Date Filed: September 17, 2026

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

Question:

(MILESTONE PAYMENTS) Refer to Response to EOE-056. The Company's response stated that the "Company does not generally support milestone payments prior to work being performed or costs being incurred by the Company's vendor…" Provide a listing of all procurements that included milestone payments, along with the rationale for why the payments were permitted. As part of the response, please identify the vendor, the contractual amount, and the payment amount that would be at risk.

Response:

Milestone payments are not maintained as a separately reportable procurement attribute. Milestone payment terms, where applicable, are permitted on a case-by-case basis as described in the Company's response to EOE-056[i]. Milestone payments may be permitted where appropriate, based on the nature of the goods or services being procured and the applicable commercial terms. Any characterization of an amount that would be "at risk" would depend upon the specific contractual provisions, milestone that was completed, and other facts applicable to the individual procurement and payment.

Prior Referenced Response:

[i] EOE-056 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.

EOE-056 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.