Date Filed: August 14, 2026

Witness: Craig Dikeman and Matthew J. Correia
Request from: Office of Education, Outreach, and Enforcement

Question:

(MILESTONE PAYMENTS) Explain the Company's process for permitting milestone payments prior to work being performed or costs being incurred by the Company's vendors.

Response:

The Company does not generally support milestone payments prior to work being performed or costs being incurred by the Company's vendors unless (1) it was market-driven; (2) it was the result of a negotiation where we received something of equal or greater value in exchange for such milestone payment schedule; (3) the milestone payment schedule was part of an overall proposal that was the most favorable/best evaluated; and (4) it was a relatively small amount, such that the Company would not incur excessive risk as a result of such payment.

Milestone payments typically are a consideration for major, long-lead equipment and large, lump sum construction contracts. The process for whether and how to permit milestone payments is managed through the Company's Procurement department, often with input from other stakeholders including legal, finance and our business units. They are handled on a case-by-case or RFP basis and in most cases, they are a result of negotiation and therefore the final milestone payment schedule is usually vendor specific and/or equipment specific. Other things equal, the Company works to negotiate milestone payments with as much of the payment tied to delivery and final acceptance/completion as possible. Key considerations the Company makes when evaluating or negotiating milestone payments are (1) ensuring that milestone payments are supported by value of the work performed; (2) trying to tie milestone payments to defined deliverables; and (3) retaining enough leverage to protect the schedule, quality and performance of the work. Milestone schedules are often market-driven and they are considered in context of the full contract.