

THE BABCOCK & WILCOX COMPANY  
POWER GENERATION GROUP

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To	File	803 843-3
From	L. F. Taynton - Mgr. SP&S Mktg.	
Cust.	Met Ed	File No. or Ref.
Subj.	ISC Negotiations	Date October 27, 1977

This letter is sent to customer and one subject only.

On October 26, 1977, Steve Smith, Lew Taynton, John Mullin met with Jeff Fritzen and John Mazella of Met. Ed. The following summarizes the results of this meeting. The starting point for negotiations was B&W proposal A4-83 dated May 17, 1977.

Article

Comment

✓ 1.1

Agreed that proposal activity at B&W expense unless agreed to otherwise.

✓

Agreed to include both Unit one and two.

✓ 1.2

Agreed to review Met Ed words defining independent contractor.  
Minor changes to 1.2.1 and 1.2.2

✓ 2.0

Met Ed. to specify titles of authorized representatives.

✓ 3.0

Prior authorization for overtime required.

✓ 4.0

Invoices to itemize labor material, T&L and, upon request, all taxes paid by company for purchases.

✓ 8.0

B&W to consider title to pass at site for tax purposes.

✓ 9.0

✓ Met Ed will honor 'necessary' termination costs.  
Met Ed to provide default language.

10.1

1) Add 'other quality requirements' to warranty.

2) Add credit option 'at purchaser's concurrence'

3) Change start date to 'delivery to site'

4) Change period to sixty days

5) Change replacement F03 to 'jobsite'

G.P.U

Def. Exh. For ID 279

PH Exh. in Ev

Charles Shapiro CSR 5/27/81  
Doyle Reporting Inc. C.A

8307090031 771027  
PDR ADOCK 05000289  
P HOL

P 2884

2011 0697

ArticleComment

10.2 - 10.5

Met Ed to send draft of detailed comments. Because of time considerations, these articles were by passed.

11.2

B&W to consider extension of limitation. May exclude indemnification provision of article 12.1

12.1

- ✓ 1) Change "or would be compensated" to "or would be covered"
- 2) We need interpretation of B&W exposure
- 3) Nuclear clauses should compare with negotiated position on spare parts contract.

13.2

✓ Nuclear clause should agree with spare parts contract.

14.0

✓ B&W to provide prompt written notification of delays. Last three lines deleted to return to B&W standard position. QA may require a compliance under 10CFR21 criteria

15.0

16.0

✓ Requirement to report company initiated changes expanded by deletion of word "adversely".

18.0

✓ Met Ed to propose words requiring B&W to document recommendations within the limits of proprietary information clause.

23.0

Met Ed to propose words to expand EOE clause.

28.0

Integration to include reference for rate sheets and personnel policy.

19.0/22.0

Refer to Unit 1 only and should be expanded to Unit 2.

Selected hardpoints/B&W Position

1. Work will not be performed on cost plus basis. Will not hold rates for existing tasks.
2. B&W will not certify that overtime premium reflects increased cost. We use this as an incentive to limit work hours.

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CCT 281911

3. B&W task letters will specify when computer time is expected to be used and when subcontracts are anticipated.
4. B&W will not warrant a delivery date.
5. Met Ed states that B&W rates are high and warranty non-competitive. Will use contract only for sole source work.
6. Agreed not to add emergency ordering provisions but acknowledged availability of this method.
7. Warranty applicability for materials is weak.
8. The existing spare parts contract for Unit 2 is an interim agreement only. The new MSC will supercede.
9. I do not feel that the standard expanded scope MSC stands up well during detailed negotiations such as was conducted with Met Ed.

Action Items

- |        |  |
|--------|--|
| Met Ed | <ol style="list-style-type: none"> <li>1) Provide draft copy of contract by October 31.</li> <li>2) Obtain QA and spare parts internal review.</li> </ol>  |
| B&W    | <ol style="list-style-type: none"> <li>1) Provide computer and construction company rate sheets and copies of personnel policy on expenses.</li> <li>2) Provide draft of acceptable letter of intent for Task 501. Verify that Task 501 schedule is not delayed</li> </ol> |
| Joint  | <ol style="list-style-type: none"> <li>1) Complete contract negotiations by November 14, 1977.</li> </ol>  |

/lt

cc:

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 S. L. Smith  
 L. A. Giordano  
 G. A. Orlicki  
 J. T. Janis  
 G. T. McDaniel

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