperature indicator.
- b. Oil temperature indicator.
- c. Pressure relief valve.
- d. Main tank level gauge.
- e. LTC level gauge.
- 6. oil coolers
- 8. to refurbish two oil pumps as necessary

2. Technical Specifications

- 1. The above listed equipment shall be rewound using paper insulated copper conductors. The rewinding must include as necessary, the high voltage windings, the low voltage windings, tap windings and any other winding if applicable. The contractor shall also replace as necessary, all coil leads in the main tank. The contractor shall inspect and make the necessary adjustments, repairs or replacement of instrumentation and load tap changing equipment if the transformer is provided with such. All transformer gaskets shall be replaced by hard nitrile (BUNA N) gaskets.

After untanking, disassembly and strip down of the core and coils, the contractor shall submit a failure analysis report. The report shall include possible causes of failure and recommendation to improve the transformer design and performance; and description of the work to be performed.

The contractor shall make all tests necessary to insure that its materials and workmanship are of the required degree of excellence and that the equipment furnished by him will perform as specified and guaranteed.

- B. Test: In addition to the standards tests, the following test shall be performed in accordance with the latest revision on ANSI standard test code 057.12.90.
 - 1. Resistance measurement of all windings on the rated voltage connection.
 - b. Ratio tests on rated voltage connection and on all tap connections.
 - c. Polarity and phase-relation test on the rated voltage connection.
 - d. No load losses at rated voltage on the rated voltage connection.
 - e. Exciting current at rated voltage on the rated voltage connection, and at

- 90% and 110% of rated voltage.
- f. Impedance and load losses at rated voltage connection. If the transformer is provided with a tertiary winding or harmonic balance winding, the contractor shall make all necessary test to determine impedances between primary to secondary, primary to tertiary, and secondary to tertiary.
- g. Applied potential test at 100% rated test voltage.
- h. Induced potential test at 100% rated test voltage.
- i. Insulation power factor test to all windings and between windings.
- j. Impulse test (full rewind) as per ANSI standard.
- k. RIV for transformer rated 69KV and above.
- l. Insulation resistance to core and windings.

After the completion of the repair job, the contractor shall submit two sets of certified test data.

GENERAL NOTES

1. Consideration

The Authority agrees to pay and the Contractor to accept as full payment for the complete performance of this order, in accordance with all terms and conditions herein contained.

2. Commencement and completion of work

Mobilization of personnel and equipment and/or the transportation of the transformer to shop shall be commenced in such a way that actual repair and rehabilitation work shall be started within ten days after notice to proceed. The contractor shall provide a master schedule covering the repair period.

3. Changes and/or Extra Work

The Authority may, at any time, make changes within the Scope of Work and/or extra work. When such changes and/or extra work require a price and/or schedule revision, such revision (s) shall be negotiated and valid only upon the written consent of both parties on the contract amendment document.

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION

REQ. 09-12238

Page 4

If any unforeseen damage requiring a different repair or changes in the Scope of Work is disclosed at any time during Contractor's performance of work, the Contractor shall furnish to the Authority specific repair recommendations for engineering evaluation and approval before proceeding with the work.

4. Inspection and Acceptance

- A. The Contractor's work shall be subject to inspection by the Authority, whose representative shall have reasonable access to all places of manufacture of parts, assembly and tests of equipment. The Contractor shall provide office space and normal office facilities for the Authority's representatives to witness such tests.
- B. Performance of all tests shall be notified to the Authority with such anticipation as to permit the Authority to send its representative to witness such tests.
- C. The transformer shall not be shipped back to Puerto Rico until the Contractor's work has received preliminary acceptance from the Authority's inspector.

5. Penalty

- 1. If the Contractor fails to comply with the delivery date established by the appearing parties, it shall pay to the Authority, as fixed and agreed penalty damages the sum of \$500 for each calendar day of delay in making delivery, up to a maximum of 5% of the contract price, and the Contractor and its sureties shall be liable for the amount thereof; provided, that the Contractor shall not be charged with penalty damages when the delay in delivery is due to unforeseeable causes beyond the control, and without the fault of negligence of the Contractor. In case of delay, the Head of the Material Management Division shall ascertain the facts and extend the time for delivery when in his judgment, the finding of fact justify such an extension. The Authority shall have the right to the payment or to the withholding of penalty damages for delay in delivery although actual damages attributable to the delay are minimal or nonexistent. Contractor agrees that penalty damages shall not be subject to reduction, moderation on account of minimal actual damages or because damages are nonexistent. Bidders should clearly state in their proposal the acceptance of this clause; however, bidder's silence on this regard shall be understood to mean a full acceptance of the clause and all terms. Rejection or non acceptance of this clause shall be cause of rejection of bidder's proposal.

6. Force Majeure

1. Neither party shall be held responsible for the non performance of this Contract, except for the obligation to pay money, already due and owing, if performance hereunder is prevented or delayed by force majeure. As used herein, the term "Force Majeure" shall mean, any cause or circumstances of whatever nature, whether pertaining to a party hereto or its agents, contractors or subcontractors, and which is not within the control of said party hereto, such as, but not limited to acts of God; war; acts of the public enemy; riot; federal, state, or municipal, action or regulation; flood; epidemics; quarantine restrictions; embargoes; damage to or destruction in whole or in part of equipment not due to lack of care or negligence; or any other causes, contingencies, or circumstances within or without the United States not subject to the parties control, either of a similar or dissimilar nature, which prevent or hinder the performance of this Contract. Any such causes of delay, even though existing on the date of the Contract, shall extend the time of the Contractor's performance as stated in Article 10, Delays.

7. Liabilities

- A. The Contractor shall not be responsible for indirect or consequential damages that may occur in relation to the work performed.
- B. The Contractor shall be responsible for all damages to persons or property that occur as a result of its fault or negligence in connection with the prosecution of the work and shall be responsible for proper care and protection of all materials delivered and work performed until completion of work.
- C. The Contractor shall be responsible for all damages (except consequential damages) to third parties, that occur as a result of his fault or negligence in connection with the prosecution of the work.

8. Save Harmless

1. The Contractor agrees to indemnify and save harmless the Authority for all cost and expenses of any nature arising out of any claims for bodily and personal injuries, including death, sustained by any person, including the employees of the contractor, and for damage to property of any nature including loss of use, caused by the contractor, its employees, subcontractor, arising out of its or their performance of failure to perform and/or arising out of materials furnished by the Authority in the performance of contracts; except that the contractor shall not be liable for the sole negligence of the Authority.

9. Independent Contractor

- A. The Contractor shall be considered an independent contractor for all purposes of

this Contract and all persons engaged in carrying out The Contractor's obligations hereunder, shall be the servants of the Contractor or subcontractors and not the servant or agents of The Authority.

- B. The Contractor agrees to make, use, provide and take all proper, reasonably necessary and sufficient precautions, safeguards, and protection against the occurrence or happening of injuries, death and/or damages to any person or property during the performance of the work and to be responsible for, indemnify and save The Authority harmless from public liability and cost and expenses resulting therefrom or damages that may happen or occur solely through the fault or negligent acts or omissions of The Contractor, its employees, agents and subcontractors, during the performance of the work or while carrying out any act or action directly or indirectly relate or in connection with the performance of this Contract.

10. Policies Required

- A. The Contractor shall secure and maintain in full force and effect during the life of this contract and thereafter as provided herein, policies of insurance covering all operations engaged in by the contract as follows:
 - A. The Contractor shall provide worker's compensation insurance as required by the Worker's Compensation Act of the Commonwealth of Puerto Rico for any portion of the contract performed in the Island of Puerto Rico. The Contractor shall also be responsible for compliance with said Worker's Compensation Act by all his subcontractors.
 - B. The Contractor shall furnish the Authority a certificate from the State Insurance Fund showing that all personnel employed in the work are covered. If imported technical personnel is exempted, the contractor shall furnish evidence of such exemption and certificate from the insurance carrier covering said personnel.
 - C. The Contractor shall provide Employer's Liability Insurance with minimum bodily injury limits of \$500,000 for each person and \$500,000 for each accident covering against the contractor as a result of bodily injury by accident or disease, including death arising out of and in the course of his employment outside of and distinct from any claim for Worker's Compensation Act of the Commonwealth of Puerto Rico.
 - D. Contractor shall maintain a Comprehensive General Liability policy with:
 - 1. Limits of \$500,000 combined single limit and \$1,000,000 aggregate, and the following coverage:

SPECIFICATIONS FOR REPAIR OF MOBILE SUBSTATION
REQ. 09-12238 **Page 7**

- (1) Premises - Operations
- (2) Independent Contractors
- (3) Products - Completed Operations
- (4) Personal Injury

In addition, the insurance policy must include:

- a. An endorsement naming the Authority as an equal but Additional Insured Interest.
 - b. the Save-Harmless clause is to be endorsed in its entirety within the policy.
- E. The Contractor shall maintain a Comprehensive Automobile Liability Policy with limits of \$500,000 combined single limit covering all owned, non owned, and hired automobiles.

It is also understood that the contractor may carry limits and coverage in excess of those required under this contract.

The Authority will insure the transformer(s) for inland transportation and ocean freight. For this purpose the contractor shall provide a complete schedule including pick up and delivery, and shall notify the Authority pick up and delivery dates ten days prior to mobilization.

11. Subcontractor

The Contractor shall require all of its subcontractors to provide the aforementioned coverages as well as any other coverages that the contractor may consider necessary, and any deficiency in the coverages or policy limits of said subcontractors will be the sole responsibility of the Contractor.

12. Bonds

As contract security the Contractor shall furnish at the time of the execution of the contract:

- A. A Performance Bond in the amount of forty per cent (40%) of the contract price, with good and sufficient surety satisfactory to the Authority guaranteeing that the Contractor will well and faithfully perform the contract work within the time specified.
- B. A Payment Bond in the amount of one hundred per cent (100%) of contract price,

with good and sufficient surety satisfactory to the Authority to guarantee the prompt payment of all labor, equipment and materials required in the performance of the work.

13. Shipment

1. The Contractor shall be responsible for picking up the mobile substation and deliver it as indicated in (B). The Contractor shall prepare all materials and articles for shipment in such manner as to protect them from damage in transit by railway and ocean vessel, and shall be responsible for and make good any and all damage due to improper preparation for shipment. Where necessary, heavy parts or machines shall be mounted on skids or crated and any wise be lost shall be boxed or wired in bundles and plainly marked for identification. All parts shall be prepared for shipment so that slings for handling can be attached readily while the parts are on cars. Where it is unsafe to attach slings to the box, boxed parts shall be packed with slings attached to the parts and the slings projected through the box or crate so that attachment can be readily. The Contractor shall mark on all boxes and crated the kind of storage required for the protection of the equipment of materials being furnished by him, clearly stating whether is should be stored under cover or in heated rooms. The Contractor shall be liable for any damage to equipment due to improper storage because of the above specific instructions.
2. The mobile transformer shall be picked up at Monacillo Transmission Center, San Juan P. R. and delivered at the same place.

14. Location of Repair Facilities

1. The transformer shall be redesigned, repaired and tested at the same location.

15. Experience

1. The bidders proposal shall include an experience history listing similar or higher capacity units repaired by bidder for other utilities. A minimum of five years operation experience for similar units is required.

All repair facilities must be prequalified by PREPA as approved shops for the repair of transformer of equal or higher capacity.

16. Delivery

1. Delivery time preferred by the Authority is within 182 calendar days after the supplier receives the order. Nevertheless, the Authority will consider quotations with delivery offers up to a maximum of 210 calendar days after receipt of order. Quotations with delivery time within the preferred delivery date will be considered on an equal basis. Quotations exceeding the maximum delivery as stated above will be rejected. Quotations with delivery time between the preferred delivery as stated above will be rejected. Quotations with delivery time between the preferred delivery time and the maximum allowed delivery time will be compared on that basis for bid award:

$$EQ = \frac{(QP) (DO)}{DP}$$

Where EQ = Evaluated quotation

QP = Quoted Price

DP = Delivery time preferred
by the Authority (calendars days)

DO = Deliver time offered by bidder
(calendar days) If DO is greater
than DP'

17. Workmanship

1. All work shall be performed and completed in a through workmanlike manner and shall follow the best modern practice in the manufacture or materials and apparatus of the types covered by these specifications, notwithstanding any omissions from these specifications. All work shall be performed by personnel skilled in their various trades. All parts shall be made accurately and to standard gauge, where possible, so as to facilitate replacement and repairs.

18. Payments

1. The Authority will pay to the Contractor the total purchase order as follows:

The Contractor shall submit a payment plan that contemplates certifications of work completed at different intervals. The certifications shall not exceed 25% of contracted price and not more than three will be accepted until equipment delivery and acceptance tests be performed.

The Authority shall pay as contracted, but not more than 75% of contracted price before equipment delivery.

19. Warranty for Rehabilitation and Repair of Transformers

1. The contractor warrants the Authority that the rehabilitation of the equipment provided hereunder will be free from defects in workmanship for a period of one (1) year from the date when the transformer under this agreement is energized and/or eighteen (18) months after transformer is received by the Authority, whichever comes first. This warranty is issued provided the Authority has operated the equipment in accordance with generally approved industry practices and any written instructions provided by the contractor, and further provided that the Authority notify the contractor in writing as soon as the defect occurs.
2. Should any piece of equipment or part furnished by the contractor fail to meet the warranty and/or the covered by the warranty, the contractor will repair or replace such parts or piece of equipment as may be necessary to meet the warranty. If any part or piece of equipment not furnished by the contractor fails, it will be removed and replaced by the Authority without cost to the contractor, provided that such failure is not directly related to the contractor's work.