INTERMOUNTAIN POWER SERVICE CORPORATION

CONTRACT 04-45615

and

SPECIFICATIONS 45615

for

MATERIALS AND TECHNICAL SERVICES

for

SECONDARY AIR PREHEATER ELEMENT REPLACEMENT HARDWARE

CONTRACT ISSUED TO:

ALSTOM POWER AIR PREHEATER COMPANY
3020 TRUAX ROAD
PO BOX 372
WELLSVILLE, NY 14895

CONTRACT ADMINISTRATOR: BRET KENT

BUYER: RALPH C. NEWBERRY, C.P.M.

850 West Brush Wellman Road, Delta, Utah 84624 / Telephone. (435) 864-4414 / FAX· (435) 864-6670 / Fed. I.D. #87-0388573

Contract No. 04-45615

CONTRACT AGREEMENT

THIS CONTRACT AGREEMENT, entered into this 9th day of December, 2004, between the **INTERMOUNTAIN POWER SERVICE CORPORATION** (IPSC), a nonprofit organization under contract to the Intermountain Power Agency (IPA), a political subdivision of the state of Utah, organized and existing under the Interlocal Co-Operation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended, and **Alstom Power Air Preheater Company**, a Corporation, with its principal office in Wellsville, New York, hereinafter called the (Contractor);

WHEREAS, IPSC has prepared specifications and other Contract Documents for **Materials and Technical Services for Secondary Air Preheater Element Replacement Hardware** as detailed in the Contract Documents (the Work), and has requested proposals from bidders to perform the Work;

WHEREAS, Contractor has submitted to IPSC a Proposal in accordance with the terms of this Contract Agreement; and

WHEREAS, IPSC has determined and declared Contractor to be the lowest and best, regular responsible bidder for the said Work, subject to execution of this Contract Agreement;

AGREEMENTS: In consideration of the compensation to be paid to Contractor, and of the mutual terms and conditions contained herein, IPSC for itself and its successors, and Contractor for itself and its permitted successors and assigns, hereby agree as follows:

ARTICLE I: Contractor shall perform in accordance with the provisions of this Contract Agreement, including the Contract Documents identified in Article III hereof.

ARTICLE II: Contractor will be paid for its performance under this Contract Agreement in accordance with the provisions of the Contract Documents, including those provisions in the Article entitled Limitation of Liability; Responsible Party in Part E, Division E1, General Conditions.

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ARTICLE III: The term Contract Documents means and includes all of the following:

PART	DIVISION	TITLE
A	A1	Notice Inviting Proposals
B	B1	Instructions to Bidders
C		Bidding Documents
	C1	Proposal
	C2	Proposal Schedule
D	D1	Contract Documents Description
E	E1	General Conditions
	E2	Additional General Conditions
F		Detailed Specifications
	F1	Special Conditions
	F2	Detailed Requirements
	F3	Technical Requirements
	Appendix 1	
	Appendix 2	

The foregoing Contract Documents, and the documents identified in Part D Contract Documents Description, are an integral part of this Contract Agreement and are hereby incorporated as part of this Contract Agreement as if fully restated herein. The above listed Contract Documents shall prevail over other information submitted with Contractor's Proposal.

ARTICLE IV: This Contract Agreement, including the Contract Documents, constitutes the entire Agreement of the parties hereto with respect to the Work and other subjects addressed herein, and supersedes all prior oral communications or written documents.

Contract No. 04-45615

WHEREFORE, IPSC and Contractor execute this Contract Agreement as of the date stated in the first introductory paragraph.

INTERMOUNTAIN POWER SERVICE CORPORATION
850 West Brush Wellman Road
Delta, UT 84624-9546

By: _____ 12/9/03
George W. Cross
President and Chief Operations Officer
Date

ALSTOM POWER AIR PREHEATER COMPANY
3020 Truax Road
PO Box 372
Wellsville, NY 14895

By: _____ 12/3/03
Date

Title: VP, Heat Recovery Systems

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Spec. 45615

PART A - DIVISION A1

NOTICE INVITING PROPOSALS

The Intermountain Power Service Corporation (IPSC) invites sealed bids for furnishing and delivering **Materials and Technical Support for Secondary Air Preheater Element Replacement Hardware** in accordance with **Specifications 45615**, available in the Purchasing Section, Intermountain Power Service Corporation (IPSC), 850 West Brush Wellman Road, Delta, Utah 84624-9546.

Proposals shall be submitted on IPSC's bidding forms. All Proposals shall be filed with the Buyer at the above address on or before **November 3, 2003.**

Proposals shall be subject to acceptance within, and irrevocable for, a period of ninety (90) calendar days after date of bid opening.

IPSC reserves the right to reject any and all Proposals.

In the performance of any contract awarded, the bidder shall not discriminate in employment practices against any employee or applicant for employment because of race, religion, national origin, ancestry, sex, age, or physical disability.

Dated: 10-23-03

Ralph C. Newberry

Ralph Newberry, C.P.M., Senior Buyer
Intermountain Power Service Corporation

PART B - DIVISION B1

INSTRUCTIONS TO BIDDERS

1. Form, Signature, and Delivery of the Proposals: The bidder's Proposal shall be made on the yellow copy of the Bidding Documents. The Specifications printed on white paper shall be retained by the bidder.

   The bidder's name, address, and the date shall be stated in the Proposal. The Proposal shall be signed by the person authorized to bind the bidder.

   The Proposal shall be enclosed in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the bidder. The envelope shall bear the words "Proposal for," followed by the Specification Number, the title of the Specifications, and the date and hour of bid opening.

   If the Proposal is mailed, it shall be addressed as follows:

   Purchasing Section
   Intermountain Power Service Corporation
   850 West Brush Wellman Road
   Delta, UT 84624-9546

   If the Proposal is sent by messenger, it shall be delivered to the Administration Building, Intermountain Power Service Corporation, 850 West Brush Wellman Road, Delta, Utah.

2. Interpretations and Addenda: Should a bidder find discrepancies or omissions in the plans, specifications, or other documents, or should there be doubt as to their true meaning, the bidder shall submit to the Buyer a written request for an interpretation or clarification thereof. A request for addenda, interpretation, or clarification shall be delivered to the Buyer marked "Request for Interpretation" and must be received by the Buyer in time to permit a reasonable response before the date of bid opening. Any interpretation of or change in the documents will be made only by addendum issued to each person to whom Specifications have been issued and will become a part of any contract awarded. IPSC will not be responsible for or bound by any other explanations or interpretations.

3. Correspondence: All inquiries or correspondence to IPSC prior to Award of Contract shall be addressed to the Buyer.

4. Changes or Alternatives: The bidder shall not change any wording in the documents. Any explanations or alternatives offered shall be submitted in a letter attached to the front of the Bidding Documents. Alternatives which do not substantially comply with IPSC's Specifications cannot be considered. Language of negation or limitation of any rights, remedies, or warranties provided by law will not be considered part of the Proposal. Bids offered subject to conditions or limitations may be rejected.

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5. Specified Materials or Equivalent: Whenever any particular material or process is specified by a patent or proprietary name, by a trade or brand name, of a manufacturer, such wording is used for the purpose of describing the material or process, fixing the standard of quality required, and shall be deemed to be followed by the words "or equivalent." The bidder may offer any material or process which shall be the equivalent of that so specified, but the bidder must identify the equivalent offered.

6. Language: Everything submitted by the bidder shall be written in the English language.

7. Sales or Use Taxes: Prices quoted by the bidder shall not include any applicable sales or use taxes or Federal Excise Taxes.

8. Duties: Prices quoted by the bidder shall include all applicable duties.

9. Award of Contract: Award of Contract will be made to the lowest and best, regular responsible bidder. The determination as to which is the lowest and best, regular responsible bidder may be made on the basis of the lowest ultimate cost of the services, materials, equipment, or other Work in place and use. The right is reserved to reject any or all Proposals.

   Within thirty (30) calendar days after the date of Award of Contract, the successful bidder shall sign the Contract supplied by IPSC. The Contract will be effective upon execution by IPSC. Award of Contract is subject to execution of IPSC's form of Contract Agreement and other Contract Documents.

PART C - DIVISION C1

BIDDING DOCUMENTS - PROPOSAL

The undersigned hereby proposes to furnish and deliver **Material and Technical Support for Secondary Air Preheater Element Replacement Hardware** to the Intermountain Power Service Corporation in accordance with **Specifications 45615**.

The undersigned agrees, upon the acceptance of this Proposal: (a) to execute IPSC's form of Contract (including the Contract Agreement and other Contract Documents identified in said Specifications) for furnishing and delivering the items and services embraced in the accepted Proposal, and (b) to perform its obligations under the Contract at the prices stated in the accompanying Proposal Schedule.

The undersigned declares under penalty of perjury that this Proposal is genuine, is not a sham or collusive, and is not made in the interest or in behalf of any person or entity not herein named. The undersigned further declares under penalty of perjury that the bidder has not directly or indirectly induced or solicited any other bidder to submit a sham bid, or any other person, firm, or corporation to refrain from bidding. The undersigned also declares under penalty of perjury that the bidder has not in any manner sought by collusion to secure for itself an advantage over any other bidder.

I declare under penalty of perjury under the laws of the state of Utah that the foregoing is true and correct.

Date: October 30, 20 03

Bidder: Alstom Power, Inc./Air Preheater Co.

Address: 3020 Truax Rd, P O Box 372

Wellsville, NY 14895

Signed By: Timothy J McNulty
(Authorized Signature)

Print Name: Timothy J. McNulty

Title: Manager, Project Development

PART C - DIVISION C2

BIDDING DOCUMENTS - PROPOSAL SCHEDULE

Proposal is hereby made to furnish and deliver to IPSC **Material and Technical Support for Secondary Air Preheater Element Replacement Hardware** F.O.B. Delta, Utah in accordance with **Specifications 45615**, the following:

Firm Fixed Price Based on Current Budget Year 2004-2005	$ 2,999,100.00
Escalation Percentage if Project is Postponed Until Budget Year 2005-2006	3.0 %
Escalation Percentage if Project is Postponed Until Budget Year 2006-2007	7.0 %

Prices: The price or prices shall be firm.

Cash Terms: A discount for prompt payment is offered of ½ percent for Contract payments made within 20 calendar days after date of acceptance or delivery and receipt of invoice.

Taxes: The foregoing quoted prices are exclusive of all applicable sales and use taxes.

Form of Business Organization: The bidder shall state below the form of its business organization.

Bidder is a: Corporation, organized under the laws of the state of Delaware.
(Corporation, Partnership, Limited Partnership, Individual)

If a partnership, the bidder shall state below the names of the partners. If a corporation, the bidder shall state below the names of the president and of the secretary.

_____ _____

Person to Contact: Should IPSC desire information concerning this Proposal, please contact:

Name: Guy Drake Telephone No: 585-596-2689

Address: 3020 Truax Rd, P O Box 372, Wellsville, NY 14895

(If different, the address of bidder's chief executive office is:) _____

PART D - DIVISION D1

CONTRACT DOCUMENTS DESCRIPTION

The Contract Agreement, together with the documents listed in Article 3 thereof, the Reference Specifications, any other documents listed below, and such of Contractor's Proposal documents as are expressly agreed to by IPSC shall constitute the Contract (the Contract). Said Documents are complementary and require complete and finished Work. Anything shown or required of Contractor in any one or more of said documents shall be as binding as if contained in all of said documents. Contractor shall not be allowed to take advantage of any error, discrepancy, omission, or ambiguity in any document, but shall immediately report to the President and Chief Operations Officer, in writing, any such matter discovered. The President and Chief Operations Officer will then decide or correct the same and the decision will be final.

1. Alstom Power Air Preheater Company
   Quote No. 3GS-1034B-4100/4098
   Dated October 29, 2003

2. Intermountain Power Service Corporation
   Letter of Intent
   Dated November 4, 2003

PART E - DIVISION E1

GENERAL CONDITIONS

1. Definitions: The following words shall have the following meanings:

   a. Bidder: The person, firm, or corporation adopting and submitting a Proposal under these Specifications.

   b. Buyer: The Purchasing Agent for IPSC.

   c. Contract Administrator: The IPSC employee designated by the President and Chief Operations Officer with primary responsibility for administration of the Contract, or other representatives designated by the Contract Administrator acting within the limits of their authority.

   d. Contractor: The person, firm, or corporation to whom the Contract is awarded.

   e. Directed, Required, Approved, etc.: The words *directed, required, approved, permitted, ordered, designated, prescribed, instructed, acceptable, accepted, satisfactory,* or similar words shall refer to actions, expressions, and prerogatives of the Contract Administrator unless otherwise expressly stated.

   f. Gallon: Liquid volume of 231 cubic inches at 60 degrees Fahrenheit.

   g. IGS: Intermountain Generating Station located at 850 West Brush Wellman Road, Delta, Utah 84624.

   h. IPA: Intermountain Power Agency, the owner of Intermountain Power Project, and a political subdivision of the state of Utah, organized and existing under the Interlocal Co-operation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended.

   i. IPP: Intermountain Power Project, consisting of Intermountain Generating Station, Intermountain Railcar, Intermountain Converter Station, Adelanto Converter Station, Intermountain AC Switchyard and associated transmission lines, microwave stations, and support facilities.

   j. IPSC: Intermountain Power Service Corporation, a nonprofit corporation, furnishing personnel to support the Operating Agent in the performance of operation and maintenance.

k. Operating Agent, or LADWP: The City of Los Angeles Department of Water and Power which is responsible for operation and maintenance for IPA.

l. President and Chief Operations Officer: The President and Chief Operations Officer of IPSC, or other representatives designated by the President and Chief Operations Officer acting within the limits of their authority.

m. Reference Specifications: Those bulletins, standards, rules, methods of analysis or tests, codes, and specifications of other agencies, engineering societies, or industrial associations referred to in these Specifications. These refer to the latest edition, including amendments published and in effect at the date of the Invitation for Proposal, unless specifically referred to by edition, volume, or date. Unless the context otherwise requires, Reference Specifications also include all amendments published or adopted after the date of the Invitation for Proposal.

n. Subcontractor: A person, firm, or corporation, other than Contractor and employees thereof, who supplies labor, services or materials for a portion of the Work to be performed by Contractor under the Contract.

o. Ton: The short ton of 2,000 pounds.

p. Work: The services, materials, equipment, and other performance identified in these Specifications and other Contract Documents to be provided by Contractor.

2. Materials and Work: All Work shall comply with these Specifications. All materials used or supplied, and all equipment furnished, shall be new and unused, but this requirement shall not preclude the use of recycled materials in the manufacturing processes. All Work shall be done by qualified workers in a thorough and workmanlike manner that would pass without objection in both Contractor's trade and IPA's and IPSC's industry. Materials, equipment, workmanship, and other Work not definitely specified, but incidental to and necessary for the Work, shall conform to the best commercial practice for the type of Work in question and be of a quality that passes without objection in Contractor's trade and IPA's and IPSC's industry.

3. Nondiscrimination: The applicable provisions of Executive Order No. 11246 of September 24, 1965, and Bureau of Land Management regulations, and all other applicable governmental regulations pertaining to nondiscrimination in employment in the performance of contracts, are incorporated herein by reference, and made a part hereof as if they were fully set forth herein. During the performance of the Contract, Contractor shall not discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion,

national origin, ancestry, sex, age, or physical disability. All subcontracts awarded under or pursuant to the Contract shall contain a like nondiscrimination provision.

4. Governing Law; Venue: The Contract shall be governed by the substantive laws of the state of Utah, regardless of any rules on conflicts of laws or choice of law that would otherwise cause a court to apply the laws of any other state or jurisdiction. Any action, in law or in equity, concerning any alleged breach of or interpretation of the Contract, or concerning any tort in relation to the Contract or incidental to performance under the Contract, shall be filed only in the state or federal courts located in the state of Utah.

5. Patents and Intellectual Property: Contractor shall fully indemnify and, at the election of IPA, defend IPA, IPSC, and the Operating Agent against any and all liability, whatsoever, by reason of any alleged infringement of any intellectual property rights (including, but not limited to, patents, copyrights, trademarks, or trade secrets) on any article, process, method, or application used in any designs, plans, drawings, or specifications provided under the Contract, or by reason of Contractor's manner of performance under the Contract, or by reason of use by IPA, IPSC, or the Operating Agent of any article, process, or material specified by Contractor.

   Copies of all drawings, specifications, calculations, models, data, and other engineering documents (collectively "Drawings") shall be delivered to and be the property of IPSC. IPSC shall be entitled to use the Drawings and the information contained therein for the construction, operation, maintenance, repair, alteration, improvement, and expansion of IPP facilities.

6. Contractor's Address and Legal Service: The address given in the Proposal shall be considered the legal address of Contractor and shall be changed only by advance written notice to IPSC. Contractor shall supply an address to which certified mail can be delivered. The delivery of any written communication to Contractor personally, or delivery to such address, or the depositing in the United States Mail, registered or certified with postage prepaid addressed to Contractor at such address, shall constitute a legal service thereof.

7. Assignment of Contract Prohibited: Contractor shall not assign or otherwise attempt to dispose of the Contract, or any rights hereunder, or of any monies due or to become due hereunder, unless authorized by the prior written consent of the President and Chief Operations Officer. The Contract, and Contractor's rights hereunder (including rights of collection) are nonassignable without the President and Chief Operations Officer's prior written consent. No right or claim can be asserted against IPA, IPSC, or the Operating Agent, in law or equity, by any person, by reason of any assignment or disposition unless so authorized.

If Contractor, without such prior written consent, purports to assign or dispose of the Contract, or any right or interest hereunder, IPSC may at its option terminate the Contract. Such termination shall relieve and discharge IPA, IPSC, and the Operating Agent from any and all liability, duties, and obligations to Contractor, and to any assignee or transferee thereof.

8. Quality Assurance: IPSC has the right to subject any or all materials, services, equipment, or other Work furnished and delivered under the Contract to rigorous inspection and testing. (Unless otherwise specifically provided in the Contract with respect to specific materials, services, equipment, or other Work, IPSC has no duty to inspect, test, or specifically accept.) Before offering any material, services, equipment, or other Work for inspection, testing, delivery, or acceptance, Contractor shall eliminate all items or portions which are defective or do not meet the requirements of these Specifications. If any items or portions are found not to meet the requirements of these Specifications, the lot, or any faulty portion thereof, may be rejected. Only the Contract Administrator may accept any material, service, equipment, or other Work as complying with these Specifications on behalf of IPSC.

IPSC may inspect and reject materials, services, equipment, or other Work tendered or purchased under the Contract at any reasonable location IPSC may choose (including, but not limited to, points of origin, while in transit to IPSC, IPSC specified receiving points, IPSC storage sites, or any point of use or installation). Inspection can include any testing that IPSC deems necessary or convenient to determine compliance with these Specifications. The expense of any initial tests will be borne by IPSC. All expenses of subsequent or additional tests will be charged against Contractor when due to failure of first-offered materials, services, equipment, or other Work to comply with these Specifications.

The fact that the materials, services, equipment, or other Work have or have not been inspected, tested, or accepted by IPSC, whether voluntarily or as required by any specific provision in the Contract, shall not relieve Contractor of responsibility in case of later discovery of nonconformity, flaws, or defects, whether patent or latent.

9. Extra Work, Reduced Work, and Change Orders by IPSC: IPSC reserves the right at any time before final acceptance of the entire Work to order Contractor to furnish or perform extra Work, or to make changes altering, adding to, or deducting from the Work, without invalidating the Contract. Changes shall not be binding upon either IPSC or Contractor unless made in writing in accordance with this Article.

Changes will originate with the President and Chief Operations Officer who will transmit to Contractor a written request for a Proposal covering the requested change, setting forth the changed Work in detail, and including any required supplemental plans or specifications. Upon receipt of such request, Contractor shall promptly submit in writing

to the President and Chief Operations Officer a Proposal offering to perform such change, a request for any required extension of time caused by such change, and an itemized statement of the cost or credit for the proposed change. Failure of Contractor to include a request for extension of time in the Proposal shall constitute conclusive evidence that such extra Work or revisions will entail no delay and that no extension of time will be required.

If Contractor's Proposal is accepted by IPSC, a written change order will be issued by the President and Chief Operations Officer stating that the extra Work or change is authorized and granting any required adjustments of the Contract price and of time of completion. If Contractor's Proposal is rejected by IPSC, then IPSC may order the additional or changed Work from other vendors.

Additional Work or changes pursuant to the change order shall be performed in accordance with the terms and conditions of these Specifications. No extra Work shall be performed or change made unless pursuant to such written change order, and no claim for an addition to the Contract price shall be valid unless so ordered.

Notwithstanding anything in the preceding paragraphs to this Article, IPSC may issue a written order reducing the Scope of Work without issuing a request for Proposal. Any such reduction in the Scope of Work shall be effective upon issuance. Reductions ordered by IPSC shall constitute partial terminations and shall reduce the price to be paid.

10. Changes at Request of Contractor: Changes may be made to facilitate the Work of Contractor. Such changes may only be made without additional cost to IPSC, without extension of time, and pursuant to written permission from the President and Chief Operations Officer. Permission for such changes shall be requested in writing by Contractor to the President and Chief Operations Officer.

11. Time is of the Essence and Extensions of Time: Time is of the essence to the Contract. Delivery and other performance of Work must be completed within the times and by the dates specified. Time for delivery or other performance of Work shall not be extended except as provided in this Article. Failure to deliver or otherwise perform Work within the times and by the dates specified shall constitute a default and be grounds for IPSC to immediately terminate the Contract.

If Contractor makes a timely written request in accordance with this Article, the time for delivery or other performance of Work will be extended by a period of time equivalent to any delay in the whole Work which is: (a) authorized in writing by the President and Chief Operations Officer, (b) caused solely by IPSC, or (c) due to unforeseeable causes (such as war, strikes, or natural disasters) and which delay is beyond the control and without the fault or negligence of Contractor and subcontractors.

Contractor shall promptly notify the President and Chief Operations Officer in writing at both the beginning and ending of any delay, of its cause, its effect on the whole Work, and the extension of time claimed. Failure of Contractor to provide such written notices and to show such facts shall constitute conclusive evidence that no excusable delay has occurred and that no extension of time is required.

The President and Chief Operations Officer will ascertain the facts and the extent of the delay and will extend the time for delivery when the findings of fact justify such an extension. The President and Chief Operations Officer's determination will be final and conclusive.

IPSC will be responsible for granting extensions of time as herein provided, but will not otherwise be responsible in any manner or liable to any extent for damage directly or indirectly suffered by Contractor as a result of any delay.

12. Protests and Claims: If Contractor considers any demand of the President and Chief Operations Officer to be outside of the requirements of the Contract, or considers any amount of payment, or any record, ruling, or other act, omission, or determination by the President and Chief Operations Officer to be unreasonable, Contractor shall promptly deliver to the President and Chief Operations Officer a written statement of the protest and of the amount of compensation or nature of accommodation, if any, claimed.

Upon written request by the President and Chief Operations Officer, Contractor shall provide access to all records containing any evidence relating to the protest or claim.

Upon review of the protest, claim, and evidence, the President and Chief Operations Officer will promptly advise Contractor in writing of the final decision which will be binding on all parties.

The requirements of this Article shall be in addition to, and shall not be construed as, waiving claims provisions of the Statutes of the state of Utah. Contractor is deemed to have waived and does waive all claims for extensions of time and for compensation in addition to the Contract price except for protests and claims made and determined in accordance with this Article.

13. Limitation of Liability; Responsible Party: It is understood and agreed that IPA shall be the sole party or person liable to Contractor for payments under or pursuant to the Contract, and for any breaches, defaults, or for any torts in the performance of or in relation to the Contract by IPA, IPSC, or the Operating Agent, or any officers, agents, or employees thereof. Contractor hereby expressly covenants and agrees that no suit shall be brought by Contractor against IPSC, or the Operating Agent, or their, or IPA's officers, agents, or employees, or any of the purchasers of power from IPA, but that all rights or remedies that Contractor may have or that may arise under or in relation to the

Contract shall be asserted by Contractor solely against IPA. Without limiting the foregoing provisions of this Article, Contractor shall have no right against any of the foregoing (including IPA) to assert or recover, in contract or in tort, damages or losses in the nature of consequential damages, incidental damages, or punitive or exemplary damages.

Contractor's liability to IPSC under the Agreement or under any cause of action relating to the Agreement, whether based on contract, warranty, tort (including negligence), strict liability, indemnity or otherwise, will not exceed the total Contract Price for the Goods and Services.

Contractor will not be liable to IPSC under the Agreement or under any cause of action relating to the subject matter of the Agreement, whether based on contract, warranty, tort (including negligence), strict liability, indemnity or otherwise, for loss of profits or revenue or business opportunity, loss by reason of shutdown of your facilities or inability to operate your facilities at full capacity, cost of obtaining other means for performing the function of the Goods as opposed to the replacement or repair of the Goods themselves, claims of your customers or incidental or consequential damages of any nature.

Contractor will not be liable to IPSC for any loss or damage relating to any portion or component of the Goods or Services which IPSC sustains after the expiration of the Warranty Period pertaining to such portion or component of the Goods or Services.

IPSC will have waived its right to sue Contractor at law or equity under the Agreement or under any cause of action relating to the subject matter of the Agreement unless IPSC commences it suit within one (1) year from the date on which IPSC discovers it has sustained the loss or damage which is the subject of its suit.

14. Independent Contractor: Contractor shall perform all Work as an independent contractor in the pursuit of its independent calling. Contractor is not an employee, agent, joint venturer, partner, or other representative of IPA, IPSC, or the Operating Agent and shall be under the control of IPSC only to provide the Work requested and not as to the means or manner by which the Work is to be accomplished. Contractor has no authority to act for, bind, or legally commit IPA, IPSC, or the Operating Agent in any way.

15. Drug Policy: Contractor shall submit a current copy of its drug policy for review. IPP facilities are a drug free and zero tolerance workplace. Contractor's employees and its subcontractors' employees, who are to perform Work or otherwise be at the IPP facilities, shall participate in a drug testing program prior to arrival, and at any additional time(s) during the Contract as IPSC may request.

16. Security and Safety Compliance: Contractor and its employees, agents, representatives, and/or subcontractors, while performing Work on IPP premises, or who are otherwise on IPP premises, shall fully comply with all security, fire prevention, and safety rules and procedures in force at IPP. IPSC has the right (but not duty) to make periodic and random inspections of the persons, and of their respective property, upon entering, at any time while on, and when departing any IPP facility. Such persons subject to inspection include Contractor, any subcontractor, and their respective employees, agents, and representatives. Property subject to inspection includes, but is not limited to, vehicles, clothing, toolboxes, lunch boxes, any other carrying case, tools or equipment, and anything contained therein. If violations are noted, the violations will be reported to Contractor's on-site supervisor and the Contract Administrator for appropriate action.

All Contractor's employees will be given security identification badges by IPSC's Security Contractor and those badges shall be displayed each day to allow admittance on IPP premises. Contractor's employees who do not have security identification badges in their possession, will not be allowed on site unless signed in by the Contract Administrator. All security identification badges shall be returned to IPSC's Security Contractor when the employee terminates their work on IPP premises. All Contractor's vehicles will also receive parking stickers from the Security Contractor allowing entrance on IPP premises. Temporary badges and parking stickers are available for intermittent Contractor employees and vehicles.

Contractor shall have access on IPP premises between the hours of 7:00 am to 7:00 pm Monday through Friday. Access may be allowed on weekends or at other times with the approval of the Contract Administrator.

Contractor will be directed to specified areas for parking vehicles and equipment by the Contract Administrator. Certain areas of IPP premises are restricted to IPSC vehicles only. Exceptions to the parking restriction will be made on an as needed basis through Contractor's respective Contract Administrator. Contractor shall make its employees, agents, representatives, and/or subcontractors aware of all areas that are subject to restricted parking.

Contractor agrees, warrants, and represents that: (a) it is familiar with the risks of injury associated with the Work and otherwise being on IPP premises, (b) has reviewed the Work to be performed, (c) has inspected IPP Work site with an IPSC representative, and (d) has determined that no unusual or peculiar risk of harm exists with regard to the Work to be performed on IPP premises. Contractor further agrees that it shall, at all times, provide on IPP premises, a competent supervisor(s) familiar with IPSC's and the industry's safety standards to ensure compliance with all federal, state, and local regulations pertaining to safety (including, but not limited to, Federal and State OSHA, as said regulations relate to the Work to be performed under the Contract). Although

IPSC assumes no responsibility to oversee or supervise the Work, IPSC reserves the right to review safety programs and practices and to make recommendations to Contractor. No such review or recommendation by IPSC shall impose any liability or responsibility on IPSC, or relieve Contractor from providing a safe working environment and complying with all legal requirements.

Contractor shall comply with IPSC's safety and equipment requirements prior to starting the Work. Worker protective clothing, which includes, but is not limited to, hardhats, safety glasses, safety shoes, gloves, respirators, earplugs, safety harnesses, and face shields shall be provided by Contractor.

Prior to starting the Work, all of Contractor's personnel shall attend a safety orientation taught by a representative of IPSC. At Contractor's option and subject to IPSC approval, a supervisor of Contractor may attend the orientation taught by IPSC, and then present the orientation to the remainder of Contractor's personnel. In that case, a roll shall be provided to IPSC which lists each person who received the orientation and the date it was received.

17. Nonexclusive: This is a nonexclusive Contract. IPSC reserves the right to obtain services, materials, equipment, or other work from other vendors or suppliers.

PART E - DIVISION E2

ADDITIONAL GENERAL CONDITIONS

1. Guarantee: Contractor guarantees and warrants for a minimum period of one (1) year after delivery, and for such longer period as may be specified by the applicable statute of limitations, that all materials, services, equipment, and other Work furnished are free from defects and otherwise conform to the terms of the Contract, including, but not limited to, the Article entitled Materials and Work in Part E, Division E1, General Conditions.

Contractor shall repair or replace, as IPSC may direct, all defective materials, services, equipment, or other Work. Such repair or replacement shall be F.O.B. at such destination as IPSC may direct (contract delivery point, point of installation, point of consumption, etc.). IPSC's right to demand repair or replacement is in addition to any other remedies that may be available for breach of the foregoing guarantee and warranty. IPSC will provide work area, utilities, and access and egress to enable Contractor to perform its obligation under this Article 1.

Contractor shall, for the protection and benefit of IPA, IPSC, and LADWP, obtain guarantees conforming to the foregoing two (2) paragraphs from each of its vendors and subcontractors with respect to materials, services, equipment, or other portions of the Work. Such guarantees from vendors and subcontractors shall be in addition to, and not in lieu of, Contractor's own guarantees. Contractor will have no obligations to IPSC under Article 1 for losses caused by: (a) IPSC failure to operate or maintain the Goods in accordance with generally approved industry practice; or (b) IPSC failure to operate or maintain the Goods in accordance with instructions from Contractor; or (c) IPSC failure to give Contractor written notice within a reasonable time, not to exceed thirty (30) days of IPSC's discovery of a specifically identifiable defect; or (d) the Goods or any component of the Goods having been altered, repaired, or fabricated by someone other than Contractor; or (e) the Goods having been installed by someone other than Contractor, and the installation is not done in accordance with Contractor's instructions; or (f) corrosion, erosion, fouling and/or plugging of the Goods, or a fire or explosion relating to such corrosion, erosion, fouling, or plugging.

Contractor warrants to IPSC that at delivery, the Goods will be free of any liens or encumbrances. If there are any such liens or encumbrances, Contractor will cause them to be discharged promptly after IPSC has notified Contractor of their existence.

Contractor warrants to IPSC that the Services, if any, will be performed in a good and workmanlike manner. If within the Warranty Period, IPSC discovers that any portion of the Services was not performed in a good workmanlike manner, IPSC must give Contractor notice within a reasonable time, not to exceed thirty (30) days of IPSC's discovery and Contractor will perform again that portion of the Services.

Contractor makes no guaranty or warranty of the performance of the Goods except as may be expressly set forth as a Performance Guarantee elsewhere in the Agreement. Any other data and information pertaining to performance of the Goods, whether stated in the Agreement or elsewhere, are for purposes of illustration or estimate only, and are not guaranteed.

THE EXPRESS WARRANTIES CONTRACTOR MAKES TO IPSC IN THIS ARTICLE 1 ARE THE ONLY WARRANTIES OR GUARANTEES CONTRACTOR WILL MAKE. THERE ARE NO OTHER WARRANTIES OR GUARANTEES, WHETHER STATUTORY, ORAL, WRITTEN, EXPRESS, OR IMPLIED. IN PARTICULAR, THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THERE ARE NO STATUTORY, ORAL, OR IMPLIED CONDITIONS.

So long as Contractor actually fulfills its promised remedies of repair and/or replacement, the remedies Contractor provided to IPSC in this Guarantee Article 1 are the only remedies IPSC will have in the event of a breach of warranty.

2. Payment: Payments under the Contract will be per the following schedules:

PAYMENT SCHEDULE - UNIT 2		
Payment	**Payment**	
1	$262,660	Due Upon Submittal of Installation Drawings
2	$525,320	Due Upon Receipt of Raw Materials
3	$195,220	Invoiced Upon Final Shipment of Unit 2 Hardware
4	$ 53,700	Invoiced Upon Completion of Installation
5	$276,400	Due on July 1, 2004
Total:	$1,313,300	

PAYMENT SCHEDULE - UNIT 1		
Payment	**Payment**	
1	$269,940	Due Upon Release to Shop
2	$539,880	Due Upon Receipt of Raw Materials
3	$404,910	Invoiced Upon Final Shipment of Unit 1 Hardware
4	$134,970	Due Sixty (60) Days After Completion of Installation
Total:	$1,349,700	

3. Work Slips and Invoices: Invoices shall be submitted in duplicate to Accounts Payable, Intermountain Power Service Corporation, 850 West Brush Wellman Road, Delta, Utah 84624-9546. All letters pertaining to invoices shall be addressed to the foregoing address.

   IPSC may direct the form of invoice to be used. All invoices shall show the Contract number, release number, or other identification of each delivery covered by the invoice. In all cases, the amount of the applicable sales tax or use tax shall be separately stated on the invoice.

4. Regulations, Permits, Licenses, and Warrants: Contractor shall comply with all applicable federal, state, and local regulations including, but not limited to, Federal and State OSHA, as said regulations relate to the Contract, Contractor's performance, or Contractor's trade. In addition, Contractor shall ensure that all permits, licenses, and warrants relating to the Contract, Contractor's performance, and Contractor's trade be acquired.

5. Letters to IPSC: All inquiries relating to these Specifications prior to Award of Contract shall be addressed to the Buyer.

   After Award of Contract, all letters pertaining to performance of the Contract (other than invoice) shall be addressed as follows:

   Mr. George W. Cross
   President and Chief Operations Officer
   Intermountain Power Service Corporation
   850 West Brush Wellman Road
   Delta, UT 84624-9546

   Attention: Bret Kent
   Contract Administrator

   Regarding: **Contract 04-45615**

PART F - DIVISION F1

DETAILED SPECIFICATIONS - SPECIAL CONDITIONS

1. General: Under the terms of the Contract, Contractor shall furnish and deliver **Material and Technical Support for Secondary Air Preheater Element Replacement Hardware** ordered by IPSC beginning with date stated in the first introductory paragraph of the Contract Agreement, and expiring upon the conclusion of two (2) years thereafter, (hereinafter called the Contractual Period).

2. Printed Documents: All printed documents, including drawings and instruction books, if applicable, shall be in the English language. All units of measurement shall be in the English foot-pound-second system.

3. Delivery Arrangements: After award of the Contract and prior to delivery or other performance of any Work, Contractor shall become familiar with the unloading facilities at the delivery point(s) set forth in the Proposal Schedule, either by personal inspection or by contacting the Contract Administrator, (435) 864-4414.

4. Option to Renew: IPSC has the right and option at any time during the original term of the Contractual Period to renew the Contract for a period of one (1) year from the date of scheduled expiration of the original term of the Contractual Period.

   In the event that said option is exercised by IPSC, it will be exercised by the issuance and delivery to Contractor of a written order therefor by the Buyer or his duly authorized representative. The Contract executed for the original Contract period shall remain in full force and effect for any such extended or option period, at the same prices and under the same terms and conditions for such extended or option period.

5. Indemnity Clause: To the extent of its negligence or other legal fault, Contractor undertakes and agrees to indemnify, hold harmless, and at the option of the IPA, defend IPA, IPSC, LADWP, and any and all of their boards, officers, agents, representatives, employees, assigns, and successors in interest from and against any and all suits and causes of action, claims, charges, costs, damages, demands, expenses (including, but not limited to, reasonable attorneys' fees and cost of litigation), judgments, civil fines and penalties, liabilities or losses of any kind or nature, including, but not limited to, violations of regulatory law, breach of contract, death, bodily injury or personal injury to any person, including Contractor's employees and agents, or damage or destruction to any property of either party hereto, or of third persons, arising in any manner by reason of or incident to the performance of the Contract on the part of Contractor, or Contractor's officers, agents, employees, or subcontractors of any tier, except as may be caused by the sole negligence of IPA, IPSC, LADWP, or their boards, officers, agents, representatives, or employees.

6. Insurance Requirements: Prior to the start of the Work, but not later than thirty (30) calendar days after date of Award of Contract, Contractor shall furnish IPSC evidence of coverage from insurers acceptable to IPSC and in a form acceptable to the IPSC's

Insurance Analyst. Such insurance shall be maintained by Contractor and at Contractor's sole cost and expense.

The insurance shall not limit or qualify the liabilities and obligations of Contractor assumed under the Contract. IPA, IPSC, or LADWP shall not, by reason of any of their inclusion under these policies or otherwise, incur liability to the insurance carrier for payment of the premium for these policies.

Any insurance carried by IPA, IPSC, or LADWP which may be applicable is and shall be deemed excess insurance, and Contractor's insurance is and shall be primary for all purposes despite any provision in Contractor's policies to the contrary.

Should any portion of the required insurance be on a "Claims Made" policy, Contractor shall, prior to the policy expiration date following completion of the Work, provide evidence that the "Claims Made" policy has been renewed or replaced with the same limits and terms and conditions of the expiring policy at least for the Contract under which the Work was performed. Contractor shall provide the following insurance:

a. Workers' Compensation/Employer's Liability: Workers' Compensation Insurance covering all of Contractor's employees in accordance with the laws of all states in which the Work is to be performed and including Employer's Liability Insurance, and as appropriate, Broad Form All States Endorsement, Voluntary Compensation, Longshoremen's and Harbor Workers' Compensation, Jones Act, and Outer-Continental Shelf coverages. The limit for Employer's Liability coverage shall be not less than $1 million each accident and shall be a separate policy if not included with Workers' Compensation coverage. Evidence of such insurance shall be an endorsement to the policy providing for thirty (30) calendar days prior written notice of cancellation or nonrenewal of a continuous policy to IPSC, by receipted delivery, and a Waiver of Subrogation in favor of IPA, IPSC, and LADWP, their officers, agents, and employees. Workers' Compensation/Employer's Liability exposure may be self-insured provided that IPSC is furnished with a copy of the certificate issued by the state authorizing Contractor to self-insure. Contractor shall notify IPSC, by receipted delivery, as soon as possible of the state withdrawing authority to self-insure.

b. Commercial General Liability: Commercial General Liability with Blanket Contractual Liability, Products and Completed Operations, Broad Form Property Damage, Premises and Operations, Independent Contractors, and Personal Injury coverages included. Such insurance shall provide coverage for total limits actually arranged by Contractor, but not less than $2 million Combined Single Limit and be specific for the Contract. Should the policy have an aggregate limit, such aggregate limits should not be less than $4 million. Umbrella or Excess Liability coverages may be used to supplement primary coverages to meet the required limits. Evidence of such coverages shall be on IPSC's Additional

Insured Endorsement Form or on an endorsement of the policy acceptable to IPSC and provide for the following:

(1) To include IPA, IPSC, LADWP, and their officers, agents, and employees as additional insured with the Named Insured for the activities and operations under and in connection with the Contract.

(2) That the insurance is primary and not contributing with any other insurance maintained by IPA, IPSC, or LADWP.

(3) A Severability-of-Interest or Cross-Liability Clause such as: "The policy to which this endorsement is attached shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the company's liability."

(4) That the policy shall not be subject to cancellation, change in coverage, reduction of limits or nonrenewal of a continuous policy, except after written notice to IPSC, by receipted delivery, no less than thirty (30) calendar days prior to the effective date thereof.

(5) A description of the coverages included under the policy.

c. Commercial Automobile Liability: Commercial Automobile Liability covering the use of owned, nonowned, hired, and leased vehicles for total limits actually arranged by Contractor, but not less than $1 million Combined Single Limit. Such insurance shall include Contractual Liability coverage. The method of providing evidence of insurance and requirements for additional insureds, primary insurance, notice of cancellation, and Severability-of-Interest shall be the same as required in the Commercial General Liability Section of terms and conditions.

d. Professional Liability: Professional Liability Insurance with Contractual Liability coverage included, covering Contractor's liability arising from errors and omissions made directly or indirectly during the execution and performance of the Contract and shall provide coverage of $5 million Combined Single Limit. Evidence of such insurance shall be in the form of a special endorsement of insurance and shall include a Waiver of Subrogation against IPA, IPSC, and LADWP, their officers, agents, and employees.

The policy shall not be subject to cancellation, change in coverage, reduction of limits, or nonrenewal of a continuous policy, except after written notice to IPSC, by receipted delivery, not less than thirty (30) calendar days prior to the effective date thereof.

e. Other Conditions:

(1) Failure to maintain and provide acceptable evidence of any of the required insurance for the required period of coverage shall constitute a major breach of Contract, upon which IPSC may immediately terminate or suspend the Contract. In addition or in the alternative, IPSC has the right (but not duty) to procure such insurance and: (a) to deduct the cost thereof from any monies due Contractor under the Contract or otherwise, and/or (b) to charge and collect the cost thereof from Contractor, payable upon demand. Such claim, deduction, or charge shall include an administrative fee of 2 percent of the cost of procuring said insurance. Said insurance may be procured and maintained in the name of Contractor, IPA, IPSC, LADWP, and/or any combination thereof, as primary and/or secondary insured, all as IPSC may from time to time elect.

(2) Contractor shall be responsible for all subcontractors' compliance with these insurance requirements. The foregoing remedies in subarticle (1) shall be available to IPSC against Contractor for any failure by any subcontractor to maintain and provide the required insurance.

7. Transportation: All shipments of hazardous materials under the Contract or in connection herewith shall be handled in accordance with current United States Department of Transportation regulations and all other applicable federal, state, and local laws and regulations.

8. Material Safety Data Sheets: Contractor shall furnish IPSC with a Material Safety Data Sheet (MSDS) for all hazardous materials furnished under the Contract, used, stored, or transported on or near IPP premises in connection with the Contract. The MSDS shall be furnished to IPSC on, or prior to, the date of the first delivery, use, storage, or transportation of the materials or equipment. If these Specifications require that Contractor furnish instruction books, the MSDS shall also be included in such books.

9. Contract Termination:

a. For Convenience or Security: IPSC reserves the right, by giving twenty (20) calendar days prior written notice (or such longer notice as IPSC may select) to Contractor, to terminate the whole or any part of the Contract at IPSC's convenience, whether or not Contractor is in default. IPSC also reserves the right to terminate the Contract, effective immediately upon notice, for purposes of security or safety of IPP facilities, persons who work at IPP facilities, or the public. In the event of termination for convenience, security, or safety, IPA will pay Contractor reasonable and proper direct costs of termination overhead and reasonable profit on portion of work completed, (if, however, Contractor's Proposal includes cancellation charges, payment for termination costs shall not

exceed the cancellation charges set forth therein). Contractor shall, after consultation with IPSC, take all reasonable steps to minimize the costs related to termination. Contractor shall provide IPSC with an accounting of costs claimed, including adequate supporting information and documentation and IPSC may, at its expense, audit the claimed costs and supporting information and documentation.

b. For Breach: IPSC may terminate the whole or any part of the Contract effective immediately upon notice, in the event Contractor is in material default, and without right on the part of Contractor to claim any termination costs. This right to terminate is in addition to, and not in lieu of, any other remedy provided in the Contract or otherwise provided by law or equity.

c. Limitation of Liability: In no event shall termination of this Contract, or any portion thereof, whether for convenience, security, safety, breach, or otherwise, constitute the basis for or result in any claim by Contractor for consequential or incidental damages (including loss of anticipated profits or other economic damages) or punitive damages, and Contractor hereby releases IPA, IPSC, and LADWP, and their officers, directors, employees, agents, and representatives, from any and all such claims or liability.

10. Suspension of Work: IPSC reserves the right to suspend and reinstate execution of the whole or any part of the Contract and the Work without invalidating the provisions of the Contract. In the event the Work is suspended, Contractor will be reimbursed for actual direct unavoidable costs that it reasonably incurs as a result of the suspension. Claims for such cost reimbursement shall be submitted by invoice. Contractor shall use all reasonable means to minimize such costs, and shall allow IPSC to audit costs claimed. Contractor shall, upon request by IPSC, provide a projection of costs it anticipates to incur during any suspension, or continuation of suspension, contemplated by IPSC. In no event shall suspension constitute the basis for, or result in, any claim for consequential or incidental damages (including loss of anticipated profits or other economic damages) or punitive damages, and Contractor hereby releases IPA, IPSC, and LADWP, and their officers, directors, employees, agents, and representatives, from any and all such claims or liability.

11. No Waiver: No breach, noncompliance, or other failure to perform (collectively "breach") by Contractor, or any subcontractor, or of any Work shall be deemed waived unless expressly waived in writing by the President and Chief Operations Officer. No waiver by IPSC of any one breach shall be deemed to waive any other prior, concurrent, or subsequent breach. No exercise, or failure to exercise, or delay in exercising any particular remedy by IPSC shall be deemed a waiver or preclude IPSC from subsequently invoking that remedy for that breach or any other breach. All remedies granted to IPSC in the Contract, or by law or equity, are cumulative and may be exercised in any combination or order.

PART F - DIVISION F2

DETAILED SPECIFICATIONS - DETAILED REQUIREMENTS

1. Quantity: IPSC agrees to purchase during the Contractual Period the following Materials and Technical Services:

MATERIALS	
Cold-End Stay Plate Extensions with Basket Support Bars:	Total of One Hundred Forty-Four (144) Extensions per Air Preheater Rotor
Basket Sealing Frames:	Total of One Hundred Sixty-Eight (168) Frames per Air Preheater
Cold-End Basketed Heating Elements, with Type DL7™ 20 Gauge Low Alloy Steel with Liners:	Total of Three Hundred Thirty-Six (336) Baskets per Layer/Air Preheater
Hot-End Basketed Heating Elements, with Type DL7™ 22 Gauge Low Alloy Steel with Liners:	Total of Three Hundred Thirty-Six (336) Baskets per Layer/Air Preheater
Radial, Ee-zee ™ Bypass, Axial and Post Seals with Holding Strips and Fasteners:	Complete Set
SERVICES	
Engineer's Evaluation of Materials Offered to Verify Existing Bearing Loads, Drives, and Air Preheater Structure is Adequate for the Proposed Arrangement	
Field Installation Drawings and Instructions	
Estimated Man-Hours to Complete Installation	
Seal Setting Data for New Heating Elements	
Thermal and Pressure Drop Guarantee for New Heating Elements	
Manufacturing Schedule	
Estimated Shipping Weights and Sizes	
All-Inclusive On-Site Technical Service Support	

2. Liquidated Damages: IPSC shall be compensated by Contractor for substandard execution of delivery and hardware performance in accordance with the following provisions:

a. If Contractor fails to meet the mutually agreed to delivery schedule as requested in Part F, Division F3, Article 10, Manufacturing Schedule, subarticle i, for each respective outage, Contractor shall pay all costs associated with mobilization and demobilization incurred by the installation Contractor plus a boiler performance liquidated damages amount of $50,000, representing a small fraction of the monies lost by IPSC. This liquidated damages associated with delivery will only apply if there is an adverse impact on the overall project schedule.

b. If the heat transfer surface is installed in accordance with the plans and these Specifications and under direct supervision of a Technical Services representative provided by Contractor, and if the conditions (or a set of conditions adjusted and normalized for actual operating parameters) supplied by Contractor in Appendix A are not met, the liability shall be limited to, at Contractor's option, the necessary repairs, replacements, or modifications to permit such performance, or in lieu thereof, Contractor may pay IPSC as liquidated damages in full satisfaction of the failure to meet the performance guarantee, an amount equal to the lessor of $5,000 per °F, above the guaranteed exit gas temperature plus tolerance, plus 1 percent of the purchase price of the heating elements for each full inch water gauge that the air or gas side pressure drops are above the guarantee value, up to 10 percent of the purchase price of the heating element, excluding freight.

To establish non-compliance with this guarantee, IPSC will, at its expense, and using plant equipment, conduct testing procedures in compliance with the Air Preheater Test Code, ASME PTC-4.3, within sixty (60) days after initial operation. Contractor shall supply, at Contractor's expense, a representative to witness and validate the testing procedures and results. If a representative is not supplied, Contractor shall be responsible for all costs associated with validating the results as provided by IPSC.

c. The provisions set forth in this Division supercede any and all performance guarantees, limitations of remedies, and limitations of warranties or performance, that may purportedly be stated in Contractor's Proposal.

PART F - DIVISION F3

DETAILED SPECIFICATIONS - TECHNICAL REQUIREMENTS

1. General: These Specifications provide technical information required to supply materials and technical services associated with modifications to the Secondary Air Preheaters for a period of two (2) years to cover both Unit 1 and Unit 2 scheduled outages as listed in Article 3, Overall Schedule, of this Division.

2. Unit Description: IGS consists of two (2) sister units each operating two (2) 33-1/2-VI-64 parallel Ljungstrom/CE Secondary Air Preheaters and two (2) 24-1/2-VI-44 parallel Ljungstrom/CE Primary Air Preheaters. The two (2) units have experienced several uprates from the original full load output of 840 MWg. The current full load design rating of each is 950 MWg. IGS elevation is 4,700 feet above sea level.

   Only the Secondary Air Preheaters will be modified with these Specifications.

   The existing Secondary Air Preheaters consist of a three (3) layer design as follows:

EXISTING SECONDARY AIR PREHEATERS DESIGN	
Hot-End Layer:	#22 Gauge, 'DL', 36" Depth, Low Alloy/CR
Hot Intermediate Layer:	#22 Gauge, 'DL', 16" Depth, Low Alloy/CR
Cold-End Layer:	#18 Gauge, 'NF-6', 12" Depth, Low Alloy/CR

   The existing drive train consists of a General Electric, 75 horsepower, frame 365-T motor coupled to a Philadelphia Gear 10 AP - 132:1.1 speed reducer. The fluid coupling provided and installed as original equipment at the motor/speed reducer interface is no longer in service. The speed reducers have been retrofitted since original installation with pump driven, oil cooler assemblies. The motors are connected to the speed reducer with conventional spider couplings.

   The support bearing consists of a Kingsbury, series 1450 thrust bearing and a SKF No. 23244 CJ/C3/W33 radial bearing. The guide bearing consists of a SKF No. 23192 radial bearing. The guide bearing lubrication circuits have also been modified for enhanced oil cooling.

3. Overall Schedule: The overall planned Scope of Work for modifications to the Secondary Air Preheaters shall begin February 28, 2004 through March 29, 2004 during the scheduled outage of Unit 2. The same Work shall be completed on the Secondary Air Preheaters during the scheduled outage of Unit 1, currently scheduled to begin March 5, 2005 through April 4, 2005. The overall schedule for the Work is tentative and is subject to change based on each Unit's availability requirements. Contractor must conform its performance to the outage dates that IPSC ultimately schedules, so long as Contractor is given twenty (20) calendar days advance notice of the final selected outage dates.

4. Contractor's Scope of Work: This Article defines the Work to be completed by Contractor within these Specifications. Contractor's Scope of Work shall include design, manufacture, and delivery of new, high-efficiency, secondary air preheaters rotor hardware for ensuring optimal thermal and air/gas differential performance and reliability as follows:

   a. Latest technology secondary air preheaters basket supports, stay plates extensions, and elements as required (four (4) air preheaters total).

   b. Basket sealing frames.

   c. Special tools required for maintenance or adjustment of the new rotor hardware.

   d. Five (5) complete sets of latest design air preheater rotor seals (two (2) per unit plus one (1) spare set). Seal sets to include all seals needed for complete rebuild of the air preheater, including, but not limited to, radial, circumferential, bypass seals, and all installation hardware as required.

   e. Rotor seal clearance gauge assemblies sufficient for external indication of both the sector plate mid-span and outer tip on the hot-end sector plates and the outer tip only on the cold-end sector plates on all four (4) secondary air preheaters (total of twenty-four (24) seal clearance gauge assemblies).

   f. Engineering services including verification of acceptable bearing loads, mechanical drives, and structure.

   g. Technical direction services for ensuring accurate and efficient installation of the new air preheater hardware, including, but not limited to, technical support for the Project Engineer in providing direction to the selected installation Contractor through all phases of the project Scope of Work.

   h. Field Service Engineering for on-site direction during installation of the secondary air preheater modifications as listed in Article 6, Field Service Engineering, of this Division. Field Service Engineering shall include technical direction to both IPSC and the installation Contractor during mobilization/staging, installation, startup, and testing of the air preheaters in service.

   i. On-site training for Operations/Maintenance/Engineering personnel regarding air preheater performance parameters, recommended maintenance practices, and procedures and best operating practices for both the primary and secondary air preheaters. Training agenda to be prepared based on three (3) separate sessions of approximately 3-hours each over two (2) to three (3) days. Groups of up to thirty (30) people will be invited to attend one (1) of the three (3) training sessions. The training sessions shall be taught by the Field Engineer.

5. Design Conditions and Performance Criteria: The Project's justification rests on both performance and fan capacity recovery; therefore, all possible efforts shall be made to identify and incorporate the most current and proven performance related technologies listed below:

   a. Air preheater elements shall be minimum 22 USS gauge. Deviation from this requirement must be justified in Contractor's Proposal.

   b. All air preheater elements shall be reversible with no impact on air preheater performance.

   c. Contractor shall clearly identify all alloys used in the new rotor components provided.

   d. Contractor shall provide procedures for ensuring that design dimensions, clearances, and rotor alignment are maintained during installation.

The secondary air preheater internals shall be designed to eliminate failure of any component due to erosion, oxidation/corrosion and structural failure for a minimum period of twenty (20) years when operated within certain conditions.

Refer to Appendix 1 and 2 for additional information and fill in the operating parameters for the following conditions:

SECONDARY AIR PREHEATER OPERATING CONDITIONS FOR TWENTY (20) YEAR LIFE			
	Minimum	**Maximum**	**Design**
Inlet Gas Temperature, °F			
Inlet Air Temperature, °F			
Gas Temperature Differential, °F			
Air Temperature Differential, °F			
Gas Velocity, Lbs/Hr			
Air Velocity, Lbs/Hr			
Inlet Pressure Differential (In Wg)			
Outlet Pressure Differential (In Wg)			

SECONDARY AIR PREHEATER OPERATING CONDITIONS FOR TWENTY (20) YEAR LIFE			
	Minimum	**Maximum**	**Design**
Hot-End Sootblowing Cycles at 150 Psi			
Cold-End Sootblowing Cycles at 150 Psi			

6. Field Service Engineering: Unless agreed to otherwise, in writing by IPSC, Mr. Harlan Fennemore shall serve as the Field Service Engineer/OEM Technical Representative for the secondary air preheater modifications. The Field Service Engineer shall arrive on site no later than one (1) week prior to the respective outage scheduled start dates. The Field Service Engineer shall be available in accordance with the planned outage shift schedule, from one (1) week prior to the outage scheduled start date until at least one (1) week following full-load operation of the respective unit. Total duration of on-site stay shall be approximately six (6) weeks. The Field Service Engineer shall provide the following services:

   a. Technical direction to IPSC for disassembly, cleaning, inspection, repair, part replacement, reassembly, sector plate assembly rotor alignment, balancing, etc., of the secondary air preheater components.

   b. Assist IPSC with overhaul planning, schedule preparation, and schedule updating both before and during the installation outage. Approximately twelve (12) weeks prior to the outage, the Field Service Engineer shall travel to the IPP Work site and participate in a finalization planning meeting for the installation outage.

   c. Be on site to receive and inspect all components as provided by Contractor to ensure no damage occurred during shipping and all required components are on site.

   d. First outage only, conduct an on-site, off-line inspection of the Unit 2 Primary Air Preheaters as early in the outage as possible without impacting the ongoing Work on the Secondary Air Preheaters. Conduct a complete on-line inspection of the Unit 1 Primary and Secondary Air Preheaters at some time during the Unit 2 outage.

   e. Prepare and submit to IPSC a technical report which details the inspections, repairs, and future maintenance and operating recommendations related to the modifications completed and the status and condition of all air preheaters inspected.

   f. First outage only, prepare an agenda for an on-site air preheater training session covering aspects of control, performance, and maintenance on the secondary and primary air preheaters. Submit agenda to the Contract Administrator. The

Field Engineer shall participate in three (3) separate 3-hour training sessions held on site.

g. Additional support and coordination as required to ensure a smooth installation and startup.

7. IPSC Provided Services: IPSC shall provide the following services at the designated location for use within the Contractor's trailer:

IPSC PROVIDED SERVICES
A Single Telephone Line - Contractor shall arrange with Telephone Company for Service
A Single Fax Line - Contractor shall arrange with Telephone Company for Service
120 VAC Power for Trailer Lighting and Heating

8. Operating Experience: IGS consistently operates with net capacity factors in excess of 90 percent, and net output in excess of 95 percent. With the current three (3) layer design secondary air preheaters, IPSC Operations has often thought it necessary to complete up to four (4) blowing sequences every 24-hours. Normal air preheater cleaning requirements have averaged approximately two (2) blowing sequences every 24-hours.

9. Maintenance History and Provisions: Modifications to the secondary air preheaters have been performed by IPSC personnel under the direction of an authorized Field Service Engineer. In addition to normal maintenance, the secondary air preheaters have received the following modifications:

MODIFICATIONS
Tilting Sector Plate
Guide Bearing Seal
Auxiliary Gear Box Oil Cooling Skid
Electric Drive Hydraulic Coupling Removal
Sector Plate Digital Position Control System Upgrade

Details of the above modifications will be provided upon written request from Contractor.

10. Manufacturing Schedule: Within four (4) weeks of Award of Contract, Contractor shall submit a detailed schedule showing all facets of procurement, fabrication, and delivery

of the secondary air preheater upgrade and associated components. The schedule shall include the following:

a. Order placement for material stock for each major component.

b. Expected delivery to manufacturing facilities of stock for each major component.

c. Verification of fabrication dimensions.

d. Component fabrication.

e. Component assembly.

f. Final assembly dimensional verification at manufacturing facility.

g. Preparations for shipping.

h. All materials and components shipped from fabrication facility.

i. All materials and components delivered to IPP Work site no later than February 21 for the 2004 outage and February 1 for the 2005 outage.

Updated manufacturing progress reports shall be prepared and submitted in writing to IPSC on a monthly basis starting the first month after Award of Contract and continuing up to the date of final inspection and shipment.

11. Air Preheater Performance Testing: IPSC will, at its expense, and using plant equipment, carry out a secondary air preheater performance verification test for verification of bid design performance parameters. The test shall be completed within sixty (60) calendar days after the unit is on-line and stable. Air preheater performance testing will be based on the latest edition of the accepted standard for air preheater performance testing ASME PTC-4.3.

12. Contract Document Submittals: As-built or updated drawing revisions shall be prepared and submitted following installation of each unit's respective secondary air preheater modifications. During the course of fabrication and installation of the secondary air preheater modification hardware, Contractor shall submit, at a minimum, the following information in accordance with the monthly updated manufacturing schedules and reports outlined in Article 10, Manufacturing Schedule, of this Division.

SCHEDULE OF SUBMITTALS		
No.	**Item**	**Time of Submittal**
1.	Completely Fill Out Part F, Division F3, Article 5, Design Conditions and Performance Criteria	Six (6) Weeks After Contract Award
2.	Provide a List of All Recommended Requirements for ASME PTC-4.3 Section 3.01, Specifically Showing Recommended Tolerances for Acceptance Testing as per ASME PTC-4.3 Section 3.01.12 and 3.03, Including Allowable Measurement, Calibration, and Final Result Errors In Addition, Define Recommended Conditions for Inlet Air Steady State for Commencement of Acceptance Tests and Parameter That Define a Failed Test per ASME PTC-4.3 Section 3.10	To Be Mutually Agreed To By Contractor and IPSC Prior to Testing
3.	Bill of Materials Including Materials Used, Method of Manufacturing, and Manufacturing Agent	Six (6) Weeks After Contract Award
4.	Air Preheater Differential and Thermal Performance Curves Including:	Six (6) Weeks After Contract Award
	Load Versus Pressure Drop Curves	
	Load Versus Air Outlet Temperature Curves	
	Load Versus Gas Outlet Temperature Curves	
	Load Versus Air Preheater Leakage Curves	
5.	Manufacturing Progress Reports as Detailed Above	Monthly - After Contract Award
6.	Assembly Drawings	Six (6) Weeks After Contract Award
7.	Modification Details to Any Existing Air Preheater Components, Including Clearances	Six (6) Weeks After Contract Award
8.	Rotor Design Seal Clearance Drawings	Twelve (12) Weeks Prior to Outage

SCHEDULE OF SUBMITTALS		
No.	**Item**	**Time of Submittal**
9.	Rotor Alignment Drawings	Twelve (12) Weeks Prior to Outage
10.	Component and Assembly Rigging Plan Including Accurate Weight of Each Lift	Twelve (12) Weeks Prior to Outage
11.	Air Preheater Material Mill Certificates	Twelve (12) Weeks Prior to Outage
12.	As-Built Drawings and Owners Manuals	Two (2) Weeks After Shipment

Where final revisions of the above documents are not readily reproducible by IPSC, Contractor shall provide ten (10) copies upon request.

13. Shipping: All components and assemblies shall be packaged, coated, supported, and secured to prevent corrosion, damage, or deformation during shipping. Any damage sustained prior to delivery to IGS shall be judiciously corrected by and to the account of Contractor.

APPENDIX 1

Please provide the following information and return with Proposal. Contractor shall base its calculations on provided information and the ultimate analysis of fuel provided in Appendix 2.

OPERATING CONDITIONS (PER TWO (2) AIR PREHEATERS)		
Air Entering	6,104,104	Lb/Hr
Air Entering Temperature	67	°F
Gas Entering	7,132,104	Lb/Hr
Gas Entering Temperature	751	°F
Job Site Elevation	4,700	Ft
GUARANTEED PERFORMANCE		
Air Side dP	3.5	Inches Wg
Air Leaving Temperature	698	°F
Gas Site dP	5.65	Inches Wg
Gas Leaving Temperature	272	°F
ASSUMPTIONS (Attach Additional Sheets as Necessary)		
Allowable Leakage	376,000	Lb/Hr

AS RECEIVED COAL SAMPLE ANALYSES - IPSC FUELS LAB

Mine	Tonnage	Month/Yr	Moist%	Ash%	Volatile%	S%	Btu/lb	C%	H%	N%	O%	Dry Ash%	Dry S%	Dry C%	Dry H%	Dry N%	Dry O%	Dry Btu/lb	Dry Volatile	MAF BTU
Andalex	54759.35	April, 2003	6.81	9.44	36.83	0.59	11941	66.82	4.59	1.50	10.25	10.13	0.63	71.70	4.93	1.61	11 00	12814	39.52	14258
Arch	93628.53	April, 2003	6.73	11.06	36 65	0.67	11819	65.72	4.50	1.46	9.87	11.86	0.72	70.46	4.82	1.56	10.58	12672	39.29	14377
Coastal	27663.53	April, 2003	7.26	10.85	36.81	0.60	11658	65.46	4.58	1.42	9.83	11.70	0.65	70.58	4.94	1.53	10.60	12571	39.69	14237
Genwal	28227.46	April, 2003	7.16	8.06	40.53	0.48	12451	68.33	5.05	1.49	9.43	8.68	0.52	73.60	5.44	1.60	10 16	13411	43.66	14686
Sufco	195110.63	April, 2003	9.42	10.86	37.07	0.39	11112	62.48	4.38	1.22	11.25	11.99	0.43	68.98	4.83	1.35	12.42	12268	40.93	13939
W/R	44669.04	April, 2003	5.92	7.66	37.57	1 10	12848	70.71	4.98	1.66	7.98	8.14	1.17	75.16	5.29	1.76	8 48	13656	39.93	14866
W/R	18370.15	April, 2003	5.84	8.17	37.11	1.09	12802	70.38	5.00	1.66	7.85	8.68	1.16	74.75	5.31	1.76	8 34	13596	39.41	14888
Andalex	64932.12	May, 2003	5.65	10.07	37.27	0.60	12084	67.35	4.67	1.53	10.13	10.67	0.64	71.38	4.95	1.62	10.74	12808	39.50	14338
Arch	82943.41	May, 2003	6.49	10.82	36.38	0.56	11825	66.22	4.61	1.43	9.87	11.57	0.60	70.82	4.93	1.53	10 55	12646	38.91	14301
Coastal	26777.20	May, 2003	5.80	11.45	35.72	0.68	11978	66.95	4.57	1.53	9.03	12.15	0.72	71.07	4.85	1.62	9 59	12715	37.92	14474
Genwal	27501.08	May, 2003	6.95	8.50	39.04	0.67	12427	68.41	5.11	1.55	8.80	9.14	0.72	73.52	5.49	1.67	9 46	13355	41.96	14698
Sufco	195613.19	May, 2003	8.37	11.06	37.57	0.39	11292	63.11	4.58	1.24	11.25	12.07	0.43	68.87	5.00	1.35	12.28	12324	41.00	14016
W/R	47378.20	May, 2003	5.75	7.46	37.06	1.13	12848	70.75	5.09	1.69	8.12	7.92	1.20	75.07	5.40	1.79	8.62	13632	39.32	14805
W/R	27929.48	May, 2003	5.22	7.07	37.53	1.18	13068	71.66	5.15	1.74	7.98	7.46	1.24	75.61	5.43	1.84	8 42	13788	39.60	14900
Andalex	75816.66	June, 2003	5.02	9.92	39.04	0.58	12186	68.01	4.65	1.54	10.29	10.44	0.61	71.60	4.90	1.62	10 83	12630	41.10	14326
Arch	81771.33	June, 2003	6.04	11.37	37.26	0.56	11879	65.98	4.63	1.47	9.95	12.10	0.60	70.22	4.93	1.56	10 59	12643	39.65	14383
Coastal	18367.60	June, 2003	4.86	12.22	37.24	0.66	11990	66.51	4.72	1.55	9.49	12.84	0.69	69.91	4.96	1.63	9 97	12602	39.14	14458
Consol	9392.09	June, 2003	5.11	7.85	37.84	0.75	12728	70.57	4.79	1.40	9.53	8.27	0.79	74.37	5.05	1.48	10.04	13413	39.88	14622
Sufco	203480.86	June, 2003	8.18	11.01	37.87	0.55	11329	63.53	4.37	1.24	11.12	11.99	0.60	69.19	4.76	1.35	12 11	12338	41.24	14019
W/R	46307.16	June, 2003	4.60	7.13	38.52	1.24	13058	72.00	4.96	1.74	8.34	7.47	1.30	75.47	5.20	1.82	8.74	13688	40.38	14793
W/R	28738.06	June, 2003	4.81	7.47	38.29	1.21	12999	71.80	4.82	1.74	8.15	7.86	1.27	75.43	5.06	1.83	8 56	13656	40.23	14819
Andalex	47664.54	July, 2003	5.73	9.13	38.50	0.60	12225	68.06	4.69	1.52	10.27	9.69	0.64	72.20	4.97	1.61	10 89	12968	40.84	14359
Andalex	9578.70	July, 2003	6.66	8.65	38.38	0.54	12171	68.05	4.55	1.51	10.03	9.27	0.58	72.91	4.87	1.62	10 75	13039	41.12	14371
Arch	47184.10	July, 2003	5.25	11.53	37.44	0.72	12001	66.55	4.60	1.53	9.81	12.17	0.76	70.24	4.85	1.62	10.35	12666	39.51	14421
Coastal	38189.20	July, 2003	5.49	12.69	37.56	0.61	11804	65.59	4.60	1.51	9.50	13.43	0.65	69.40	4.87	1.60	10 05	12490	39.74	14428
Consol	9528.80	July, 2003	4.77	8.47	37.86	0.76	12595	70.29	4.73	1.38	9.60	8.89	0.80	73.81	4.97	1.45	10 08	13226	39.76	14517
Genwal	47803.18	July, 2003	5.67	8.14	38.77	0.65	12650	69.63	5.07	1.58	9.25	8.63	0.69	73.82	5.38	1.67	9.81	13410	41.10	14677
Sufco	201128.34	July, 2003	8.26	11.69	35.82	0.39	11146	62.87	4.34	1.20	11.25	12.74	0.43	68.53	4.73	1.31	12 26	12150	39.05	13924
W/R	47818.09	July, 2003	4.54	8.23	37.09	1.13	12941	70.92	5.21	1.69	8.29	8.62	1.18	74.29	5.46	1.77	8 68	13556	38.85	14835
Andalex	47892.33	Aug, 2003	5.73	9.65	38.08	0.51	12058	67.90	4.59	1.48	10.13	10.24	0.54	72.03	4.87	1.57	10.75	12791	40.39	14250
Andalex	19091.66	Aug, 2003	5.66	8.69	38.18	0.53	12358	68.89	4.78	1.51	9.94	9.21	0.56	73.02	5.07	1.60	10 54	13099	40.47	14428
Arch	104498.99	Aug, 2003	5.67	11.07	36.47	0.64	11939	67.12	4.73	1.57	9.21	11.74	0.68	71.15	5.01	1.66	9 76	12657	38.66	14341
Coastal	38153.99	Aug, 2003	4.89	11.87	36.18	0.68	11952	66.09	4.57	1.56	10.34	12.48	0.71	69.46	4.81	1.64	10 87	12566	38.04	14358
Consol	9403.80	Aug, 2003	6.77	8.82	35.46	0.78	12210	68.51	4.51	1.34	9.26	9.46	0.84	73.49	4.84	1.44	9 93	13097	38.03	14465
Genwal	38104.70	Aug, 2003	6.41	8.54	39.01	0.61	12447	67.99	5.02	1.52	9.92	9.12	0.65	72.65	5.36	1.62	10 60	13299	41.68	14634
Sufco	200575.89	Aug, 2003	9.21	11.19	35.83	0.44	11033	62.40	4.30	1.22	11.25	12.32	0.48	68.73	4.74	1.34	12.39	12152	39.47	13859
W/R	38247.51	Aug, 2003	5.14	8.18	37.85	1.07	12755	70.59	4.93	1.66	8.42	8.62	1.13	74.42	5.20	1.75	8.88	13446	39.90	14714
	Averages		6.16	9.62	37.50	0.71	12178.56	67.68	4.73	1.50	9.59	10.26	0.76	72.11	5.04	1.60	10.23	12974	39.97	14454

IP7_034284

ALSTOM
Power

Air Preheater Company

October 29, 2003

Intermountain Power Service Corp.
Purchasing Section
850 West Brush Wellman Rd
Delta, Utah 84624-9546

Attn: Mr. Bret Kent

RE: IPSC Spec 45615

Ljungstrom® Regenerative Air Preheater
Lynndyl Unit #1 & 2 Secondary Air Preheater's
(4) Size: 33.5VI-M-64"
Site: Lynndyl Plant, Delta, Utah
Our Ref.: 3GS-1034B-4100/4098

Gentlemen:

We are pleased to submit our pricing for four (4) sets of Ljungstrom® Air Preheater Clearfow™ Rotor modification materials and heat transfer baskets for Lynndyl units #1 and 2 for delivery by February 1, 2004 and February 1, 2005.

If you have any questions, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Air Preheater Company

Robin B. Rhodes
Vice President
Heat Recovery Systems

RBR/GID

Cc: Irvine Office

For further information contact:
Mr. Gary Allen
Irvine, CA Office
Phone: (949) 476-3290

Alstom Power Inc
Air Preheater Company
3020 Truax Road
PO Box 372
Wellsville, NY 14895 USA
(585) 593-2700

PROPOSAL

FOR

INTERMOUNTAIN POWER SERVICE CORPORATION

Ljungstrom® Air Preheaters
Lynndyl Units #1 & 2
850 West Brush Wellman Road
Delta, Utah 84624

ALSTOM

Air Preheater Company
3020 Truax Road, PO Box 372
Wellsville, NY 14895
585-593-2700

Ljungström® AIR PREHEATER

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Part C-Division C2

Appendix 1

Service Rate Sheet

Schedule Unit #2

Schedule Unit #1

Terms & Conditions GS-634-HRSA 10/24/00

I. Air Preheater Modification Scope (each Air Preheater)

A. Clearflow™ Materials and Services Specification

The materials shall include furnishing FOB Ex Works all rotor modification materials, baskets, radial, axial, bypass and post seals for modifying the existing secondary air preheaters at IPSC Lynndyl Unit #2 or #1 to Clearflow™ Design. The new heating element layers are to be configured to provide improved thermal performance and shall incorporate liners and basket seals to eliminate bypass around the basket frames.

Materials to be provided:

- Cold end stay plate extensions with basket support bars. Total of (144) extensions per air preheater rotor.
- Basket sealing frames. Total of (168) frames per air preheater.
- Cold end basketed heating elements, with type DL7™ 20 gauge low alloy steel with liners. Total of (336) baskets per layer/air preheater.
- Hot end basketed heating elements, with type DL7™ 22 gauge low alloy steel with liners. Total of (336) baskets per layer/air preheater.
- Complete set of hot and cold end radial, Ee-zee™ bypass, axial and post seals with holding strips and fasteners.
- Hot and cold end seal clearance gauges for installation on the sector plates to check clearances at two distinct points along the radial seal. Two (2) gauges per sector plate, total (8) per air preheater.

Additional services included:

- Engineer's evaluation of materials offered to verify existing bearing loads, drives and air preheater structure is adequate for the proposed arrangement.
  ** Note that the new layers of baskets will add approximately 74,000 Lbs to each air preheater.
- Field installation drawings and instructions.
- Estimated man-hours to complete installation.
- All-inclusive on-site Technical Service Support*
- Seal setting data for new heating elements.
- Thermal and pressure drop guarantee for new heating elements (included with this proposal).
- Manufacturing schedule and updates over contract period.
- Estimated shipping weight and sizes.

*The work under this specification shall include an on-site manufacturer's service representative to provide direction and assistance in the installation of the air preheater modifications. The coverage included is for one man, for 5 weeks, 10 hour days, 6 days per week and includes travel and expenses, for each (2) air preheater's. An additional one week of 8 hour days and expenses is included for on site inspection, planning, and training on Unit #2. Additional service, if needed, may be purchased at the current per diem service rate. See attached rate sheet.

B. Materials and Services Not Included (unless otherwise noted)

- Receiving, unloading, storing of equipment
- Installation/Erection of equipment
- Access platforms, walkways, stairs or ladders
- Structural or support steel
- Insulation, insulation anchors or lagging
- Removal of existing insulation or equipment
- Welding equipment or consumables
- Hydraulic jacks, lifting hoist, etc.
- Solvents and cleaning materials
- Operating personnel for startup and tests

II. Equipment Pricing and Terms

Clearflow™ Modifications and Baskets

Total firm price for four (4) sets of Ljungstrom® air preheater Clearflow™ modification materials, baskets, rotor seals, seal clearance gauges and Technical Service Representative. Materials FOB-Ex Works (Wellsville, NY), freight* and applicable taxes not included.....**$2,663,000.00** (pricing good for delivery of Unit #2 by April 2004 and Unit #1 by April 2005.)

Price breakdown of materials & service included above (4 air preheaters):

4-sets Clearflow™ Mods with baskets	$2,459,250
5-sets Rotor Seals	$ 74,050
2-Technical Service Representative	$ 107,400
4-sets Seal Clearance Gauges	$ 22,300

*Estimated number of full load flat bed trucks is 51 total (for each Unit).

Optional-freight (FOB Delta, Utah for Unit #2)	add	$ 165,600
Optional-freight (FOB Delta, Utah for Unit #1)	add	$ 170,500

Shipment

For shipment and delivery on unit #2 before February 1, 2004 we will require a purchase order or letter of intent to purchase by November 7, 2003. An expected shipment schedule is included with this proposal. Our shipment, however, is subject to confirmation at time of award of purchase order and/or current manufacturing capacity.

*Note that Customer's review time and required approvals before release will impact the schedule lead-time.

Conditions of Sale

Our price is subject to the mutual agreement of terms and conditions (T&C's). Conditions of Sale, Form GS-634-HRSA 10/24/00, attached, shall govern this proposal, unless superseded by mutually agreed upon terms. See section V for comments and clarifications to your General & Special conditions spec 45615.

Terms of Payment

Our price is based on the following progress payment terms:

- 20% due upon submittal of Installation Drawings, approximately 4 weeks from purchase order receipt.
- 40% due upon receipt of raw materials or 8 weeks from PO date.
- 30% invoiced upon final shipment, all net 30 days.
- 10% due upon acceptance, no later than 60 days from shipment.

The above progress payment schedule is for Unit #2 delivery February 1, 2004. Unit #1 progress payments will be based on release to shop (20%) and release date plus 8 weeks (40%), shipment (30%) and acceptance (10%).

III. Performance Tabulation

The heat transfer surface for this project was selected to provide increased thermal performance.

Elevation: 4700 Feet above M.S.L.
Fuel: PRB Coal

Note: These predicted temperatures, pressure drops, and leakages are based on contract conditions and today's design air preheater. Flows for two air preheaters.

	Original	Proposed
Flow Rates Lbs./Hr.		
Air Entering	5,498,660	6,104,140
Air Leaving	5,183,660	5,728,140
Gas Entering	6,285,500	7,132,104
Gas Leaving	6,600,500	7,508,104
Temperatures Deg. F		
Air Entering	64	67
Air Leaving	644	698
Gas Entering	736	751
Gas Leaving w/o Leakage	294	282
Gas Leaving w/leakage	284	272
Average Cold End	179	175
Pressure Differential In.W.G.		
Pressure Drop Air	1.95	3.50
Pressure Drop Gas	3.10	5.65
Hot End Differential	7.60	7.60
Cold End Differential	12.65	16.75
Surface:		
Hot End	DL/22/36"	DL7™/22/41"
Hot Intermediate	DL/22/16"	
Cold End	N6/18/12"	DL7™/20/41"

IP7_034290

IV. Performance Guarantee

Intermountain Power Service Corporation
Lynndyl Unit #1 and 2, LAP-4098 and 4100
4-33.5-VI-M Ljungstrom® Air Preheaters

Seller guarantees, if the heat transfer surface is installed in accordance with the plans and specifications and under direct supervision of the Air Preheater Company Technical Services Representative, and provided that any components being replaced and all heating elements are of Air Preheater Company supply, and provided that any components not being replaced and the structure of the air preheaters are in commercially clean and sound condition, and provided uniform air and gas flow distributions, that when delivering 5,728,140 pounds of air per hour at an entering temperature of 67°F., the air preheaters will reduce the temperature of 7,132,104 pounds of gas per hour from an entering temperature of 751°F. to an average exit gas temperature, without leakage of 282°F. + or - 8°F., based on firing coal with a specific heat ratio of 0.9250, with an average air side pressure loss not more than 3.50 inches W.G. and a gas side pressure loss not more than 5.65 inches W.G. , (based on a site elevation of 4700 Feet above sea level).

Provided the above conditions are satisfied, the seller's liability under this guarantee shall be limited to, at the seller's option, the necessary repairs, replacements or modifications to permit such performance, or in lieu thereof, may pay Purchaser as liquidated damages in full satisfaction of the failure to meet this performance guarantee, an amount equal to the lessor of $5,000 per °F, above the guarantee tolerance (282°F + 8°F= 290°F), plus 1% of the purchase price of the heating elements for each full inch W.G. that the air or gas side pressure drops are above the guarantee value, up to 10% of the purchase price of the heating element, excluding freight.

To establish non-compliance with this guarantee, the purchaser shall at their expense conduct testing procedures in full compliance with the Air Heater Test Code, ASME PTC-4.3, under the co-supervision of designated representatives of the seller and of the purchaser, within sixty (60) days after initial operation.

THE EXPRESS WARRANTIES, GUARANTEES, AND REMEDIES SET FORTH IN THIS PROPOSAL, OR ANY CONTRACT RESULTING FROM THIS PROPOSAL, ARE EXCLUSIVE, AND NO OTHER WARRANTIES, GUARANTEES, OR REMEDIES OF ANY KIND, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESS, OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY, SHALL APPLY. THE PURCHASER'S EXCLUSIVE REMEDY AND THE SELLER'S SOLE OBLIGATION, AFTER ACCEPTANCE OF THE EQUIPMENT, SHALL BE THOSE STATED HEREIN.

Element Configuration:

Hot end:	DL7™/22/41"
Cold end:	**DL7™/20/41"**

V. Comments and Clarifications to Spec 45615

ALSTOM Power, Inc., Air Preheater Company and Intermountain Power Service Corporation Specifications 45615

Division E 1 13. Limitation of Liability

Add the following to the end of this Section 13:

Contractor's liability to Buyer under the Agreement or under any cause of action relating to the Agreement, whether based on contract, warranty, tort (including negligence), strict liability, indemnity or otherwise, will not exceed the price of the Goods and Services.

Contractor will not be liable to Buyer under the Agreement or under any cause of action relating to the subject matter of the Agreement, whether based on contract, warranty (including warranty against redhibitory defects or vices), tort (including negligence), strict liability, indemnity or otherwise, for loss of profits or revenue or business opportunity, loss by reason of shutdown of your facilities or inability to operate your facilities at full capacity, cost of obtaining other means for performing the function of the Goods, claims of your customers or incidental or consequential damages of any nature.

Contractor will not be liable to Buyer for any loss or damage relating to any portion or component of the Goods or Services which Buyer sustains after the expiration of the Warranty Period pertaining to such portion or component of the Goods or Services.

Buyer will have waived its right to sue Contractor at law or in equity under the Agreement or under any cause of action relating to the subject matter of the Agreement unless Buyer commences its suit within one year from the date on which Buyer sustains the loss or damage which is the subject of its suit.

Division E 2 1. Guarantee

In the second paragraph delete the words "IPSC may direct" and replace them with the words "mutually agreed by IPSC and Contractor".

After the second sentence in the second paragraph insert the following sentence:

"Contractor shall provide replacement parts and installation thereof shall be Buyer's responsibility, or repair the defect in place or elsewhere. Buyer will provide work area, utilities and access and egress to enable Contractor to perform its obligations under this Section 1."

Insert the following after the third paragraph in this Guarantee Section:

Contractor will have no obligations to Buyer under Section 1 if:

- Buyer fails to operate or maintain the Goods in accordance with generally approved industry practice; or
- Buyer fails to operate or maintain the Goods in accordance with instructions from Contractor; or
- Buyer fails to give Contractor written notice within 10 days of Buyer's discovery of a defect; or
- the Goods or any component of the Goods have been altered, repaired or fabricated by someone other than Contractor; or
- the Goods have been installed by someone other than Contractor, and the installation is not done in accordance with Contractor's instructions; or
- the defect relates to corrosion, erosion, fouling and/or plugging of the Goods or to a fire or explosion relating to such corrosion, erosion, fouling or plugging.

Contractor warrants to Buyer that at delivery, the Goods will be free of any liens or encumbrances. If there are any such liens or encumbrances, Contractor will cause them to be discharged promptly after Buyer has notified Contractor of their existence.

Contractor warrants to Buyer that the Services, if any, will be performed in a good and workmanlike manner. If within the Warranty Period Buyer discovers that any portion of the Services was not performed in a good workmanlike manner, Buyer must give Contractor notice within 10 days of Buyer's discovery and Contractor will perform again that portion of the Services.

Contractor makes no guaranty or warranty of the performance of the Goods except as may be expressly set forth as a Performance Guarantee elsewhere in the Agreement. Any other data and information pertaining to performance of the Goods, whether stated in the Agreement or elsewhere, are for purposes of illustration or estimate only, and are not guaranteed.

THE EXPRESS WARRANTIES CONTRACTOR MAKES TO BUYER IN THIS ARTICLE 1 ARE THE ONLY WARRANTIES OR GUARANTEES CONTRACTOR WILL MAKE. THERE ARE NO OTHER WARRANTIES OR GUARANTEES, WHETHER STATUTORY, ORAL, WRITTEN, EXPRESS OR IMPLIED. IN PARTICULAR, THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABLILITY OR FITNESS FOR A PARTICULAR PURPOSE. THERE ARE NO STATUTORY, ORAL, OR IMPLIED CONDITIONS. THERE ARE NO IMPLIED WARRANTIES AGAINST REDHIBITORY DEFECTS, VICES, OR DEFECTS, HIDDEN OR OTHERWISE.

The remedies Contractor provides to Buyer in this Guarantee Section 1 are the only remedies Buyer will have in the event of a breach of warranty.

Division E 2 2. Payments

Delete this Section in its entirety and replace it with the following payment terms:

- 20% due upon submittal of Installation Drawings
- 40% due upon receipt of raw materials
- 30% invoiced upon final shipment
- 10% due upon acceptance, no later than 60 days from shipment

All payments are due Net 30 days from receipt of invoice.

The above progress payment schedule is for Unit #2 that delivers by February 1, 2004. Unit #1 progress payments will be based on release to shop (20%) and release date plus eight (8) weeks (40%), final shipment (30%), and acceptance (10%) no later that 60 days from shipment.

Division F 1 5. Indemnity Clause

At the beginning of this clause insert the phrase: "To the extent of its negligence,".

Division F 1 9. Contract Termination

In paragraph a. in the third sentence after the words "direct costs of termination" insert the words ", overhead and reasonable profit on portion of work completed".

Division F 2 2. Liquidated Damages

In paragraph a. in the first sentence after the words "to meet the" insert the words "mutually agreed to". At the end of this paragraph add the sentence: "This liquidated damages associated with delivery will only apply if there is an adverse impact on the overall project schedule."

In paragraph b. in the tenth line after the words "gas temperature" insert the words "plus tolerance".

In paragraph b. in the last sentence of the first paragraph delete the words "or 10 percent" and insert the words "up to 10 percent".

Delete paragraph c. in its entirety. There are to many variables that can be a factor in an increase in power consumption of the drive motor to accept this as a measure for liquidated damages. The operation and maintenance of the equipment will have a greater impact on the drive motor consumption than the slight impact that is attributed to the increase in the weight of the rotor.

Note: We are providing additional thermal performance with this proposal, which requires additional element depth, which will add weight to the rotor. Because of the increase in weight the power required from the drive motor will increase minimally, but at an acceptable limit and capability of the drive motor.

Part F-Division F3 Technical Specifications

3. Pricing in this proposal is based on the Unit #1 and 2 deliveries stated. Pricing must be confirmed for deliveries later than March 2004 on Unit #2 and prior to February 1, 2005 or after March 2005 on Unit #1.

4.i Our field service representative will be responsible for providing instructions, procedures, practices and training at site.

5.a The hot end heating element will be 22 gauge low alloy and the cold end 20 gauge low alloy steel.

5.c All hot and cold end baskets are 'duct removal style', removed through the top or hot end of the rotor. The hot end baskets will sit on the cold end baskets.

The new heating elements are expected to provide the same operating life as achieved with the existing heating elements without any major operation changes.

8. New sootblowing recommendations and pressures will be provided after order.

Page F3-7 Schedule of Submittals

1. Performance columns are included in this proposal, see Section III.
2. Requirements for ASME PTC-4.3 test are defined by the test code. Meeting the requirements is the responsibility of the contractor performing the test. The Air Preheater Company does not recommend or define test requirements. We would be happy to discuss the test details when testing is to be performed.
3. The new materials being provided are described in Section I will be furnished in the same materials as the existing parts, low alloy steel or carbon steel. All rotor materials, baskets, rotor seals and gauges are manufactured by the Air Preheater Company in Wellsville, NY.
4. In order to provide differential and performance curves our performance group requires IPSC load and operating conditions. In the interest of time, we will be happy to support this request after order.

ALSTOM

Air Preheater Company

Rate Sheet for Technical Services
Domestic Assignments

Rates:

1. Basic charge for an eight-hour day (work and/or travel) **$824.00**
2. Minimum daily charge is one (1) day, or eight (8) hours.
3. Overtime rates of one and one-half (1-1/2) times the basic charge will apply for all hours (work and/or travel) in excess of eight hours on Mondays through Fridays, and for all hours (work and/or travel) on Saturdays and Sundays.
4. Two (2) hour additional charge for split shift Technical Assistance.
5. Two (2) times the basic charge applies for all work and/or travels completed on Air Preheater holidays.
6. Travel expenses to and from the jobsite and local travel expenses incurred during the duration of the assignment are billed at actual cost. Company car rates are $.38 per mile.
7. Lodging, meals and related living expenses are billed at actual cost. Receipts for meals are not provided.
8. For non-working days in the vicinity of the jobsite and prior to the end of the assignment, local travel, lodging, meals and related living expenses are billed at cost.

Effective Dates:

1. The effective date is determined by the first day of work and/or travel for a specific assignment.
2. The above rates apply for effective dates beginning on April 1, 2002 through March 31, 2004.

Indemnity Provision:

The Seller agrees to indemnify and hold harmless the Purchaser and/or Owner, its officers and employees from and against any loss, costs, damages, expenses, claims or suits for bodily injuries, including death or property damage of third parties to the extent caused by the negligent acts or omissions of the Seller or its employees, which occur while at jobsite. In the event that a claim is presented to the Purchaser and/or Owner for which the Purchaser and/or Owner will seek indemnification under this paragraph, the Purchaser and/or Owner shall notify Seller, in writing, within ten (10) days of the receipt of such claim; failure to do so shall relieve the Seller of any and all liability under this paragraph.

Limitation of Liability

Seller's liability to Purchaser and Owner under the Purchase Order and Contract or any other cause of action relating to the subject matter of the Purchase Order or Contract, whether based on contract, warranty, tort (including negligence), strict liability, professional liability, indemnity or otherwise, will not exceed the greater of $100,000 or two (2) times the value of the Purchase Order or Contract, and in no event shall Seller be liable for loss of profits or revenue, costs of replacement power or capital, claims of Purchaser's or Owner's customers, or incidental or consequential damages of any nature.

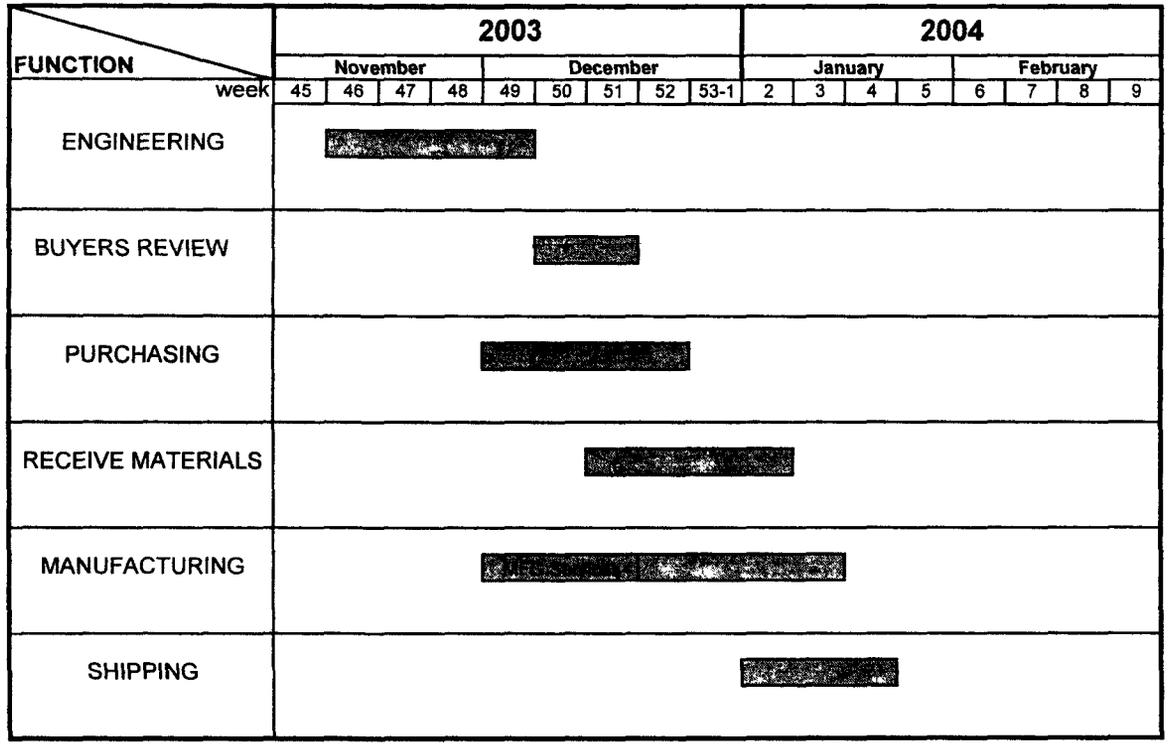
These provisions for Indemnity and Limitation of Liability shall apply and prevail over any inconsistent provisions elsewhere in any Purchase Order or Contract for Services and we expressly reject any such conflicting provisions.

3020 Truax Road
P.O. Box 372
Wellsville, NY 14895

ALSTOM Power Inc.
Telephone: 585/593-2700
Fax: 585/596-2771

PRELIMINARY PRODUCTION SCHEDULE

Customer: Intermountain Power Service Corp.
APC Proposal No: 3GS-1034B
LAP- 4100 Lynndyl Unit #2



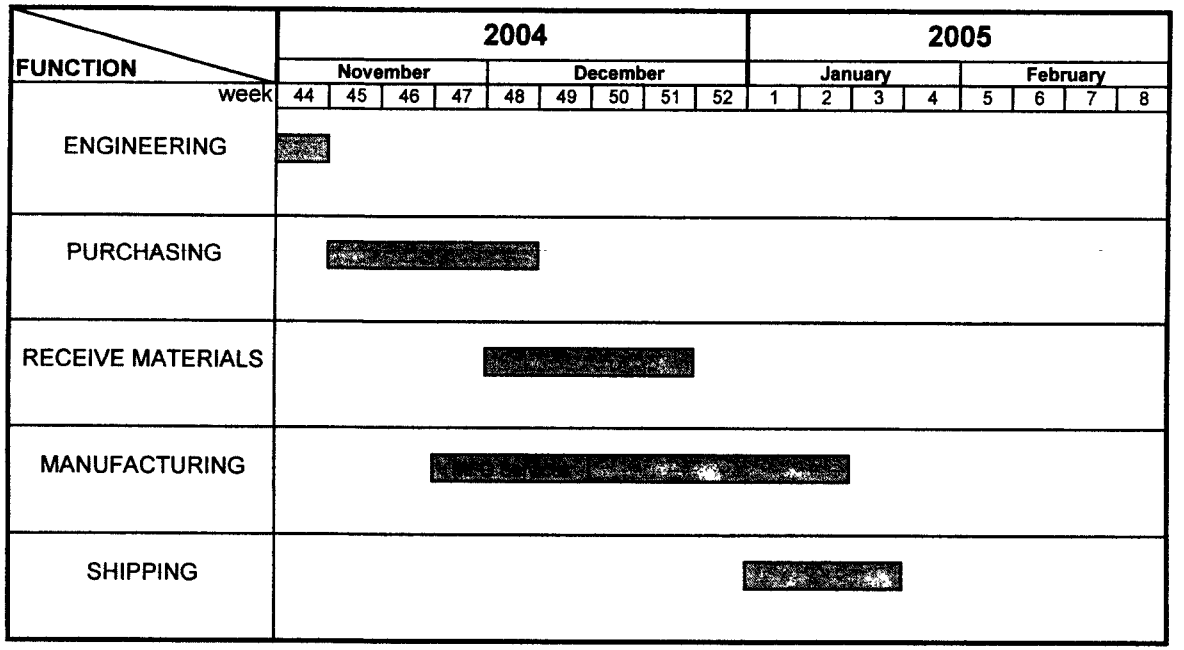
PLANNED

Milestone Dates:
Order receipt : 11/7/03
Submit drawings: 12/5/2003
Final ship date: 1/26/2004

IP7_034297

PRELIMINARY PRODUCTION SCHEDULE

Customer: Intermountain Power Service Corp.
APC Proposal No: 3GS-1034B
LAP- 4098 Lynndyl Unit #1



PLANNED

Milestone Dates:
Order release : 11/1/04
Final ship date: 1/24/2005

IP7_034298

APPENDIX 1

Please provide the following information and return with Proposal. Contractor shall base its calculations on provided information and the ultimate analysis of fuel provided in Appendix 2.

OPERATING CONDITIONS (PER TWO (2) AIR PREHEATERS)		
Air Entering	6,104,104	Lb/Hr
Air Entering Temperature	67	°F
Gas Entering	7,132,104	Lb/Hr
Gas Entering Temperature	751	°F
Job Site Elevation	4,700	Ft
GUARANTEED PERFORMANCE		
Air Side dP	3.50	Inches Wg
Air Leaving Temperature	698	°F
Gas Side dP	5.65	Inches Wg
Gas Leaving Temperature	272	°F
ASSUMPTIONS (Attach Additional Sheets as Necessary)		
Allowable Leakage	376,000	Lb/Hr

INTERMOUNTAIN POWER SERVICE CORPORATION

November 4, 2003

Timothy J. McNulty
Alstom Power Inc.
Air Preheater Company
P.O. Box 372
Wellsville, NY 14895

Dear Mr. McNulty:

Letter of Intent for Purchase of SAH Modification Hardware

IPSC hereby issues this Letter of Intent to award Alstom Power Inc. Air Preheater Company the contract to supply SAH Modification Hardware per Air Preheater Company's proposal 3GS-1034B, IPSC Specification 45615, and Contract 04-45615. IPSC authorizes Air Preheater Company to proceed on the basis of the aforementioned proposal, specification, and contract, based on the terms and conditions stated therein. IPSC is providing this Letter of Intent in lieu of a purchase order to ensure delivery of the first two sets of Secondary Air Heater Modification Hardware by February 21, 2004. The purchase order will be supplied once IPSC Contract 04-45615 has been signed by both IPSC and Alstom Power.

This letter of intent ensures that IPSC will negotiate, in good faith, all terms and conditions of the aforementioned contract. This letter also ensures that IPSC shall pay for all reasonable expenses encumbered by Alstom Power, should IPSC fail to contract with Alstom Power for the SAH Modification Hardware, as described in IPSC Specifications 45615 and Air Preheater Company's proposal 3GS-1034B.

Payments under the subject contract shall be per the following payment schedule:

Unit #2

Payment #1: $295,780 Due Upon Submittal of Installation Drawings
Payment #2: $591,560 Due Upon Receipt of Raw Materials
Payment #3: $261,460 Invoiced Upon Final Shipment of Unit 2 Hardware
Payment #4: $53,700 Due Upon Completion of Installation
Payment #5: $276,400 Due on July 1, 2004
Total for Unit 2: $1,478,900

850 West Brush Wellman Road, Delta, Utah 84624 / Telephone: (435) 864-4414 / FAX: (435) 864-6670 / Fed. I.D. #87-0388573

Unit #1

Payment #1: $304,040 Due Upon Release to Shop

Payment #2: $608,080 Due Upon Receipt of Raw Materials

Payment #3: $456,060 Invoiced Upon Final Shipment of Hardware

Payment #4: $152,020 Due 60 Days After Completion of Installation

Total for Unit 1: $1,520,200

IPSC agrees that the final negotiated terms and conditions shall apply from the date shown on this letter forward.

Sincerely,

George W. Cross

George W. Cross
President and Chief Operations Officer

BK/JHN:jmg

CC: Ralph Newberry