



Contract

PUERTO RICO ELECTRIC POWER AUTHORITY

Contract: 00087285
Release :
Executed: 06/26/2020
Printed : 06/26/2020
Page : 1

Mail Invoice To:

AUTORIDAD DE ENERGIA ELECTRICA
DIVISION DE TESORERIA
P.O. BOX 70253
SAN JUAN PR 00936-8253

Vendor:

ING. ARMANDO RODRÍGUEZ
ARG PRECISION CORP
PMB 911
PO BOX 2500
TOA BAJA PR 00951

Please Direct Inquiries to:

FELIX MARTINEZ-MENDEZ
FMARTINEZ5895@AEEPR.COM

Title: BUYER

Phone: 787-521-3313

Ext:

Fax : 787-521-3280

Work Location:

JEFE CONSERVACION
CENTRAL PALO SECO
CARR. NUM.165 KM 31.8
TOA BAJA PR 00949

Title: CONTRATO DE MANENIMIENTO UNIDADES PW FT8

Total Value : \$1,950,000.00 USD

** NOT TO EXCEED **

Pricing Method: LABOR HOURS

Contract Type : PROFESSIONAL SERVICES

Start Date: 07/01/2020

Project :

End Date : 12/31/2020

Vendor Authorized Signature

Printed Name/Title

Date Signed

Phone

Authorized Signature

Neftalí González Cruz

Printed Name/Title

Date Signed

Phone

Terms and Conditions - Text at End

| Fac | Standard | Rev S/P Text | Title |
|-----|----------|--------------|------------------------------------------------|
| | PH000001 | 004 S Y | EQUAL OPPORTUNITY |
| | PH000003 | 001 S Y | PACKAGING, SHIPPING AND INVOICING INSTRUCTIONS |



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Terms and Conditions - Text at End

| Fac | Standard | Rev | S/P | Text | Title |
|-----|----------|-----|-----|------|------------------------------------|
| | PH000007 | 004 | S | Y | APPLICABLE LAW |
| | PH000011 | 006 | S | Y | CHANGES TO ORDER. |
| | PH000032 | 009 | S | Y | DELIVERY |
| | PH000033 | 009 | S | Y | FORCE MAJEURE |
| | PH000039 | 008 | S | Y | PRICE & PAYMENT |
| | PH000056 | 008 | S | Y | TAXES AND DUTIES |
| | PH000057 | 005 | S | Y | TERMINATION |
| | PH000080 | 002 | S | Y | QUALITY STANDARDS AND WARRANTIES 2 |

Scope of Work

ORDEN DE COMPRA SERVICIO LABOR 00087285

SE ADJUDICA ESTA ORDEN ÚNICO SUPLIDOR DE ACUERDO A LA SOLICITUD DEL USUARIO QUE SOMETIÓ MEMORANDO DE JUSTIFICACIÓN DE SERVICIO DE MANO DE OBRA A REQUERIMIENTO Y REQUICISIÓN POR LA RUTA DE APROBACION ELECTRÓNICA DE UNICO SUPLIDOR QUE CUMPLE CON LA NORMA DE APROBACIÓN DE DOCUMENTOS POR LOS OFICIALES DE LA AUTORIDAD PARA EL MANTENIMIENTO DE LAS UNIDADES AERODERIVADAS DE MAYAGUEZ Y PALO SECO DE ACUERDO A LA PROPUESTA DE FECHA 80 DE JUNIO DE 2020.

TODOS SE REALIZARÁN DE ACUERDO A LA PROPUESTA ARG 0705-06082020-4JN Y LOS TÉRMINOS Y CONDICIONES QUE SE INCLUYEN. CR 241654

COSTO TOTAL: \$1,950,000.00

TÉRMINO DE PAGO: NETO 60 DÍAS

PERSON CONTACTO: ING. JOSÉ VÁZQUEZ VERA - TEL: 787-521-7254

EL SUPLIDOR TIENEN QUE DESGLOZAR SU PRECIO EN ALZADA (LUMP SUM) ENTRE LO QUE ES LABOR, MATERIALES Y EQUIPOS, PARA LA APLICACIÓN DE LA APORTACION ESPECIAL DE 1.5 % BAJO LA LEY NUM. 48-2013.

ADEMÁS, TIENE QUE SOMETER JUNTO A LA FACTURA, EL CONDUCE FIRMADO POR EL USUARIO COMO EVIDENCIA DE HABER RECIBIDO EL SERVICIO, DE NO PROVEERLO SU FACTURA LE SERA DEVUELTA.

EL SUPLIDOR PROVEERÁ UN CERTIFICADO EN ORIGINAL FIRMADO POR UN REPRESENTANTE AUTORIZADO DE UNA COMPAÑÍA EN PUERTO RICO QUE DESCRIBA LA



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CUBIERTA DE LOS SIGUIENTES SEGUROS:

- A. CORPORACIÓN DEL FONDO DEL SEGURO DEL ESTADO
- B. SEGURO DE RESPONSABILIDAD PÚBLICA GENERAL - CON UNA CUBIERTA MÍNIMA DE \$1,000,000.00
- C. SEGURO DE RESPONSABILIDAD PÚBLICA DE AUTOMOVIL - CON UNA CUBIERTA MÍNIMA DE \$1,000,000.00 - LIMITE SENCILLO COMBINADO
- D. SEGURO DE RESPONSABILIDAD PATRONAL - CON UNA CUBIERTA MÍNIMA DE \$1,000,000.00 - POR EMPLEADO Y POR ACCIDENTE

GERENTE DE COMPRAS

FELIX MARTINEZ MENDEZ

TEL. 787-521-3313

EMAIL: felix.martinez@aeep.com

RE: Six (6) months maintenance proposal for FT8 Units Three (3) located at the Palo Seco Power Plant and eight (8) located at the Mayaguez Gas Turbines Site

SCOPE OF WORK - PALO SECO SITE

ARG (SELLER) RESPONSIBILITIES:

1) ARG will provide the following:

- a. Maintenance service as per PWPS Service Bulletin to perform the maintenance activities outlined in PWPS SB96B03, see attached, except for: BRUSH Long Term inspections page 6 activities M-GEN-10, MG-GEN-11 and M-GEN-13 and any work needed to be performed at US or third party workshops; also excludes transportation costs.
- b. 1 PWPS Field service representatives: one electrical/instrumentation technician to support and perform the maintenance activities outlined in PWPS service bulletin SB96B03. May be relocated to the other site if required.
- c. All special tooling and equipment needed for the above. This does not include equipment, tools or material for other activities not covered on service bulletin SB96B03.
- d. FSE and Public Liability Insurances. No other general or risk Insurances included.

SCOPE OF WORK- MAYAGUEZ SITE

ARG (SELLER) RESPONSIBILITIES:

1) ARG will provide the following:



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- a. Maintenance service as per PWPS Service Bulletin to perform the maintenance activities outlined in PWPS SB96B03, see attached, except for: BRUSH Long Term inspections page 6 activities M-GEN-10, MG-GEN-11 and M-GEN-13 and any work needed to be performed at US or third party workshops; also excludes transportation costs.
- b. 1 PWPS Field service representatives: one mechanical technician qualified to support and perform the maintenance activities outlined in PWPS service bulletin SB96B03. May be relocated to the other site if required.
- c. All special tooling and equipment needed for the above. This does not include equipment, tools or material for other activities not covered on service bulletin SB96B03.
- d. FSE and Public Liability Insurances. No other general or risk Insurances included.
- Additional Scope (For Both Sites)
- ? ARG personnel will provide routine maintenance service and repairs if necessary to improve the unit's availability and reliability during the duration of the contract and will be available to respond to emergencies to perform repairs or troubleshooting of the units if necessary.
- ? ARG will submit weekly maintenance reports, findings, recommendations, and repairs performed on the units.
- ? ARG will submit the service bulletin reports for PREPA files
- RE: Six (6) months maintenance proposal for FT8 Units Three (3) located at the Palo Seco Power Plant and eight (8) located at the Mayaguez Gas Turbines Site

? Any additional out of the scope material or service needed will be subject to PREPA's approval

? ARG will submit a list of the specialty tools included in the contract

? ARG will submit weekly timesheets for PREPA's representative approval

With timely and proper coordination, resources such as personnel & tools may be shared between the two sites at no additional costs except for costs associated to equipment transportation between sites. In the case of electrician, mechanic and helpers that do not have daily per diem in the tables below a charge of



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\$100/day would be required for each if these are requested by owner to be moved to the other site.

For each site, should the customer request additional work to be performed, or there are delays not caused by ARG, to include but not limited contractual disputes, end user requests, it will be priced on a Time and Material (locally acquired materials) basis applicable at the time of service, in accordance with the current rates already supplied and expenses at cost plus 10%. Materials or parts that need to be acquired from the manufacturer or outside of Puerto Rico will be quoted separately.

UNSCHEDULED EVENTS - OTHER PREPA SITES

On an un-scheduled event that may occur with any PREPA owned gas turbine on the island, Frame 5, Frame 7 or similar, the personnel localized at Mayaguez and/or Palo Seco may be directed at the request of PREPA to attend the issue. In the case of electrician, mechanic and helpers that do not have daily per diem in the tables below a charge of \$100/day would be required for each if these are requested by owner to be moved to the other site.

CUSTOMER RESPONSIBILITIES:

Buyer will provide the following:

- a. Buyer O&M personnel is responsible for lock-out/tag-out and de-energization of the equipment as necessary. Buyer's personnel should also be available, as required, to support any maintenance activities.
- b. ARG personnel will inform the Buyer O&M personnel when the units are ready for start-up during the test run of the engines and the Buyer O&M personnel are responsible for following proper OEM start-up procedures.
- c. Buyer is responsible for purchasing any parts and consumables required to keep the units in operating condition.
- d. Customer is responsible for purchasing PWPS recommend spare parts list. ARG will provide a separate quote for required parts.

RE: Six (6) months maintenance proposal for FT8 Units Three (3) located at the Palo Seco Power Plant and eight (8) located at the Mayaguez Gas Turbines Site

PRICING PALO SECO

1. A high reach forklift is to remain at site for a period of 6 month,



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included above, to be available for maintenance activities. Any other temporary rigging equipment necessary to perform a work that is not covered in the above will be charged as a cost-plus basis with a 10% over rental amount.

2. A borescope, when needed (see service bulletin SB96B03), will be charged as a cost-plus basis with 10% over rental amount.

Maintenance Mobil Units Palo Seco

Description QTY Cost/Hr Cost/Month

Perdiem

/day

Perdiem

/Mo Notes Monthly Cost

Maintenance Manager 0.5 \$115.00 \$18,400.00 \$100 \$3,000 Shared Within Two Sites \$10,700.00

Maintenance Supervisor 1 \$85.00 \$13,600.00 \$75 \$2,250 8 hrs/day & 5 days/wk \$15,850.00

Utility Mechanic 1 1 \$50.00 \$8,000.00 8 hrs/day & 5 days/wk \$8,000.00

Tech Advisor-Electrical & Instrument 1 \$260.68 \$41,708.80 \$475 \$14,250 8 hrs/day & 5 days/wk \$55,958.80

Helper - Skilled 1 \$26.60 \$4,256.00 8 hrs/day & 5 days/wk \$4,256.00

Labor - Utility 1 \$21.28 \$3,404.80 8 hrs/day & 5 days/wk \$3,404.80

Runner 1 \$21.28 \$3,404.80 8 hrs/day & 5 days/wk \$3,404.80

Forklift High Reach 1 \$5,320.00 \$5,320.00

Office Trailer 1 \$2,660.00 \$2,660.00

Storage Trailer 1 \$2,660.00 \$2,660.00

550 Utility Truck 0.5 \$4,788.00 Shared Within Two Sites \$2,394.00

Pickup Truck 1 \$1,596.00 \$1,596.00

Specialty Tools 0.5 \$4,788.00 \$2,394.00

Instrumentation Tools 0 \$0.00 If Required Cost Plus \$0.00

Office Supplies 1 \$532.00 \$532.00

Cell Phones and WIFI 1 \$1,300.00 \$1,300.00

Oil Spill Kit & Supplies 1 \$212.80 \$212.80

Electrical 1 By PREPA

Sanitary Facilities 1 \$600 \$600

Water 1 By PREPA

Waste Disposal 1 \$400 \$400

Sub-Total \$121,643

General Office Overhead 1 \$6,082 5% \$6,082

Public Liability Insurance 1 \$894 \$894

FSE 1 \$2,164 \$2,164

Sub-Total \$130,783

Profit 15% \$19,617.45



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Total/ Month \$150,400

Personnel

Equipment

Utilities

RE: Six (6) months maintenance proposal for FT8 Units Three (3) located at the Palo Seco Power

Plant and eight (8) located at the Mayaguez Gas Turbines Site

PRICING MAYAGUEZ

1. A high reach forklift is to remain at site for a period of 6 month, included above, to be available for maintenance activities. Any other temporary rigging equipment necessary to perform a work that is not covered in the above will be charged as a cost-plus basis with a 10% over rental amount.

2. A borescope, when needed (see service bulletin SB96B03), will be charged as a cost-plus basis with 10% over rental amount.

Maintenance Mobil Units Mayaguez (8)

Description QTY Cost/Hr Cost/Month

Perdiem/

day

Perdiem/

Mo Notes Monthly Cost

Maintenance Manager 0.5 \$115.00 \$18,400.00 \$100 \$3,000 Shared Within Two Sites \$10,700.00

Maintenance Supervisor 1 \$85.00 \$13,600.00 \$75 \$2,250 8 hrs/day & 5 days/wk \$15,850.00

Electrician 1 \$50.00 \$8,000.00 Can be Shared Within Two Sites \$8,000.00

Utility Mechanic 1 1 \$50.00 \$8,000.00 8 hrs/day & 5 days/wk \$8,000.00

Tech Advisor-Mechanical 1 \$260.68 \$41,708.80 \$475 \$14,250 8 hrs/day & 5 days/wk \$55,958.80

Helper - Skilled 1 \$26.60 \$4,256.00 8 hrs/day & 5 days/wk \$4,256.00

Labor - Utility 1 \$21.28 \$3,404.80 8 hrs/day & 5 days/wk \$3,404.80

Runner 1 \$21.28 \$3,404.80 8 hrs/day & 5 days/wk \$3,404.80

Forklift High Reach 1 \$5,320.00 \$5,320.00

Office Trailer 1 \$2,660.00 \$2,660.00

Storage Trailer 1 \$2,660.00 \$2,660.00

550 Utility Truck 0.5 \$4,788.00 Shared Within Two Sites \$2,394.00

Pickup Truck 1 \$1,596.00 \$1,596.00

Specialty Tools 0.5 \$4,788.00 Shared Within Two Sites \$2,394.00

Instrumentation Tools 0 \$0.00 If Required Cost Plus \$0.00

Office Supplies 1 \$532.00 \$532.00



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Cell Phones and WIFI 1 \$1,300.00 \$1,300.00

Oil Spill Kit & Supplies 1 \$212.80 \$212.80

Electrical 0 By PREPA

Sanitary Facilities 0 \$600 \$600

Water 0 By PREPA

Waste Disposal 1 \$400 \$400

Sub-Total \$129,643

General Office Overhead 1 \$6,482 5% \$6,482

Public Liability Insurance 1 \$953 \$953

FSE 1 \$2,334 \$2,334

Sub-Total \$139,412

Profit 15% \$20,911.83

Total/ Month \$160,324

Personnel

Equipment

Utilities

RE: Six (6) months maintenance proposal for FT8 Units Three (3) located at the Palo Seco Power

Plant and eight (8) located at the Mayaguez Gas Turbines Site

PRICING NOTES:

The pricing provided is based on the following assumptions:

- o The work hours are 8 hours, Monday to Friday, except PR Official holidays.
- o All hours in excess of this will be billed at standard contract rates.
- o All positions are on standby the weekend and this cost is included in the quote.
- o If any position is required to work the weekend or holiday then a minimum of 8 hours overtime will be charged.
- o PWPS TA positions will be on a rotation; this cost is included in quote.
- o Travel time and expenses are included in the monthly fee

PUBLISHED ARG RATES

ARG Precision Corp. include services provided by personnel from PWPS Turbine, Ancillary, Controls or Performance Engineering groups.

Daily Rate Overtime Double Time Per Diem

PWPS Technical Advisor \$227/hr \$300hr \$365/hr \$633/day

PWPS Engineering \$353/hr \$406/hr \$475/hr \$633/day

Standby Rate \$227/hr \$300/hr \$365/hr \$633/day

Note: Other rates for other generator specialties may apply depending on the ultimate findings.

The following summarizes some of the key assumptions regarding the hourly rates for Field Service and



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PW Power Service Engineering Services:

1. Rates quoted above are based on 8 hrs. workday. Additional hours will be billed at the published PW Power Service rates.
 2. Rates do not include expenses. Expenses, which include but are not limited to, tool and test equipment shipping, roundtrip airfare, per-diem (to cover lodging, meals and incidentals) for all days worked, rental vehicles and equipment rental, will be charged at cost plus 10% handling fee.
 3. Overtime is charged for all hours over 8 per day Monday through Friday and for all hours on Saturday and Sunday. Double time is charged for all hours worked on PWPS holidays.
 4. Double time is charged for all hours worked on the following holidays.
Memorial Day: May 23th - 25th
Independence Day: July 3rd - 5th
Labor Day: September 5th - September 7th
Thanksgiving Day: November 26th - November 29
Christmas/New Year: December 25th - January 1st
 5. For firm fixed proposals, additional hours outside the scope of the proposed services will be charged at the standard rates listed above. All other proposals will be invoiced on actual hours worked.
- RE: Six (6) months maintenance proposal for FT8 Units Three (3) located at the Palo Seco Power Plant and eight (8) located at the Mayaguez Gas Turbines Site

AS REQUIRED BY OWNER - ARG RATES

If additional resources other than the included in the above (monthly fix quote) are required, the following daily rates would apply. Rates below do not include expenses. Expenses, which include but are not limited to, tool and test equipment shipping, roundtrip airfare, per-diem (to cover lodging, meals and incidentals) for all days worked, rental vehicles and equipment rental, will be charged at cost plus 10% handling fee.

AS REQUIRED DAILY RATES

Description QTY DAILY RATE OVERTIME

Perdiem/

day NOTES

Welder 1 \$62.50 \$84.38 \$100



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Fabricator 1 \$62.50 \$84.38 \$100
Electrician 1 \$62.50 \$84.38 \$100
Instrumentation Technician 1 \$62.50 \$84.38 \$100
Utility Mechanic 1 \$62.50 \$84.38 \$100
Plumber 1 \$40.00 \$54.00 \$100
Painter 1 \$38.75 \$52.31 \$100
Mansory Worker (Albanil) 1 \$43.75 \$59.06 \$100
Carpinter 1 \$43.75 \$59.06 \$100
Helper - Skilled 1 \$33.25 \$44.89 \$100
Labor - Utility 1 \$26.60 \$35.91 \$100
Safety Officer 1 \$79.80 \$107.73 \$100
Mechanic Specialized TA 1 \$227.00 \$300.00 \$633 Notes below apply
Generator Technician TA 1 \$278.00 \$370.00 \$633 Notes below apply
Alignment Technical advisor TA 1 \$292.00 \$403.00 \$633 Notes below apply
PWPS Engineering TA 1 \$352.00 \$406.00 \$633 Notes below apply

NOTES:

1 Round trip transfer times will be considered ("travel time"). 8 hours of mobilization and 8 hours of demobilization will be billed per engineer/technician.

2 Holidays in Puerto Rico and weekends that PREPA decides not to work will be considered as "standby"

Extra time will be considered above 8 hours a day from Monday to Friday

3 Extra time will be considered above 8 hours a day from Monday to Friday and all hours worked on Saturdays and Sundays.

4 Air travel expenses up to a maximum of \$ 4,000 will be reimbursed for each technician.

5 Car Rental will be billed at a cost ratio plus 15% for the transportation of the technicians.

6 Perdiem will be billed as indicated above.

7 Once a technician is mobilized, he will be guaranteed a minimum of three days (24 hours) in addition to the 16 hours of mobilization and demobilization.

8 Rates do not include tool and test equipment shipping

Round trip transfer times will be considered ("travel time"). 8 hours of mobilization and 8 hours of demobilization will be billed per engineer/technician.

Holidays in Puerto Rico and weekends that PREPA decides not to work will be considered as "standby"

and 8 hours a day will be billed at the corresponding "rate".

Extra time will be considered above 8 hours a day from Monday to Friday and all hours worked on Saturdays and Sundays.

Once a technician is mobilized, he will be guaranteed a minimum of three days (24 hours) in



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addition to the 16 hours of mobilization and demobilization.

Perdiem will be billed as indicated above.

RE: Six (6) months maintenance proposal for FT8 Units Three (3) located at the Palo Seco Power Plant and eight (8) located at the Mayaguez Gas Turbines Site

PERIOD OF PERFORMANCE: Schedule will be mutually agreed to once a signed proposal and

purchase order are received from Buyer.

PAYMENT: All payments are due net thirty (30) calendar days from issuance of invoice unless noted in the table above. Or as per negotiation notes.

For specials works or variables services the payments terms as per negotiation notes. For specials works or variables services the payments terms must be negotiated.

Se incluye propuesta de ARG presicion corp.

Terms and Conditions - Text

PH000001 004 EQUAL OPPORTUNITY
EQUAL OPPORTUNITY.

By accepting this Purchase Order, the Seller certifies that it will not discriminate on the basis of race, color, national origin, sex, religion, age, disability, veteran status or in any way otherwise prohibited by law and will indemnify Buyer against any claims arising from such unlawful discrimination by Seller.

PH000003 001 PACKAGING, SHIPPING AND INVOICING INSTRUCTIONS
PACKAGING, SHIPPING AND INVOICING INSTRUCTIONS

1. Receiving Documentation must be included with all Purchase Order deliverables.
2. All Receiving Documentation and shipping notices must include reference to the Purchase Order number and any applicable item number(s).
3. Each invoice must include the Purchase Order number and any applicable item number, receipted expense bill, and description shown on this



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Purchase Order. Delays in receiving invoices and errors or omissions on invoices shall be just cause for Buyer's withholding of payment, without loss of cash discount privilege.

PH000007 004 APPLICABLE LAW
APPLICABLE LAW.

This Order will be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico without regard to its principles regarding conflicts of laws. Exclusive jurisdiction and venue for any action arising hereunder will be in Puerto Rico, whether in Federal or Commonwealth Court.

PH000011 006 CHANGES TO ORDER.
CHANGES TO ORDER.

No modifications, changes or substitutions of Materials, Services or Work Product or extra charges of any kind or change in or cancellation of or waiver of or exception to any of the terms or conditions of this Order will be recognized unless authorized by Buyer in writing. Buyer may direct, in writing, changes, including additions to or deletions from the quantities of Materials, Work Product or Services originally ordered, or in the specifications or drawings. Unless otherwise agreed to by the parties, if any such change causes an increase or decrease in the cost of, or the time required for performance hereunder, an equitable adjustment shall be made in the price and/or delivery schedule. Any claims for adjustment shall be asserted by Seller no later than thirty (30) days from the date of Seller's receipt of notice of such change. Nothing contained herein shall excuse Seller from proceeding with a change directed by Buyer prior to negotiation of any adjustment. Notwithstanding the foregoing, mutually agreeable adjustments for any changes under this Order may be made by a written Order revision from one party which is confirmed in writing by the other party.

PH000032 009 DELIVERY
DELIVERY.

Seller agrees to provide for delivery of the Materials, Work Product or Services on the date(s) and to the address set forth in the Order. Seller shall bear all costs of shipping, transportation and packing unless otherwise provided in this Order. On all Materials delivered in error, or in excess of the quantity shown on Order, Buyer reserves the right to return the Materials at Seller's expense. Buyer's count shall be final and conclusive on any shipment not accompanied by the packing slip.



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PH000033 009 FORCE MAJEURE
FORCE MAJEURE.

Neither party shall be in breach of the Order to the extent that any delay or default in performance is due to Force Majeure. The term "Force Majeure" will mean any cause which is not within the control of the party claiming force majeure and which, by the exercise of due diligence, such party is unable to prevent or overcome, including but not limited to, flood, fire, tornado, governmental order, insurrections, riots and wars. Within seven (7) days of the commencement of an event of Force Majeure, the party affected thereby will provide the other party with written notice of the event. Any event of Force Majeure shall not affect Buyer's right of termination as set forth in TERMINATION Section hereof.

PH000039 008 PRICE & PAYMENT
PRICE & PAYMENT.

The prices specified in the Purchase Order shall include all charges and expenses in connection with the packing and shipping of the Materials to Buyer. No additional charges of any kind will be allowed unless specifically agreed to in writing in advance. Payment will be made as set forth in this Order; however payment may be withheld or portions thereof may be deducted or setoffs may be made against Seller if Seller does not perform in accordance with this Order. The time for payment of invoices and acceptance of any applicable discounts shall be based on the date when the invoice is received and stamped by PREPA's Accounts Payable, and all pertinent information is correct on the invoice.

All invoices are to be sent to the following address: Puerto Rico Electric Power Authority, Treasury Division, PO Box 70253, San Juan, PR 00936.

PH000056 008 TAXES AND DUTIES
TAXES AND DUTIES.

Seller shall be responsible for and pay directly, all corporate and individual taxes measured by net income or profit imposed by any governmental authority on Seller, its employees or subcontractors due to the execution of any agreement or the performance of or payment for work hereunder. Unless otherwise agreed in writing or prohibited by law, the price set forth in this Order shall not include any local tax (IVU) but Seller shall pay any federal tax, US Customs fees, Shipping Surcharge fees or other tax required to be imposed on the Materials, Services or Work Product.

Important:



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PREPA is a government owned company exempt for pay taxes under Section 2906, Article 2 of Puerto Rico's Internal Revenue Service Code and Section 2508 of Law Number 117 of July 4, 2006 known as "Ley de Justicia Contributiva (IVU) "

PH000057 005 TERMINATION
TERMINATION.

Buyer may, at its option, cancel any unfulfilled Order, in which event Buyer's only obligation shall be to pay for Materials shipped or Work Product or Services performed prior to the receipt cancellation; provided, however, that if this Order covers Materials manufactured to Buyer's specifications, upon receipt of notice of cancellation, Seller shall stop all performance except as otherwise directed by Buyer, and if Seller is not in breach of this Order, Buyer shall pay Seller's actual, direct, unavoidable and reasonable costs resulting from such termination, not to exceed the total price of the Materials, Work Product or Services stated in this Order. Upon such payment, title to any Materials or Work Product, including uncompleted Materials or Work Product, shall pass to Buyer. In the event of default by Seller in the performance of any obligation hereunder, including time of delivery, or in the event it becomes apparent that delivery cannot be accomplished within the time specified, Buyer may, at its option, cancel this Order entirely, without penalty or liability (except for Materials received and accepted.) All provisions necessarily requiring survival beyond any termination of this Order, including, but not limited to, those relating to audit, choice of law, confidentiality, indemnity, title and warranty shall survive any such termination.

PH000080 002 QUALITY STANDARDS AND WARRANTIES 2
Rejected Material and Services or Work Product may be returned or re-performed at Seller's expense. The making or failure to make any inspection, approval, payment or acceptance of the Materials, Work Product or Services shall in no way impair Buyer's right to reject or revoke acceptance of non-conforming Materials, Work Product or Services or to avail itself of any other remedies to which Buyer may be entitled, notwithstanding Buyer's knowledge, the substantiality, or the ease of discovery of any non-conformity. If any time prior to one (1) year from the date of completion of any Services, or the earlier of one (1) year from the date of installation or eighteen(18) months from receipt of any Materials or Work Product if the Materials, Work Product or Services, or any part thereof, do not conform to these warranties or the specifications, Seller shall promptly correct such nonconformity to the satisfaction of Buyer at Seller's sole expense; failing which, Buyer may proceed to make corrections or accomplish Seller's work by the most



Contract

PUERTO RICO ELECTRIC POWER AUTHORITY

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expeditious means available, and the costs of cover or correction shall be for Seller's account. Seller's liability hereunder shall extend to all damages proximately caused by the breach of any of the foregoing warranties, including incidental damages such as removal, inspection, costs of return, warehousing and reinstallation. These warranties are in addition to, and shall not be construed as restricting or limiting any warranties of Seller, express or implied, or which are provided by law or exist by operation of law.

* * * End of Contract * * *

