

revisions of the Form 217 contract have been triggered by major revisions of these other RUS construction contracts. Prior to this action, the RUS Form 217 contract has never been codified.

A major feature of the Form 217 contract is that engineering fees are agreed to in a manner that makes it possible to estimate them accurately in advance. This helps RUS ensure that funding set aside for the construction and engineering of a project will be adequate.

On November 6, 1992, RUS published an advance notice of proposed rulemaking (57 FR 53044) to invite comments for possible revisions to the Form 217. Comments received were considered in developing this proposed rule. The changes made in this proposed rule are evolutionary. The duties and responsibilities of the contracting engineer, and its named representatives, are specified in more detail. Design and construction monitoring activities are more carefully defined. Many terms used throughout the contract form are now defined. Details for handling termination by the owner and the engineer are set forth. RUS Form 506, used for estimating and closing the contract, is made a part of the contract. A number of requirements of 7 CFR part 1753, subpart B are brought in to the contract, including RUS's reduced progress reporting requirements.

#### List of Subjects in 7 CFR Part 1755

Loan programs—communications, Reporting and recordkeeping requirements, Rural areas, Telecommunications.

For reasons set out in the preamble, RUS proposes to amend Chapter XVII of title 7 of the Code of Federal Regulations as follows:

### **PART 1755—TELECOMMUNICATIONS STANDARDS AND SPECIFICATIONS FOR MATERIALS, EQUIPMENT AND CONSTRUCTION**

1. The authority citation for part 1755 continues to read as follows:

Authority: 7 U.S.C. 901 *et seq.*, 1921 *et seq.*

2. Section 1755.217 is added to read as follows:

#### **§ 1755.217 Postloan Engineering Service Contract, RUS Form 217.**

Engineering services provided for major construction are to be covered by the Postloan Engineering Services Contract, RUS Form 217. The requirements and procedures for the use of this contract are contained in 7 CFR 1753.17.

Postloan Engineering Services Contract—Telecommunications Systems

AGREEMENT made \_\_\_\_\_, \_\_\_\_\_, between \_\_\_\_\_ (hereinafter called the "Owner") and \_\_\_\_\_ (hereinafter called the "Engineer").

In consideration of the mutual undertakings herein contained, the parties hereto agree as follows:

Section 1. Definitions. For purposes of this Agreement the following definitions shall be used:

Administrator. The Administrator of RUS or personnel delegated authority to act for the Administrator.

Borrower's Environmental Report. An environmental study as described in 7 CFR 1794. For the purposes of this contract, this is the level of environmental review as described in 7 CFR 1794 required for the Project by RUS. In most cases of telecommunications construction, this will be a Borrower's Environmental Report.

Contractor. A provider of goods or services for the Project, other than the Engineer.

Construction Administration. The coordination of construction activities.

Construction Drawings. The drawings developed through the Staking used to guide the construction of outside plant facilities.

Cut Sheets. The complete and sequential plans for Cutover.

Cutover. The orderly integration of new facilities with existing facilities.

Description of Project. The work and facilities listed by principal subdivisions in Table 1.

Inspect. To monitor and examine the work of the Contractor, compare the work to the contract, and note the details and quantities of construction on records and progress reports.

Inspector. A representative of the Engineer who inspects construction and reports compliance or noncompliance to the Resident Engineer.

Loan Design. Supplemental information which supports a loan application, as described in 7 CFR 1737.32.

Marker. A physical indicator at the construction site to guide the Contractor in construction of facilities.

Project. The telecommunications construction and procurements financed by a particular RUS loan.

Resident Engineer. The representative of the Engineer who is delegated full time "on site" engineering responsibilities for Construction Administration.

Staking. The determination of the approximate location of the facilities to be placed and creation of schematic drawings which show the facilities located with respect to the physical terrain.

Work Sector. A localized portion of the Project.

#### Section 2. General.

2.01 Financing of the Project. All or part of the financing of the Project, including costs of materials, construction, installation, and engineering, shall be by a loan administered by RUS.

If the Project is financed in part by the Rural Telephone Bank, an agency of the United States of America, the references in this Agreement to "The United States of America" and the "Government" shall mean the "Rural Telephone Bank" as well, and the

references to the "Administrator" shall mean the "Governor" of the Rural Telephone Bank as well. If the Project is financed wholly by the Rural Telephone Bank, the references to "The United States of America" and the "Government" shall mean the "Rural Telephone Bank" and the references to the "Administrator" shall mean the "Governor" of the Rural Telephone Bank.

2.02 Compliance with Regulations. The objective of this Agreement is for the Owner to obtain assistance in completing a Project, while complying with RUS postloan construction regulations. The Engineer shall, therefore, perform all services hereunder, and render advice and assistance, so as to enable the Owner to comply with 7 CFR Part 1753 and other applicable RUS regulations.

2.03 General Obligation. The Engineer shall, consistent with sound professional practices, diligently and competently render the engineering services required in this Agreement. These engineering services shall be reasonably necessary or advisable for the expeditious, economical, and sound design and construction of the Project listed in Table 1 by means of the services described in this agreement and its attachments. The Engineer shall also render other preparatory work as is necessary to place such portion of the Project in service, except where such duties are excluded from the terms of this Agreement. The enumeration of specific duties and obligations to be performed by the Engineer and included herewith, shall not be construed to limit the foregoing general undertaking of the Engineer, with reference to such portion of the Project.

2.04 Description of Project. The Project shall consist of the subdivisions of the work and facilities listed by exchanges in Table 1 attached hereto.

#### Section 3. Miscellaneous.

3.01 Insurance. The Engineer shall take out and maintain throughout the contract period the minimum insurance as required in Subpart C of 7 CFR part 1788 in effect at the date of this Agreement.

3.02 Project Schedule. The Engineer shall prepare in collaboration with the Owner, a work and progress report schedule to facilitate coordination of activities for Cutover of the Owner's Project. The Engineer shall report construction progress to the Owner monthly during all times when one or more contracts are open.

3.03 Plans and Specifications. Complete and detailed plans and specifications, drawings, maps and other engineering documents as required for the construction of the Project (all of the foregoing being herein sometimes collectively called the "plans and specifications"), shall be prepared by the Engineer, pursuant to the various attachments to this Agreement, and made a part hereof.

3.04 Scope of services. The Engineer shall not be obligated to perform any services for the Project or any part thereof except to the extent that the Project as defined in Table 1, (or the parts thereof and the services related thereto) are delineated in (1) the attachments to this Agreement and (2) the plans and specifications approved by the Owner and the Administrator, as they may be amended from time to time, prepared pursuant to this Agreement.