5. One burner (F3) was completely replaced because it was damaged in a burner fire on June 25, 2005. After inspecting the damaged burner, we believe the fire was caused by a hole eroded in the burner barrel just after the elbow. We believe the hole allowed coal to enter the inner air sleeve and eventually catch on fire damaging the burner.

   ABT response:
   Due to the extent of fire damage on F3 burner, it was not possible to determine the cause although based on the photos provided by IPSC it seems to have started either in the coal pipe or at the burner inlet. We noted that the coal pipe upstream of the burner, where the pipe passes through the floor grating, in the area of the coal pipe shutoff valve also showed evidence of fire, leading us to question whether the valve was only partly open.

   As noted in J. Finlinson's 6/27/05 email, the IPSC operators were starting up the other Unit on June 25, 2005 at the time the fire started on F3 burner and therefore did not notice the high temperature alarms(well over 1600°F). It is not known how long the fire went unnoticed by the operators, however operator action to take the burner out of service would have prevented permanent damage to the burner components. F3 burner is the only one of 48 burners on the unit that suffered permanent damage from fire in over 2 years of operation. This being the case, it can only be concluded that the F3 incident is due to some type of operational malfunction rather than due to design defect in the burner.

The subject April 24, 2006 letter notes that IPSC "purchased the materials necessary to temporarily repair the burners." IPSC's letter also states "we are now requesting the following remedial actions from ABT according to the contract:"

1. With no additional IPSC reimbursement, ABT should make the necessary modifications to their design to solve all the problems we have experienced with the burners as outlined in this letter and to otherwise meet all the specifications of the contract.

   ABT response:
   The ABT burners are designed to the conditions of the contract and the problems experienced are due solely to IPSC operating conditions being outside those specified. This type of operation has voided the ABT "Guarantees and Warranties" as stated in Proposal Q03013, Section 4.9 (Contract Article III: Part C). ABT has already made the necessary design modifications to meet the new operating conditions provided by IPSC and has provided the Plant with a proposal in November 2005.

2. With no additional IPSC reimbursement, ABT should supply the necessary materials and manpower to install those design changes on all 48 of the IGS Unit 2 burners. This work should be done on the next Unit 2 major outage scheduled for the Spring of 2008.

   ABT response:
   ABT has already proposed to supply replacement fuel injectors for all 48 of the IGS Unit 2 burners and, as noted above, has designed these to the new conditions provided by IPSC. IPSC shall install the ABT supplied materials at IPSC cost. ABT's offer made during the November 9, 2005 meeting remains to supply the new fuel injectors to IPSC at a discount. We offer the discount as a good will gesture to work with IPSC and resolve the unexpected problems amicably.

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