

C-E Power Systems
Combustion Engineering, Inc.
1000 Prospect Hill Road
Windsor, Connecticut 06095

Tel. 203/688-1911
Telex: 9-9297



December 23, 1975

P.P.G. Industries
P.O. Box 1000
Lake Charles, Louisiana 70601

Attention: Mr. W. M. Staggs
Project Engineer

Re: P.P.G. Industries
Purchase Order #520014
"A" Boilers
H2 Conversion
OES #12222/53474
Units 2 & 3
Oil Conversion
OES #12080/53374
Progress Report #9

Gentlemen:

The following is the current status of this project:

A. Contract

1. Contractually we are complete.

B. Engineering

1. Engineering, both external and internal, to the boiler is 100% complete.
2. "As Built" drawings remain to be issued. This will be complete a short time after the conversion of Unit #2 is completed.
3. Revised Bailey internal wiring drawings were issued to P.P.G. on 12/17/75.
4. Seven (7) bound and two (2) unbound copies of C-E's Maintenance and Operating Instruction Manuals were issued on 12/17/75 to P.P.G.

C. Procurement

1. Procurement is 100% complete.
2. Additional copies of C-E's subcontract P.O.'s to Zanner Electric and Sabine Insulation were forwarded to P.P.G. on 12/16/75.

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D. Construction

1. As of 12/5/75 we were approximately 85% complete with Unit #3 (refer to attached updated Construction Schedule).
2. Hydro of piping system on Unit #3 began 12/22/75.
3. The electrical portion of the project is approximately 90% complete on Unit #3. The electric heat tracing on the unit front remains to be completed. The material required for this as ordered by Sonnier Electric should arrive on site by the week of 12/29/75.
4. The insulation portion of the project is approximately 50% complete. The electric heat tracing on the unit front is holding up the insulation contractor. This will not affect unit start-up.

E. Schedule

1. Engineering is complete with the exception of the "As Built" drawings.
2. Procurement is 100% complete.
3. Completion of the electrical and insulation portion will carry on beyond the current start-up date on gas for Unit #3 of 12/31/75. This will not affect unit operation.
4. C-E Service Engineers have manned the site as of 12/22/75. They have established a schedule for the various vendors required to be on site for check out of their equipment.
5. Our updated construction completion schedule for Unit #3 is attached.
6. Attached also are three (3) copies of an updated Project Progress Schedule for Units 2 and 3.
7. All materials required for Units 2 and 3 are at the jobsite.
8. C-E will continue to monitor the replacement safety relief valves being furnished by Copes-Vulcan. These two (2) valves are scheduled to ship May, 1976. Temporary valves are currently installed in the desuperheating system.

F. Financial

1. The total current material contract value is \$1,191,616. BB 0012195
2. The total amount which will be subject to escalation is \$804,608.00. Of this amount \$730,000.00 will be escalated from 11/74 to 10/75. The balance will be escalated based on shipments which began in March, 1975 and completed in November, 1975.

3. Financial (Continued)

3. The current estimate for direct hire labor and subcontract is as follows:

	<u>Estimated Dollars</u>	<u>Expended As of 11/28/75</u>
Direct Hire Labor	\$532,550.00	\$180,839.53
Subcontract	\$144,115.00	
Electrical		\$28,381.55
Insulation		
Totals	\$676,665.00	\$209,221.08

It is currently anticipated that the direct hire portion will be slightly underrun from a dollar standpoint by about 1-5%. However, the subcontract portion will be overrun by approximately 20%.

4. Invoices issued to date which remain outstanding are:

<u>Date</u>	<u>Invoice #</u>	<u>Amount</u>
9/2/75	5J-629	\$176,106.00
11/3/75	5L-629	55,612.00
11/11/75	5L-657	79,460.00 (Material Contract Extras)
11/21/75	5L-1324	74,728.07 (Labor)

5. Terms of payment are Net 30 days.

6. Service

1. The writer previously indicated, in a telephone conversation with J. Antil, that a lead service engineer and a trainee would man the site and P.P.G. would not be charged for the trainee. However, due to schedule requirements, we have instead manned the site with two (2) fully qualified service engineers. P.P.G. will be invoiced for C-E service at our standard rates for both men.
2. Vendor service will be invoiced at cost plus 15%. The 15% represents C-E's overhead fee.

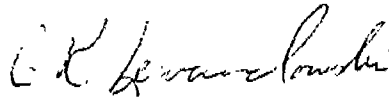
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3. Service (Continued)

3. As of 12/22/75 the Service Engineers have begun pre-start-up check out.

Very truly yours,

COMBUSTION ENGINEERING, INC.



C. R. Lewandowski
Project Manager
C-E Power Systems Services

CRL:c

cc: Mr. J. A. Antil - P.P.G. - w/att.
Mr. D. C. Rhodes - P.P.G. - w/att.
Mr. D. H. Sherrod - C-E
Mr. G. Dobinson - C-E - w/att.
Mr. H. Smith - C-E - w/att.

BB 0012197