

File No. 9689 Continued.

CORRESPONDENCE.

BETHLEHEM STEEL COMPANY,
SOUTH BETHLEHEM, PA.

February 9, 1969 .

Dear Sir:-

7239

We beg to acknowledge receipt of your letter of the 27th ultimo, in regard to the storage of your Pumping Engines, and in replying will take up the various paragraphs in their sequence.

1 - We note that the rental charge of \$50.00 per engine, per month, is satisfactory to you, and will be governed accordingly.

2 - Your decision that the actual cost of extra switching charges, including the cost of extra lumber, excess slushing compound, cost of applying the compound, also labor of unloading into storage, should be billed to the Commission after the work has been accomplished, and these charges are determined, is satisfactory to us, and this matter will be handled in the manner suggested by you.

3 - With reference to the premium on our bond - In your comments pertaining to this item, you state "it is undoubtedly an increased expense to you resulting from the delay", etc., etc. In our opinion this statement is an admission on your part of this expense being an "actual cost of storing and protecting the parts of the Engines", as certainly the expense would not be entailed if the Commission did not require us to store the Engines, while, at the same time, the bond is undoubtedly for the protection of the Engines to the Commission, or the latter would not have required that the bond be furnished. No bonding company, in our opinion, would make a bond inoperative, owing to a purchaser requesting that the material covered by same be placed in storage, the risk ceasing only with the delivery of the material to the purchaser.

4 - We note your conclusion that the insurance premium is a part of the actual cost of storing and protecting the machinery. In our judgment there is absolutely no distinction between this expense and that of the bond premium.

5 - With reference to interest charges - We do not agree that the Commission has not suspended the work on this contract. We have the engines ready to commence delivery, and the Commission requests that, instead of delivery being made, work be discontinued, and the