As a further good will gesture, ABT will maintain the November 2005 price if we receive the Purchase Order and initial payment by June 15, 2006 for delivery by December 2006.

3. ABT should reimburse IPSC for the burner purchased to replace the fire damaged F3 burner. We believe the fire was the direct result of an ABT design flaw that allowed rapid erosion of the burner barrel.

ABT response:
Damage to the F3 burner is due solely to operator inaction to control room alarms, allowing a burner fire to progress for long period rather than removing the burner from service to prevent permanent damage. The ABT design is not flawed and the rapid erosion problem is due to IPSC operating the burners at flow conditions outside the contract specifications.

4. ABT should reimburse IPSC for the materials purchased from ABT to repair the burners during the April 2006 Unit 2 outage.

ABT response:
During the November 9, 2005 meeting, ABT advised that the fuel injectors would require redesign to support operation at the higher flow rates. ABT also presented the new design arrangement during the meeting, and proposed to supply forty-eight fuel injectors for installation during the April 2006 outage. IPSC advised at that time that they were only interested in implementing temporary repairs during the April 2006 outage and intended to purchase the replacements designed for the new conditions for the next major outage. The cost for materials to make the temporary repairs will not be reimbursed by ABT to IPSC.

To summarize: the damage that has occurred is a direct result of changes in Plant operation (fuel and mill conditions) and failure of IPSC to inform ABT of the original burner barrel overheating problem that could have been addressed in the initial design phase.

AT remains committed to support IPSC in resolving these issues and hadprovided a proposal to do so as soon as we were advised of the actual operating conditions.

Please contact Sal Ferrara at 908-470-0721 to discuss any question you have on this matter.

Sincerely yours,

Joel Vatsky
President and CEO

Cc: Sal Ferrara

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