

Memo

To: Rehana Lustyan, Ben Litwack ,Eric Oates

From: Lise-Ann Davis

Date: 7/16/2026

Re: City of Visalia IGB P#67352 - RPGS Commissioning - Follow-up to Adder04 Rev3 Meeting

Dear Rehana,

This memo is being written to address the comments and questions received on 06/18 and previous messages requesting additional information and clarifications regarding the commissioning scheduled for October 2026. Please review and let us know if anything further is needed.

II. THE PRICING DISCREPANCY IN REV4 — MUST BE CORRECTED BEFORE COUNCIL SUBMITTAL

Please clarify in writing:

- Whether the \$302,403 total is correct, and if so, what was increased elsewhere to offset the \$14,275 SCR deduction and why that change was not disclosed in Rev4.
- Whether the \$302,403 is an error and the correct total after applying the SCR deduction is a different figure.
- A corrected total with a clear line-by-line reconciliation must appear in the final revised Adder04.
 - *Apologies for the confusion. Upon further review, it is clear that the overall sell price of \$302,403.00 remained unchanged throughout Revisions 1 through 4. Cummins inadvertently included the SCR discount in Revision 1 but did not accurately reflect or clearly communicate that adjustment in the subsequent revisions.*
To address this oversight and align with the original intent, Cummins will provide an additional credit of \$14,275. This adjustment will be reflected in Adder 04, Revision 5.

III. SCR CREDIT — BROADER RECONCILIATION STILL REQUIRED

The \$14,275 Miratech deduction in Rev4 addresses only the Miratech portion of P02312. P02312 was paid in full for \$217,122.44 and explicitly included Cummins engineering and onsite commissioning labor in addition to Miratech tuning. Please clarify in writing whether any portion of that Cummins engineering and onsite labor scope is now captured in the Cummins genset commissioning line in Adder04, and if so, how that is being reconciled or credited. To date, only the Miratech portion of the SCR commissioning credit has been reflected in Adder04 Rev4. No reconciliation has yet been provided for the Cummins engineering, onsite commissioning labor, or any other SCR commissioning activities included in P02312 that were paid in full but never performed. A complete reconciliation of all unperformed P02312 scope, not just the Miratech portion, is required for Council review and ATC compliance documentation.

- *Cummins acknowledges receipt of the full payment and is providing an additional reduction to Miratech's portion due to a lack of clarity in prior communications on our part.*
For the Cummins scope, charges are limited to the support required during the October commissioning activities. Any unused time or trips by Cummins that are not required during the anticipated three-week commissioning period will not be billed to the City of Visalia.
Based on the current understanding of the remaining work, the revised total is intended to be all-inclusive and should not require any additional change order approvals from the City. This

assumes no significant changes in project scope or unforeseen events beyond the reasonable control of the parties involved.

IV. ITEMS STILL NEEDED BY JUNE 25

All of the following must be addressed in a single consolidated package. Where Cummins believes an item was addressed in prior correspondence, please incorporate that response directly into the revised Adder04 text or the consolidated written response — email threads cannot serve as the authoritative record for a \$302,000 public agency change order.

Pricing and Financial:

- Corrected Adder04 total with written explanation of how the \$14,275 SCR deduction is reflected and whether any offsets were made elsewhere.
 - *Cummins inadvertently included the SCR discount in Revision 1 but did not accurately reflect or clearly communicate that adjustment in the subsequent revisions. To address this oversight and align with the original intent, Cummins will provide an additional credit of \$14,275. This adjustment will be reflected in Adder 04, Revision 5.*
- Written reconciliation of the full P02312 SCR commissioning scope, specifically the Cummins engineering and onsite labor component.
 - *Cummins has reviewed the scope associated with P02312 and confirms that any duplicated commissioning scope has been reconciled through the credits identified in Adder04 Rev 5. No charges associated with previously paid and unperformed P02312 commissioning activities are included in the October 2026 pricing.*
- Written non-duplication statement confirming Adder04 contains no scope from P01038, P02312, Adder01, Adder02, or any prior commissioning attempts.
 - *Acknowledged. Duplicated scope from P01038 is reconciled with the deduct of \$36,371. Duplicated scope from P02312 is reconciled with the deduct of \$14,275.*
- Written confirmation that all costs are exclusively tied to the October 2026 effort with no 2025 cancellation, standby, or prior-year charges. Cummins' inline responses indicated sales was looking into this item; no formal written confirmation has been incorporated into Adder04 or provided as a standalone statement.
 - *Acknowledged and Confirmed the costs listed in Adder04 Rev 5 are exclusively tied to October 2026.*
- Written confirmation that the \$111,815 PEECO total reflects only 2026 rates and mobilizations with no 2025 cost components embedded anywhere in the line.
 - *Acknowledged and confirmed the PEECO total reflects only the 2026 rate and mobilizations.*
- Written confirmation that the \$109,113 Cummins genset line reflects only 2026 rates and activities.
 - *Acknowledged and confirmed the Cummins gen set line reflect only the 2026 rate and mobilizations. Duplicated scope from P01038 is reconciled with the deduct of \$36,371.*
 - *Furthermore, no charges associated with the March commissioning attempt will be billed to the City.*
- Written narrative explaining the basis for cost increases from prior estimates, in lieu of internal vendor purchase orders, including which vendor rates changed, the basis for those changes, and whether any rate escalation is linked to the 2025 cancellation event.
 - *The 2025 pricing was developed based on the information, supplier quotations, and market conditions available at that time. Since then, several cost drivers have changed, including supplier pricing, labor rates, material costs, and resource availability. As a result, the 2026 pricing reflects current market conditions and the actual cost required to execute the remaining scope of work.*
 - *The pricing presented is not related to events that occurred in 2025 and does not include costs associated with prior delays or disruptions. In addition, Cummins has provided additional reductions in an effort to minimize the financial impact to the City while still supporting successful project completion.*
- Written closure of P01038 confirming no invoices, claims, or balances remain outstanding. Because vendor availability directly affects the potential for schedule compression and daily overage rates, written confirmation of staffing commitments is required to avoid cost exposure associated with vendor-driven delays.
 - *Cummins confirms that no outstanding invoices, claims, or balances remain associated with P01038.*

PEECO Mobilization:

- Written confirmation that three separate weekly mobilizations is PEECO's final and best offer and that consolidation is not possible.
 - *PEECO has confirmed that the current pricing is final despite multiple attempts to negotiate a lower cost. Based on the remaining scope of work, reducing the time allocated on site is not recommended, as doing so could introduce execution risks during commissioning.*
- Written statement that the three-mobilization structure reflects actual field execution requirements, not standard proposal formatting.
 - *The mobilization structure is the result of extensive collaboration with the project suppliers. The remaining scope and pricing were carefully evaluated to validate the level of effort required, ensure resources were appropriately allocated, and eliminate any potential duplication of costs associated with previously completed work.*
- Written confirmation of whether inbound and outbound travel days are being billed as full days, whether weekend return policies are standard or discretionary, whether any 2025 travel, mobilization, or cancellation costs are embedded in the weekly mobilization totals, and whether any portion of the weekly mobilization charge can be consolidated or reduced.
 - *For the Cummins scope, charges will be applied for actual technician time required on site during commissioning. Any unused technician time will not be billed.*
 - *Travel-day billing for PEECO is identified in Adder04 Rev 5 and has already been incorporated into the quoted pricing.*

Site Readiness Cost-Shifting Language:

- The Cummins genset section of Rev4 states that if Cummins personnel travel to the site and find it not ready according to the checklist, the customer will be responsible for all costs associated with any site-related delays, including additional trips. Given that Cummins confirmed full site readiness as of March 18, 2026, and given the documented circumstances of the March 2025 cancellation, the City requests written confirmation that this standard clause will not be applied in a manner inconsistent with Cummins' own prior acknowledgments of site readiness, and that Cummins agrees the site has been confirmed ready since March 18, 2026.
 - *Acknowledged. Barring any significant changes to site conditions or unforeseen events beyond the reasonable control of the parties involved, Cummins will continue to recognize the site as ready for commissioning activities. To support project readiness, Cummins will schedule periodic monthly visits to verify equipment condition.*
 - *Prior to commissioning, Cummins recommends that the City periodically test and monitor gas quality to ensure it remains within acceptable parameters. This proactive approach will help identify any changes in gas composition that could adversely impact startup, commissioning, or overall system performance.*

Schedule and ATC:

- Written confirmation that total anticipated un-abated hours are approximately 18 (October 12: 8 hours, October 13: 4 hours, October 14: 4 hours, October 15: 2 hours).
 - *Confirmed.*
- Written clarification of utility witness testing requirements, timing, and expected duration. The schedule notes this item as still needing definition. Telstar requires 6 weeks advance notice, which means notice may need to be issued in August.
 - *Utility testing and compliance with utility requirements are the responsibility of the City. Cummins requests advance notification of all planned testing activities so the appropriate technical resources can be scheduled to support the effort and ensure successful coordination.*
- Written confirmation that the approximately 8-hour startup notification lead time applies to all vendors.
 - *Confirmed.*
- Written confirmation that the contact list in the schedule represents full availability and commitment for October 5–23, not merely contact information. Acknowledge and confirm we are scheduled for oct 5-23
 - *Confirmed. We are scheduled for commissioning October 5th-23rd.*
- Written clarification of whether each vendor's daily presence is full-day onsite, partial-day, or remote, and how vendor overlaps will be coordinated. Just list out who will be on site and who will be remote.
 - *Preferred: Two weeks on site*
 - *Cummins: three weeks on site*
 - *Miratech: three weeks on site*
 - *PEECO: 3 weeks on site and two weeks remote support*

Technical and Prerequisites:

- Written statement that no open prerequisites remain on the City's side and that no additional readiness conditions will be imposed beyond the Pre-Start Checklist.
 - *Confirmed. No additional readiness is needed beyond the Pre-Start up Checklist. Cummins is recommending the City periodically test the gas quality between now and commissioning. This will help ensure the gas remains within acceptable parameters and does not negatively impact startup and commissioning activities.*
- Written clarification of the export/onsite power prerequisite language, confirming generated power will be used onsite and not exported.
 - *Confirmed. Commissioning activities do not include the export of power and will be limited to the testing and verification activities necessary to complete startup and commissioning of the system. This is part of the protective relay scope mentioned in the next bullet point.*
- Written description of protective relay responsibilities, including whether relay programming, testing, or third-party relay support is included in Adder04 scope or is a City responsibility.
 - *Protective relay responsibilities are by others and have not been included in any scope presented by Cummins to date.*
 - *The City is responsible for relay settings, programming, and configuration. Cummins' involvement is limited to providing support during testing activities, while the actual relay setup and commissioning are performed by others.*
- Written clarification of catalyst status confirming bricks are not yet installed and will be loaded by Miratech on October 15, reconciling prior prerequisite language that implied prior installation.
 - *Cummins is confirming the current status of the catalyst bricks with the Service Engineering Manager. If any remaining catalyst-related activities are outstanding, they will be incorporated into the October commissioning scope and completed at that time. An update on the current status will be provided once confirmed*
- Written confirmation of who is responsible for supplying the portable gas analyzer and in which activities it will be used.
 - *Cummins will provide a portable gas analyzer during the commissioning activities scheduled for October 5th-23rd. Prior to commissioning, Cummins recommends that the City periodically test and monitor gas quality to ensure it remains within acceptable parameters. This proactive approach will help identify any changes in gas composition that could adversely impact startup, commissioning, or overall system performance.*

Commissioning Documentation and Billing:

- Written description of deliverables confirming the consolidated commissioning report will include final operating settings, SCR tuning results, blending skid tuning results, alarm and shutdown logs, commissioning test records, and final punch list.
 - *Upon completion of commissioning, Cummins will provide a consolidated commissioning report that includes final operating settings, SCR tuning results, blending skid tuning results, alarm and shutdown logs, commissioning test records, and the final punch-list status.*
 - *To ensure expectations are aligned, Cummins will provide the City with a sample commissioning report from a previous project for review. This will allow the City to confirm that the final deliverable will meet its documentation requirements and expectations.*
- Written overage billing protocol specifying what triggers overage, what documentation is required, whether written City authorization is required before overage work begins, and how overage will be tracked and reported.
 - *Based on the current understanding of the remaining work, the revised total in Adder 04 REV 5 is intended to be all-inclusive and should not require any additional overage billing. This assumes no significant changes in project scope or unforeseen events beyond the reasonable control of the parties involved. Any overage will be documented, discussed, and require written approval prior to work commencing.*
- The City also requires clarification of whether partial days trigger full-day overage charges, whether vendor-caused delays can generate overage costs, and how overlapping vendor presence will be coordinated to avoid unnecessary cost exposure.
 - *For the Cummins scope, charges are limited to the actual technician time required on site during commissioning. Any unused technician time will not be billed. PEECO's commercial model does not provide for this approach, and their pricing is based on committing the necessary resources for the full duration of the planned support period. Vendor caused delays are not considered overage charges billable to the customer.*

- Written clarification distinguishing standard troubleshooting included in the base scope from troubleshooting that triggers additional daily charges.
 - *Standard troubleshooting consists of the diagnostic and corrective activities included within the contracted commissioning/startup scope. Billable overages would be associated with work outside the contracted scope or additional support required due to factors not attributable to the commissioning efforts.*
 - *Based on the current understanding of the remaining work, the revised total in Adder 04 REV 5 is intended to be all-inclusive and should not require any additional overage billing. This assumes no significant changes in project scope or unforeseen events beyond the reasonable control of the parties involved. Any overage will be documented, discussed and require approval prior to work beginning.*
- For convenience, the City has attached a Pricing Clarification Summary table that consolidates all cost-related items requiring written resolution. This summary is provided to make it easier for Cummins to confirm each pricing *element and ensure no cost components remain unaddressed.*
 - *Cummins has reviewed the spreadsheet and provided additional comments.*

V. CONSOLIDATED RESPONSE FORMAT

- The City requests one package by June 25 consisting of: (1) a fully revised Adder04 with a corrected and reconciled total, and (2) a single written response addressing each item above with references to the relevant proposal section. If Cummins believes a specific item needs only to be cited rather than revised, please flag it clearly and the City will review.
 - *Acknowledged.*

Cummins believes the responses above address all outstanding questions related to Adder04 Rev 5 and the October 2026 commissioning effort. Should additional clarification be required, we are available to discuss any item in further detail.

Regards,
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 Project Management Director – IGMGB
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