Procurement Agreement for Materials NYSEG Transformers RFP 10405

This AGREEMENT is made this 16th day of November, 2010 between New York State Electric and Gas (NYSEG), ("Purchaser"), with offices located at 18 Link Drive, Binghamton, NY 13904 and the covenants herein, the parties agree as follows:

1. Definitions

"Materials" means materials, supplies, equipment, machinery, tools, and all other items and facilities to be used, furnished, or delivered in connection with the project.

"Work" means the Materials, services, design, engineering, installation, construction, modification, and/or testing to be furnished and/or performed by Seller as described in the Purchaser's Purchase Order (the "Purchase Order") and the other Contract Documents.

"Purchase Order" shall mean a purchase order issued by the Purchaser Affiliate(s) for Services purchased in accordance with this Agreement.

2. Scope

The Seller shall furnish materials and/or equipment as specified on the Purchaser's purchase order and any specifications attached thereto, and in accordance with the provisions of Seller's Proposal and this Agreement. In the event of conflict between the documents, the order of supremacy shall be the respective purchase orders *(exclusive of the pre-printed terms and conditions on the back of the order)* of the Purchaser(s), these Terms and Conditions, the Attachments and Appendices, and then the Seller's bid or proposal. This Agreement shall serve as the blanket or master contract covering all purchase orders submitted by the respective Purchaser(s) hereunder. The respective Purchaser through its own purchase order shall establish delivery destination, quantities and other similar specific terms.

3. Alteration of Terms

None of the terms and conditions contained in this Agreement may be waived, altered, modified, or added to unless such waiver, alteration, modification or addition is in writing and signed by an authorized representative of Purchaser and Seller. Except as set forth in the previous sentence, each shipment from Seller to Purchaser shall be only upon the terms and conditions set forth in this agreement, notwithstanding any terms and conditions that may be contained in any acknowledgment, invoice, or other form of Seller, and notwithstanding Purchaser's act of accepting or paying for any shipment or any similar act of Purchaser.

4. Compliance with Laws and Indemnification

- 4.1. Seller warrants that it will comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations and orders in effect at the time of the execution of the Agreement, and that it will defend (at Purchaser's option), indemnify and hold harmless the Purchaser from and against any and all liabilities, claims, costs, expenses, losses and judgments arising from Seller's failure to so comply.
- 4.2 Seller shall comply to the extent applicable, with Executive Order 11246, the Vietnam Era Veterans Readjustment Assistance Act of 1974, the Rehabilitation Act of 1973, as amended, and its or their implementing regulations, and reporting requirements thereunder. The Equal Opportunity and Affirmative Action clauses contained in Title 41, Chapter 60, Sections 1.4, 250.4, and 741.3 of the Regulations of the U.S. Department of Labor, Office of Federal Contract Compliance, and any section or sections superseding or amending the same, are hereby incorporated herein by reference and made a part hereof as though fully set forth where applicable.

5. Drawings, Design, Data, Creative Work and Inventions

Subject to Seller's prior approval, drawings, sketches, designs, design data, and specifications prepared or completed by Seller and paid for by Purchaser, **pursuant to this Agreement**, shall be subject to inspection by Purchaser at all reasonable times (for which inspection of the proper facilities shall be afforded Purchaser by the Seller), shall be deemed to have been prepared by the Seller for Purchaser on a work-made-for-hire basis, shall be the property of Purchaser and may be used by its employees or agents, or its subcontractors or vendors, and shall be delivered to Purchaser, or otherwise disposed of by the Seller, either as Purchaser may from time to time direct or in any event as Purchaser shall direct upon completion or termination of this Agreement.

Drawings, specifications, and all other information provided hereunder shall be treated by the Seller as strictly confidential, and shall not be disclosed, copied, or used on behalf of any third party without the prior written consent of Purchaser pursuant to clause 29.

6. Changes

- 6.1 Purchaser shall have the right to make changes in the drawings or specifications. No changes shall be made except under the written order of *an authorized representative of* Purchaser.
- 6.2 If Seller claims that any instructions by drawings, specifications or otherwise approved or issued by Purchaser after the date of the Agreement involve extra cost or time for performance under this Agreement, the Seller shall give written notice to Purchaser including an estimate of changed cost or time thereof within ten (10) days after the receipt of such instructions, and in any event before proceeding to execute the work, unless otherwise directed by Purchaser, or except in an emergency endangering life or property. No such claim for additional compensation or time shall be considered unless so made. If the change as ordered by Purchaser increases or decreases the cost of the material or equipment to be supplied, or time for performance established in the Agreement, a fair and reasonable amount, as agreed upon by Purchaser and Seller, shall be added to or subtracted from the compensation or completion date.

6.3 If, within ten (10) days after Seller has provided an estimate of changed cost and/or time, the parties are unable to conclude a mutually satisfactory agreement, Seller shall proceed with supplying the material or equipment as changed or modified until the differences are resolved. The parties shall endeavor to resolve any disputes regarding increases or decreases in costs resulting from such changes promptly through reasonable means, including, without limitation, impartial third party estimates or mediation.

7. Waiver

No waiver by the Purchaser, whether express or implied, of any of the terms or conditions of this Agreement, shall be or be construed to be a continuing waiver, nor deprive Purchaser of the right to enforce or rely upon any such terms or conditions thereafter.

8. **Delivery; Schedule; Delays**

Deliveries are to be made according to Purchaser's terms as to time, quantities, and location, with the Purchaser reserving the right to cancel, reject or refuse any delivery made prior to or subsequent to the times specified, if the quantities are not as specified, or if the delivery has been made to an improper location. If delivery as specified cannot be maintained, Purchaser must be notified immediately. Upon Seller's failure to maintain delivery and failure to initiate a cure within ten (10) days of that date, Purchaser reserves the right to procure this material and/or equipment elsewhere, in whole or in part and to charge Seller with any additional costs incurred.

9. **Prices**

Seller agrees that the prices stated on the face of the Purchase Order shall be considered firm unless otherwise noted.

10. Payment

10.1 Purchaser shall pay the invoice in accordance with payment terms agreed upon and stated on the purchase order, or withhold payment in accordance with paragraph 10.2. Invoices shall be submitted in accordance with the following schedule:

- Submittal of purchase order -
- Submittal of purchase order of Purchase Order value Approval of Design Drawings of Purchase Order value .
 - Major Materials arrive at factory of Purchase Order value
- Completion of delivery of Purchase Order value
- Completion of Field assembly and Field testing in accordance with the proposal lof Purchase Order value with payment not to exceed from shipment. In accordance with the proposal, the Field assembly and Field testing proposal price is valid based on this being completed no later than after shipment.

- 10.2 The Purchaser shall provide written notice of any of the following events. If Seller fails to provide a remedy thereof within from receipt of written notice, Purchaser will in certain situations withhold that portion of an invoice applicable to the unperformed work until the nonconformance is cured. Such situations shall include, but not be limited to, discovery of:
 - a. defective material or equipment;
 - b. third party claims filed or reasonable evidence indicating probable filing of such claims pursuant to article 19.2;
 - c. failure of the Seller to make payments due to subcontractors, material Sellers or employees;
 - d. reasonable indication that the work will not be completed within the time specified in the purchase order and failure of Seller to provide written assurance of due performance upon request;
 - e. Work by the Seller that fails to comply with contract specifications;
 - f. invoicing which is incorrect; or
 - g. overcharges in violation of the terms and conditions of this Agreement.

If Purchaser chooses to purchase offloading, Title shall pass to the Purchaser when the transformer main tank is sitting on the pad at the job site. Risk of loss or damage shall be retained by Seller until the transformer main tank is sitting on the pad at the job site. In the event the pad is not ready, the title shall pass at the common carrier and [Iberdrola] will cover costs for additional movement. If Purchaser does not purchase the offloading from Seller, Title and risk of loss will pass at the common carrier to the final destination.

Payment does not constitute acceptance of any defective or non-conforming product or otherwise relieve Seller of any obligation under the contract.

11. Delegations; Subcontracts; Assignment

- 11.1 Seller shall not, without the prior written authorization of Purchaser, assign this Agreement or any of its rights, duties and obligations under this Agreement. Seller shall not without the prior written consent of the Purchaser make any agreement with any *third party* for furnishing any of the completed or substantially completed items covered by this Agreement. Such consent shall not be unreasonably withheld by Purchaser
- 11.2 Purchaser may assign this Agreement, in whole or in part, upon written notification to the Seller (i) to a successor to all or substantially all of Purchaser's relevant assets, or (ii) in connection with a reorganization of the Purchaser that results in the separation of the power generation, distribution, and transmission functions, or any combination thereof, currently performed by the Purchaser in which case assignment shall be allowed to resulting Parent Corporation organized from such separation and/or sale of the power generation, distribution and transmission functions, or any combination thereof. Otherwise, neither party shall, without the consent of the other, which consent shall not be unreasonably withheld, conditioned or delayed, assign this Agreement in whole or in part hereunder.

12. Set-Off

Purchaser may set off against any amount payable to the Seller, the named entity in this Agreement solely, under this Agreement any claim or charge it may have against Seller pursuant to this Agreement.

13. Inspection

The Purchaser (and/or its designee) reserves the right to inspect the material and/or equipment prior to shipment. Such inspection does not relieve the Seller of its guarantees or responsibility to furnish satisfactory material or equipment. It is furthermore understood to be Purchaser's and/or Purchaser's designee's privilege to waive inspection at point of manufacture without prejudice to its right to decline acceptance. Except as to items purchased from stock, items supplied hereunder and materials and components incorporated therein shall be subject to inspection at Purchaser's option by Purchaser or its designee during and after manufacture. All material and/or equipment are subject to inspection and *acceptance* tests at place of manufacture, or at destination, or at both places, by the Purchaser's representative. Nonconforming material and/or equipment shall not be submitted for acceptance without concurrent notice of their prior nonconformance.

14. Warranty

- 14.1 Seller warrants that all materials and equipment furnished under this Agreement shall be new; will be free from defects, errors or omissions in material or workmanship under customary industrial use, and will pass without objection in the trade under the Agreement description. Material or equipment not conforming to these standards may be considered defective. Also, to the extent they are assignable, Seller shall assign to Purchaser all warranties of Seller's vendor and subcontractors with respect to equipment, materials or supplies used in the Work or Services or any part thereof. All warranties of vendors and subcontractors hereby assigned to Purchaser shall be in addition to, and not in lieu of, all warranties of Seller provided in this Contract, and shall not relieve Seller of its obligations under this Contract.
 - 14.1.1 In the event of a breach of warranty, Seller may, at its option, and at its cost, modify, repair, or replace the defective material and/or equipment, by making available DDP Pad any necessary repaired or replacement parts. If Seller is unable to provide the modification or repair plan within replacement equipment must be provided at Seller's sole cost and expense. In the event Seller is unable to satisfactorily repair the defect through modification, repair or replacement, the Purchaser may return the defective material and/or equipment to the extent the modification, repair or replacement does not diminish the intended utility of the material or equipment. Purchaser, by notice to Seller, may elect to accept non conforming or defective Work instead of requiring its removal or correction, in which case the Contract Price shall be reduced by an amount at least equal to the cost to complete or correct the nonconforming or defective Work, as reasonably agreed to by the Parties. Such election shall be exercised only by written notice to Seller and shall not be implied by any action or inaction of Purchaser.

- 14.1.2 The Seller shall be responsible for all removal, reinstallation and transportation costs associated with the replacement, repair, modification, or return of defective parts and materials within the replacement, repair, modification, or return of defective parts and materials within the replacement of after shipment, not to exceed the seller of the price of the unit giving rise to the claim. The Purchaser will guarantee that the Seller will have free access for repair or removal of the transformer. Seller is not responsible for providing temporary power or removing structures. The Seller may advise the Purchaser of any preferred routing for return of nonconforming material or equipment and whether or not the shipment should be protected by insurance or full declaration of value at the time of acceptance of this order. In the absence of such information from the Seller regarding such shipment, the Purchaser reserves the right to declare full valuation or insurance (whichever is applicable) for the benefit of and at the expense of the Seller.
- 14.2. The warranty is conditioned upon operation of the equipment by the Purchaser in accordance with generally approved industry practice, and in accordance with conditions of service and operating instructions specified by the Seller, proper storage, erection and maintenance of the equipment and prompt notice by the Purchaser of nonconformity of the equipment.
 - The Seller's representatives shall have access at reasonable times to test and operating records, the equipment, and other information they deem necessary to satisfy themselves of the validity of a claim under this warranty.
- 14.3 The Seller's liability to remedy the breach of the warranties established in this Article, shall be limited to those breaches, defects, errors or omissions reported to the Seller within after delivery of the material or equipment supplied, or equipment supplied pursuant to this Agreement.
- 14.4 The preceding paragraphs set forth the exclusive remedies for claims (except as to title) based on defect in or failure of products or services, whether the claim is in contract, indemnity, warranty, tort (including Seller's negligence), strict liability or otherwise and however instituted. Upon the expiration of the warranty period, all such liability shall terminate and Purchaser shall have a reasonable time, within the warranty period. The forgoing warranties are exclusive and in lieu of all other warranties, whether written, oral, implied or statutory. NO IMPLIED STATUTORY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE SHALL APPLY. Seller does not warranty any products or services of others that Purchaser has designated.

This warranty coverage shall not include costs of providing temporary power or removing other apparatus or structures

15. Safety

Seller warrants that upon delivery the material or equipment will conform to the applicable occupational safety and health standards promulgated pursuant to the Federal Occupational Safety and Health Act of 1970 and which are in effect on the date that the Seller enters its acknowledgments of Purchaser's order.

16. Patents; Indemnification

Seller guarantees that the sale or use of its material or equipment will not infringe any United States patent, and hold Purchaser harmless against all claims, judgments, decrees, costs and expenses resulting from any such alleged infringement. Seller shall at its own expense defend, or settle any claim, suit or proceedings brought against Purchaser, so far as based on an allegation that any material, equipment, or any part thereof furnished hereunder constitutes a direct or contributory infringement of any claim of any United States patent. Seller will be notified promptly and in writing, and will be given authority, information and assistance for the defense of said claim, suit or proceeding. Seller shall pay all damages and costs awarded in such suit or proceedings so defended. In case the material, equipment or part thereof furnished hereunder becomes the subject of any claim, suit or proceeding that such material, equipment or part infringes any United States patent or if the use or sale of such material, equipment or part is enjoined, Seller shall, at Purchaser's option, and at Seller's own expense, either: (a) Procure for Purchaser the right to continue using said material or part thereof; (b) Replace it with a non-infringing material. (c) Modify it so it becomes non-infringing. (d) Remove it and refund the purchase price plus the installation and/or conversion costs for the non-infringing material or equipment, less wear and tear. This paragraph shall not apply to any product or part specified by Purchaser or manufactured to Purchaser's design, or to the use of any product furnished hereunder in conjunction with any other product in a combination not furnished by Seller as a part of this transaction. As to any such product, part, or use in such combination, Seller assumes no liability whatsoever for patent infringement and Purchaser will hold Seller harmless against any infringement claims arising therefrom.

17. Termination for Cause

In the event of any default or breach of any of the terms or conditions of this Agreement by Seller, or in the event of any proceedings by or against Seller in bankruptcy or insolvency or for appointment of any receiver or trustee or any general assignment for the benefit or creditors, Purchaser may, in addition to any other remedy provided it by law or in equity or other right reserved to it elsewhere in this Agreement, without any liability to Seller on account thereof, subject to a reasonable time to cure which shall not exceed **sector** immediately by telegraphic or other written notice, terminate all or any part of this Agreement. Purchaser may procure the material or equipment provided for herein elsewhere, on such terms and under such conditions as are reasonable in the discretion of the Purchaser, and Purchaser may hold Seller liable for any excess cost of the purchased products to Purchaser as a result thereof.

18. Termination for Convenience

Purchaser may suspend or terminate this order in whole or in part by giving the Seller

notice. In such event the Purchaser shall make payment to the Seller for all costs incurred prior to such termination. Payments will be in accordance with the payment schedule provided below, and tied to specific milestone dates such as issuing review drawings, completion of engineering, receiving materials, core and coil inspection, etc. and the percentage shown of the Contract price. This provision shall not apply to or be deemed to limit or otherwise affect the Purchaser's right to terminate this Agreement for breach or default by the Seller.

Milestone

Concept Engineering Design Engineering (PO for long lead items) Finish Design Eng. (all Material purchase) Windings & Tank completion Core completion Final assembly completion

% of <u>Contract P</u>rice



19. Insurance & Indemnification

- 19.1 Seller agrees to maintain such insurance as will protect it (i) from claims under Worker's Compensation or Employer's Liability Acts and (ii) from any other claims for personal injury or property damage arising out of the performance of this Agreement. The Seller shall obtain and maintain in effect for the term of this Agreement the insurance coverage required by Appendix A. Such insurance shall be obtained from an insurance carrier with a Bests rating of B+ or higher.
- 19.2 The Seller shall defend, (at Purchaser's option), indemnify, and hold harmless the Purchaser, its parent company, its affiliates, agents, employees, officers, directors and assigns, from and against any and all claims, demands, damages, losses, and expenses of third parties, arising out of or resulting from the performance of this Agreement, provided that any such claim, damage, loss, or expense (a) is attributable to bodily injury or death, or to injury to or destruction of third party tangible property, and (b) to the extent it is caused in whole or in part by a negligent act or omission of the Seller or any of its officers, agents, representatives, subcontractors, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable. In the event that any such damage or injury is caused by the joint or concurrent negligence of Seller and Purchaser, the loss, expense or claim shall be borne by Seller and Purchaser in proportion to their negligence.
- 19.3 Seller's liability for all claims of any kind whether based on contract, indemnity, warranty, tort (including Seller's negligence), strict liability or otherwise, for all losses or damages arising out of connected with, or resulting from the contract, or from the performance or breach thereof, or from any products or services covered by or furnished under the contract, or any extension or expansion thereof (including remedial warranty efforts), shall not exceed the price of the specific transformer or Services which gives rise to the claim and all such liability shall terminate upon the expiration of the warranty period. Any such claim of liability must be filed in a court of competent jurisdiction within one year from the termination of the warranty period. In no event shall Seller be liable for any indirect, special, consequential, speculative, exemplary, multiple, incidental, punitive damages including, but not limited to, loss of profit or revenues, loss of use of the products or any associated equipment, damage to associated equipment, cost of capital, cost of substitute products, facilities, services or replacement power, downtime costs, or claims of Purchaser's customers for such damages.

20. Force Majeure; Impracticability; Excuse

Any delay or failure in the performance by either Party hereunder shall be excused if and to the extent caused by the occurrence of a Force Majeure. For purposes of this Agreement, Force Majeure shall mean a cause or event that is not reasonably foreseeable or otherwise caused by or under the control of the Party claiming Force Majeure, including acts of God, fires, floods, explosions, riots, wars, hurricane, sabotage, terrorism, vandalism, accident, restraint of government, governmental acts, injunctions, labor strikes, other than those of Seller or its suppliers, that prevent Seller from furnishing the materials or equipment, and other like events that are beyond the reasonable anticipation and control of the Party affected thereby, despite such Party's reasonable efforts to prevent, avoid, delay, or mitigate the effect of such acts, events or occurrences, and which events or the effects thereof are not attributable to a Party's failure to perform its obligations under this Agreement. The Parties agree to use reasonable efforts to mitigate the effects of events of Force Majeure. The affected Party shall promptly give written notice to the other Party of the occurrence or impending occurrence of a Force Majeure, specifying the nature of the delay, and the probable extent of the delay, if determinable. Following the receipt of any written notice of the occurrence of a Force Majeure, the Parties shall meet to determine what fair and reasonable adjustment to the delivery schedule or the price, may be necessary to compensate for the effect of the Force Majeure upon Seller's performance hereunder. No failure to so agree shall excuse continuing delay or nonperformance.

21. Substitution

No substitution will be permitted under this Agreement except on specific written authority of the Purchaser's Purchasing Department.

22. Independent Contractor

Seller shall at all times be an Independent Contractor and responsible for all acts or omissions of its agents, employees, and subcontractors. *Seller shall at all times control and retain the right to control it's performance*, no act or order of Purchaser shall be deemed to be the exercise of supervision or control of performance hereunder.

23. Audit Rights

Purchaser reserves the right and Seller shall allow Purchaser to audit, or cause to have audited, time sheets and material invoices for work performed or products provided on a cost reimbursable basis in order to assure Seller's compliance therewith. This provision shall remain in effect for two (2) years following final payment for the material or equipment covered under this Agreement.

24. Liens

The Seller warrants that it has good title to all material and equipment delivered pursuant to this Agreement and that the items to be supplied hereunder are free and clear of all liens, encumbrances and claims. Upon each payment made by Purchaser, Seller shall simultaneously deliver to Purchaser a written acknowledgement of such payment together with a waiver of Seller's right to file, and a release by Seller of liens with respect to the goods and services covered by the invoice(s) associated with such payment. Seller shall, at its own expense and cost, defend (at Purchaser's option), indemnify, and hold harmless Purchaser from and against all liens, encumbrances, or claims pertaining to paid products.

25. Taxes

Seller will be responsible for billing sales tax in accordance with the instructions provided on the Purchaser's purchase order. In addition to any price specified herein, Purchaser shall pay the gross amount of any present or future sales, use, excise, value-added, or other similar tax applicable to the price, sale or delivery of any products or services furnished hereunder or to their use by Seller or Purchaser, or Purchaser shall furnish Seller with evidence of exemption acceptable to the taxing authorities.

26. Spare Parts

Seller agrees to provide spare parts or suitable replacement at the fair market price, with no minimum billing, for 5 years.

27. Severability

In the event any provision hereof shall be declared invalid, that provision shall be deemed severable from the remaining provisions of this Agreement, which shall remain in full force and effect.

28. Complete Agreement

This "Agreement," together with all attachments and appendices, shall constitute the complete agreement between the parties with respect to the subject matter of this Agreement. All prior communications with respect to this Agreement, whether oral or written, are superseded by this Agreement. This Agreement may be executed in duplicate, each of which shall be deemed to be an original, but which together shall constitute one and the same instrument.

29. Confidentiality

Seller, its employees and agents, shall treat any information, (including any technical information, experience or data) regarding Purchaser's plans, programs, plants, processes, costs equipment operations or customer, which may be disclosed to, or come within the knowledge of, Seller its employees and agents in the performance of this Agreement, will maintain as confidential, and will not use or disclose to others, during the term of this Agreement, and for three (3) years thereafter, except as is necessary to perform the services hereunder, without Purchaser's prior written consent. The provisions of this Section shall not apply to any information referred to in this Section which (i) has been published and has become part of the public, (ii) has been furnished or made known to Purchaser by third parties (other than those acting directly or indirectly for or on behalf of Purchaser) as a matter of legal right and without restriction on disclosure, (iii) was in Seller's possession prior to disclosure by Purchaser or is independently generated by Seller without use of the confidential information that was acquired by Purchaser, its employees and agents directly or indirectly from Purchaser or, (iv) is required by law or by any other governmental regulatory authority to be disclosed or (v) is furnished to others by Purchaser without restriction on disclosure.

Any information, which is supplied by the Seller to the Purchaser under this Agreement, will be similarly restricted. Purchaser will not disclose such information to others or publish it in any form at any time; provided, however, that notwithstanding the foregoing, Purchaser may disclose any such information to its Corporate Affiliates, employees, and consultants, to any regulatory agencies or instrumentality's when such disclosure is necessary to perform their work under this contract, or otherwise required by law. Purchaser agrees that it will cooperate with the Seller in an effort to minimize the amount of such information, which will be disclosed in any such case, and to make reasonable efforts to secure confidential treatment of such information.

In no event shall any of the Affiliates of Iberdrola USA Management Corporations' (referred to as "Purchaser" in this agreement) names and/or logo or the name and/or logo of it's parent company be used, whether written or verbal, duplicated, reproduced by any means whatsoever without the prior written permission of the President of IUMC, in the case of Iberdrola USA Management Corporation, and an authorized representative of the respective IUMC Affiliate(s), in the case of an Affiliate.

30. Title

Seller warrants that it shall have title to all equipment furnished hereunder, free and clear of all liens and encumbrances, and the right to sell such equipment.

Passage of Title – If the Purchaser chooses to purchase the offloading option from the Seller, complete legal and equitable title of each item of the equipment covered by this Contract shall pass to Purchaser immediately upon the transformer main tank is sitting on the pad at the job site. Risk of loss or damage shall be retained by Seller until the transformer main tank is sitting on the pad at the job site. If Purchaser does not purchase the offloading from the Seller, then Title and Risk of Loss will pass at the common carrier delivery point nearest the final destination. This provision shall apply irrespective of any terms of payment specified in this Contract. Passage of title pursuant to this provision shall not release or waive any continuing or subsequent responsibility of Seller under this Contract.

31. Publicity

Seller shall not issue, nor permit to be issued any press release, advertisement or literature of any kind or conduct or permit to be conducted any interview or news conference, referring to the services required hereunder, except upon written consent of Purchaser.

32. Governing Law

This Agreement shall be governed by and construed according to the laws of the State of New York, without regard to its conflicts of law.

33. Special Conditions

Seller would be required to extend contract pricing to any additional IUMC affiliate that may be acquired during the stated contract period. Purchaser reserves the right to reevaluate pricing with the Seller based upon the additional volume.

The equipment and materials sold hereunder are not intended for any nuclear application whatsoever nor shall they be used in connection with the use or handling of nuclear material nor the construction or operation of a nuclear installation. The Purchaser warrants that it shall not use such equipment or materials for such purposes, or permit others to use such equipment or materials for such purposes unless such use is agreed to in writing by Seller. If, in breach of the foregoing, any such use occurs, Seller disclaims all liability for any nuclear or other damage, injury or contamination arising therefrom and the Purchaser shall indemnify Seller for all such costs and liabilities arising therefrom.

34. Employee Solicitation

During the term of this Agreement and for a period of one (1) year thereafter, except with the prior written consent of IUMC, Seller shall not offer employment to, or employ, any employee of IUMC or IUMC's current or future affiliates, and Seller shall not induce or attempt to induce, directly or through an agent or third party, any such employee to leave the employ of IUMC or IUMC's current or future affiliates. As used herein, the term "affiliate" shall mean any person or entity controlling, controlled by, or under common control with IUMC through majority stock or other ownership interest, direct or indirect.

35. Iberdrola USA Code of Conduct

Seller shall comply with Iberdrola USA Code of Conduct in their performance of Iberdrola USA affiliate work under this Agreement. The Iberdrola USA Code of Conduct can be found at the Energy East website (www.energyeast.com) under Corporate Governance on the Financial Information header.

36. No Dispute

Seller Contractor covenants that it is not aware of any pending billing dispute or other contractual dispute (pursuant to current contracts or contracts no longer in effect) or any pending or threatened litigation between Seller and/or any of the Seller's affiliates and Purchaser and/or any of Purchaser's affiliates.

In the event a dispute arises out of or in connection with the Contract, including any question regarding its existence, validity or termination, shall be resolved in accordance with this paragraph and will be settled, if possible, by negotiation of the parties. If a dispute is not resolved by negotiations, either party may, by giving written notice, refer the dispute to a meeting of appropriate higher management of each party, to be held within after giving notice. If the dispute is not resolved within after the date of the meeting of higher management, or any later date to which the parties may agree, either party may submit to litigation through the court system. Any claim, legal action or proceeding (including without limitation claims for set-off or counterclaim) regarding the dispute shall be brought in the U.S. District Court for the Southern District of New York, or in the event that court lacks jurisdiction to hear the claim, in the appropriate state courts of New York County, New York, and the parties irrevocably consent to the exclusive jurisdiction of those courts for such claims. Each party submits to and accepts generally and unconditionally the jurisdiction of those courts with respect to its person and property, and irrevocably consents to the service of process in connection with any such action or proceeding by personal delivery to the party or by registered or certified mail, postage prepaid, to its address for notice under the Contract. Notwithstanding the terms above, each party has the right at any time, at its option and where legally available, to commence an action or proceeding in a court of competent jurisdiction to apply for interim or conservatory measures, but not monetary damages.

37. Security Requirements

Seller shall comply with the Purchaser's Security Requirements in their performance of work under this master agreement.

Seller shall be familiar with and shall comply with the requirements of the NERC CIP- 004 for projects or services at or relating to critical cyber assets and critical company operating facilities ("Critical Infrastructure"). The specific CIP Standard follows:

CIP-004 Excerpt:

R3. Personnel Risk Assessment --The Seller shall have a documented personnel risk assessment program, in accordance with federal, state, provincial, and local laws, and subject to existing collective bargaining unit agreements, for personnel having authorized cyber or authorized unescorted physical access. A personnel risk assessment shall be conducted pursuant to that program prior to such personnel being granted such access except in specified circumstances such as an emergency. The personnel risk assessment program shall at a minimum include:

R3.1. The Seller shall ensure that each assessment conducted include, at least, identity verification (e.g., Social Security Number verification in the U.S.) and seven- year criminal check. The Seller may conduct more detailed reviews, as permitted by law and subject to existing collective bargaining unit agreements, depending upon the criticality of the position.

R3.2. The Seller shall update each personnel risk assessment at least every seven years after the initial personnel risk assessment or for cause.

R3.3. The Seller shall document the results of personnel risk assessments of its personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, and that personnel risk assessments of contractor and service vendor personnel with such access are conducted pursuant to Standard CIP-004.

38. Performance Measurements

- Seller On-time Delivery
- Purchaser Order Completeness/Fill Rate
- Seller Corrective Action Reports (SCAR)
- Invoice Accuracy
 - of Monthly Deliveries Delivered Defect-free

Periodically, Purchaser may require Review Meetings to discuss Seller's performance. Topics of discussion may include, but are not limited to; leadtime, order accuracy, pricing, quality and Purchaser service. Unsatisfactory performance may result in the development of a Seller performance improvement plan.

39. General

Any representation, warranty, course of dealing or trade usage not contained or referenced herein will not be binding on Seller. These Conditions of Sale contain the entire and only agreement between the Purchaser and Seller respecting the terms and conditions and supersedes and cancels all previous negotiations, agreements, commitments, representations and writings in respect thereto. The Conditions of Sale may not be amended, supplemented, changed or modified in any manner, orally or otherwise, except by an instrument in writing of concurrent or subsequent date, signed by a duly authorized representative of each party.

40. Software

Software furnished pursuant to Seller's quotation shall be provided pursuant to Seller's standard software license agreement, the terms and conditions of which shall take precedence over these Conditions of Sale with respect to the provision of such software.

41. Acceptance

IN WITNESS WHEREOF, Purchaser and Seller have each caused this Agreement to be signed and delivered by its duly authorized representative as of the date first given above.

Purchaser

Attin Caller

Signature

STEVEN CAVES

Print Name

Title Director of Procorement Authorized Procurement Representative

12/6/10 Date

Selle	r				
			 	 -tea	
Signa	iture		1		
Print	Name	· · · · · · · · · · · · · · · · · · ·	 	 -	_
Title			 	 -	
	11/2	3/10			
Date			 		

APPENDICES

APPENDIX A:	Insurance
APPENDIX B:	Scope of Work and Specifications
APPENDIX B-1:	Pricing Terms – RFP 10405 Item 1
APPENDIX B-2:	Pricing Terms – RFP 10405 Item 3
APPENDIX B-3:	Pricing Terms - General
APPENDIX C:	Notices

APPENDIX A INSURANCE TO BE PROVIDED BY THE SELLER

TYPE OF INSURANCE PER PROJECT Commercial General Liability Combined Single Limit Bodily Injury and Property Damage Coverage shall include: Contractual Coverage Products and Completed Operations Explosion, Collapse and Underground Hazards, if applicable Purchaser shall be named as an additional insured as its interest may appear with regard to Seller's indemnification obligations for third party damages as stated in Article 19.2 of this agreement. **Business Automobile Liability** (For all Owned, Non-Owned and Hired Automobiles) Combined Single Limit Bodily Injury and Property Damage each occurrence. Purchaser shall be named as an additional insured as its interest may appear with regard to Seller's indemnification obligations for third party damages as stated in Article 19.2 of this agreement. Workers' Compensation Statutory Requirements Including the following coverage, if applicable; Federal Longshoreman's and Harbor Workers' Act, Jones Act, or similar employee benefit acts which may be required by law. Employers' Liability Statutory Requirements Pollution Liability Coverage. (If deemed applicable by mutual agreement) Limit to be determined on a per contract basis Professional Liability. (If deemed applicable by mutual agreement) Combined Single Limit Watercraft Liability. (If deemed applicable by mutual agreement) (For all Owned, Non-Owned and Hired Watercraft) Combined Single Limit Purchaser shall be named as an additional insured as its interest may appear as may be agreed. Aircraft Liability. (If deemed applicable by Owner) (For all Owned, Non-Owned and Hired Aircraft) Combined Single Limit Purchaser shall be named as an additional insured as its interest may appear as may be agreed.

MINIMUM LIMITS AND COVERAGE

APPENDIX B Scope of Work

NEW YORK STATE ELECTRIC & GAS (NYSEG)

TRANSFORMER, SUBSTATION

SPECIFIC REQUIREMENTS SPECIFICATION

SPECIFICATION:

SUBSTATION:

REVISION 0:

NYSEG 2010 – 2011 Requirements August 4, 2010

SPT-1375

PREPARED BY: Harry D. Gianakouros

DATE: August 4, 2010

This specification contains a specific description of technical requirements to which the SELLER and SELLER's product shall conform for the transformer(s) to be supplied under this unique specification number. In addition, the SELLER and SELLER's product shall conform to the Standard Requirements identified in Specification SPT-1258 (for Large Power Transformers) or SPT-1229 (for Medium Power Transformers).

The PROPOSAL REQUIREMENTS pages contain a detailed, formatted listing of technical, performance and commercial product related data the SELLER is to supply with the proposal. This data shall be considered guaranteed data and SELLER shall assume all responsibility for NYSEG incurred costs should the actual performance of the transformer supplied under this specification deviate from the performance indicated by the above guaranteed technical performance and commercial data.

The SELLER SHALL BE REQUIRED to provide the following information:

- (a) Make copies of the subsequent pages marked "PROPOSAL REQUIREMENTS" and fill in the commercial data requested.
- (b) Provide discount rates for purchasing multiple items as requested on the "SUMMARY" page. The SELLER may also offer additional discount rate packages.
- (c) Access the MS Excel spreadsheet file: "Technical Proposal data.xls", open the file, fill in the technical data requested, save the file, and return the file by reply e-mail to the sender. This data shall be considered part of the SELLER'S proposal.

If alternates are requested and result in proposal requirements different from the base proposal, then the SELLER shall submit copies of the subsequent pages for each alternate as necessary.

NYSEG MAY REJECT THE PROPOSAL OF ANY SELLER PROVIDING INCOMPLETE PROPOSAL DATA.

The SELLER shall attach the following information to the proposal:

Attachment #1 - The SELLER shall attach the latest catalog information describing the transformer proposed. Include technical and commercial information.

Attachment #2 - The SELLER shall attach short circuit test history that demonstrates that transformers of similar core and coil design and construction has passed the short circuit test per ANSI C57.12.90. The rating of the bank, magnitude of the short circuit current, percent impedance change, pass/fail results and the date of the test shall be included.

Attachment #3 - The SELLER shall attach a complete list of all tests proposed to be performed on the transformer. Include a complete description of all test details, test voltages, and duration of tests.

Attachment #4 - The SELLER shall attach an individually priced list of recommended spare parts.

Attachment #5 - The SELLER shall attach a complete description of the warranty specified.

Attachment #6 - The SELLER shall provide a complete description of any requirements needed to correct any physical conditions that would prevent the tractor and low-boy trailer to drive into the substation (or crane, if applicable).

Attachment #7 - Provide cancellation schedule consistent with promised lead-time and milestones identified in the production status report.

Attachment #8 - Provide complete instructions and recommendations for long term storage.

SUMMARY of REQUIREMENTS

Below is a summary of the transformers included in this specification. Transformers are three-phase with Load Tap Changers unless noted otherwise. MVA in parentheses is 65 degree C.

Item #	Quantity	Description	Due Date
1	2	20 MVA, 115GrdY/66.4 - 36.2 kV, without LTC	
3	2	30/40/50(56) MVA, 115GrdY/66.4 - 36.2 kV	

Item #1: Greenidge115kV

- 1.0 Quantity of TWO (2), three-phase: 20 MVA at 65°C
 - Cooling Classification: ONAN
 - NYSEG Power Classification: <u>Medium</u> Power
 - Specification SPT-1229 shall apply.
 - Application: These transformers will be applied for 115kV system grounding and will not carry any secondary load.
- 2.0 <u>Two windings</u>, 115kV system grounding operation:
 - Primary (H) Nominal 115GrdY/66.4 kV
 - Primary (H) Maximum System Voltage 121 kV
 - Secondary (X) Nominal 36.2 kV
- 3.0 Winding BIL Ratings
 - H winding 450 kV
 - X winding 200 kV
 - Neutral (HO) winding 110 kV
- 4.0 Impedance = 5.0% at (ONAN) MVA at 65° C at rated voltage.
- 5.0 Sound level at nominal voltage and the maximum cooling rating shall not exceed 70 dB.
- 6.0 LOAD TAP CHANGER
 - An LTC <u>shall not</u> be provided.

7.0 DE-ENERGIZED (NO LOAD) TAP CHANGER

• The Primary (H) winding shall be supplied with a de-energized (no load) tap changer with the following positions: -5% below neutral, -2.5% below neutral, neutral, +2.5% above neutral, +5% above neutral

8.0 BUSHINGS

	Primary (H)	Secondary (X)	Neutral (HO)	Tertiary (Y)
BIL	550	200	200	N/A
Min. Amps				
Segment	3	1	Per IEEE/ANSI	
Location (Side/Cover)	Cover	Cover or Side **	Cover	
Cable Compartment	No	No	No	

- SELLER shall provide PCORE Type POC bushings or ABB Type O Plus C.
- The Secondary (X) bushings shall be enclosed in a ventilated air compartment with bolted door for access for test purposes only.

9.0 CURRENT TRANSFORMERS

	Primary (H)	Secondary (X)	Neutral (HO)	Tertiary (Y)	Inside Delta Tertiary
Quantity	9	6	2	N/A	N/A
No. per Bushing	3	2	2	· · · · · · · · · · · · · · · · · · ·	
Ratio	1200:5 MR	1200:5MR	600:5 MR		
Relay Accuracy	C800	C400	C800		
Thermal Rating Factor	2.0	2.0	2.0		

- 10.0 Surge Arresters: SELLER shall supply station-class surge arresters to be mounted at the HV (H) bushings. SELLER shall provide the HV surge arrester mounting brackets with the plates drilled for a 10" bolt circle. Surge arrester terminals and bushing terminals shall be at the same elevation.
 - Acceptable vendors: ABB Type PEXLIM, CPS Type UH, GE Type XPA, MacLean Type ZSP, Hubbell Type PVN, Siemens Type 3EL2.
 - Ratings (Duty Cycle/MCOV kV): HV = 96/76, LV = (no arrester or brackets required)
 - Surge Arresters shall be supplied with a NEMA four-hole pad for the high-voltage connection, and provisions for accepting a 4/0 copper ground wire at the base.
 - SELLER to include the surge arrester outline drawings and nameplate drawings with the transformer drawing set.
 - Surge Arrester instruction sheets shall be included in the transformer instruction book.
- 11.0 SELLER shall provide the spare gaskets as stated in the Standard Requirements Specification.
- 12.0 SELLER shall provide <u>Type I</u> insulating oil.
- 13.0 NYSEG will supply auxiliary power as follows:
 - DC: 125 VDC (relay control voltage)
 - AC: 120/240 VAC single-phase (SELLER shall indicate if three-phase power is recommended to operate the cooling system.)
 - SELLER shall distribute this AC source as follows:
 - > 120 VAC, single-phase (cabinet lighting, receptacle, LTC sensing control)
 - > 240 VAC, single-phase (cabinet heaters, LTC motor)
 - An alarm relay <u>shall</u> be required for the loss of AC power to the fans/pumps. Provide a normally open and normally closed contact wired to a terminal block.
 - NOTE: AC SUPPLY VOLTAGE TO BE CONFIRMED BY NYSEG ON THE PURCHASE ORDER.
- 14.0 Control Cabinet shall be located in Segment 1.
- 15.0 TESTS
 - Impulse test shall be performed.
 - Temperature test shall be performed.
 - SELLER <u>shall</u> perform a baseline frequency response analysis test at the factory.
- 16.0 NYSEG LOSS DATA

- Excitation Losses = /kW
- Load Losses = /kW

17.0 SCHEMATIC (ELEMENTARY) DRAWINGS

• Supply in the following format (marked "X"):



Option 1: Schematics created in a "Point to Point" style and represent the actual physical wiring of the equipment.



Option 2: Schematics shall be in the form as given in attached drawing LTC_MVAAED.

- Monitoring and Accessory Options No monitoring options per SPT-1229, 11.0 are required.
 - Supply analog gauges.
 - Bottom Oil Temperature Gauge is not required.
- 19.0 FALL PROTECTION
 - SELLER shall supply two Pelsue Weld-on Base Plate Item No. FB-SW1 welded to the top of the transformer. Base plates shall be arranged to allow full access to the top of the Transformer while workers are tethered.
- 20.0 PAINT

18.0

- The Transformer paint color shall be ANSI 70 gray.
- 21.0 FOUNDATION
 - The transformer will be installed on a new foundation per the SELLER's requirements.

22.0 SHIPPING

- The transformer shall be shipped by truck: "DDP Destination, next to transformer foundation, NYSEG Greenidge Substation, Dresden, NY"
- Exact address provided with Purchase Order.
- SELLER shall insure carrier notifies NYSEG or NYSEG's Contractor at least 48 hours prior to delivery, Monday through Friday, 8:30 A.M. - 4:00 P.M., to schedule off-loading arrangements. NYSEG shall supply contact information to the SELLER after issue of purchase order.
- Date Required:

23.0 ORDER ACKNOWLEDGEMENT

- Send the original per the instructions in the Purchase Order.
- Supply one copy of the order acknowledgement and any subsequent revisions to:

E-mail: hdgianakouros@nyseg.com Or: Attn: Harry D. Gianakouros New York State Electric & Gas Corp. 18 Link Drive Kirkwood Industrial Park Binghamton, NY 13902-5224

PROPOSAL REQUIREMENTS					
Item #:	1				
OPCo:	NYSEG				
Substation:	GREENIDGE	· · · · · · · · · · · · · · · · · · ·			
SELLER Name:					
SELLER Proposal Number:		·····			
Net unit price of one transformer deliv	vered DDP Greenidge Substation:	\$			
Supply the following price ADDERS					
 Quote the separate price ac shall be responsible for off 	\$				
Quote a separate price add	er for complete turnkey installation as described in SPT-1229:	S			
SELLER shall furnish the net price ad equipment:					
 High-Voltage Bushing: 	\$				
 Low-Voltage Bushing: 	\$				
 Neutral Bushing: 	\$				

Item #3: TWO 56MVA Y-D

- 1.0 Quantity of Two (2), three-phase: 30/40/50 MVA at 55°C (56 MVA at 65°C)
 - Cooling Classification: ONAN/ONAF/ONAF
 - NYSEG Power Classification: <u>Medium</u> Power
 - Specification SPT-1229 shall apply.

2.0 <u>Two windings</u>, step-down operation:

- Primary (H) Nominal 115GrdY/66.4 kV
- Primary (H) Maximum System Voltage 121 kV
- Secondary (X) Nominal 36.2 kV
- 3.0 Winding BIL Ratings
 - H winding 450 kV
 - X winding 200 kV
 - Neutral (HO) winding 110 kV
- 4.0 Impedance = IEEE/ANSI Standard % at ONAN MVA at 55°C at rated voltage.
- 5.0 Sound level at nominal voltage and the maximum cooling rating shall not exceed 68 dB.

6.0 LOAD TAP CHANGER

- An LTC <u>shall</u> be provided.
- The LTC shall regulate the 36.2 kV bus. The RV winding for the LTC shall be located in the LV (low-voltage) winding.
- The LTC shall operate in (32) 0.625% steps (33 positions) total, 16 above and 16 below nominal providing 20% (+10%, -10%) total voltage range.
- The LTC control shall be the Beckwith M-2001C Comprehensive unit.
- The LTC control wiring shall be in accordance with drawing LTC MVAAED.
- Remote tap position indication shall be supplied per SPT-1229, 9.5.1, Alternate <u>1</u>LTC Position Indicator.

7.0 DE-ENERGIZED (NO LOAD) TAP CHANGER

• The Primary (H) winding shall be supplied with a de-energized (no load) tap changer with the following positions: -5% below neutral, -2.5% below neutral, neutral, +2.5% above neutral, +5% above neutral

8.0 BUSHINGS

	Primary (H)	Secondary (X)	Neutral (HO)	Tertiary (Y)
BIL	550	200	200	N/A
Min. Amps				
Segment	3	1	Per IEEE/ANSI	······································
Location (Side/Cover)	Cover	Cover	Cover	·····
Cable Compartment	No	No	No	······································

• SELLER shall provide PCORE Type POC bushings or ABB Type O Plus C.

9.0 CURRENT TRANSFORMERS

	Primary (H)	Secondary (X)	Neutral (HO)	Tertiary (Y)	Inside Delta Tertiary
Quantity	9	9	2	N/A	N/A
No. per Bushing	3	3	2		1
Ratio	1200:5 MR	1200:5MR	1200:5 MR		
Relay Accuracy	C800	C400	C800		-
Thermal Rating Factor	2.0	2.0	2.0	<u> </u>	

- 10.0 Surge Arresters: SELLER shall supply station-class surge arresters to be mounted at the HV (H) and LV (X) bushings. SELLER shall provide the HV (H) and LV (X) surge arrester mounting brackets with the plates drilled for a 10" bolt circle. Surge arrester terminals and bushing terminals shall be at the same elevation.
 - Acceptable vendors: ABB Type PEXLIM, CPS Type UH, GE Type XPA, MacLean Type ZSP, Hubbell Type PVN, Siemens Type 3EL2.
 - Ratings (Duty Cycle/MCOV kV): HV = 96/76, LV = 36/29
 - Surge Arresters shall be supplied with a NEMA four-hole pad for the high-voltage connection, and provisions for accepting a 4/0 copper ground wire at the base.
 - SELLER to include the surge arrester outline drawings and nameplate drawings with the transformer drawing set.
 - Surge Arrester instruction sheets shall be included in the transformer instruction book.
- 11.0 SELLER shall provide the spare gaskets as stated in the Standard Requirements Specification.
- 12.0 SELLER shall provide <u>Type I</u> insulating oil.
- 13.0 NYSEG will supply auxiliary power as follows:
 - DC: 125 VDC (relay control voltage)
 - AC: 120/240 VAC single-phase (SELLER shall indicate if three-phase power is recommended to operate the cooling system.)
 - SELLER shall distribute this AC source as follows:
 - > 120 VAC, single-phase (cabinet lighting, receptacle, LTC sensing control)
 - > 240 VAC, single-phase (cabinet heaters, LTC motor)
 - An alarm relay <u>shall</u> be required for the loss of AC power to the fans/pumps. Provide a normally open and normally closed contact wired to a terminal block.
 - NOTE: AC SUPPLY VOLTAGE TO BE CONFIRMED BY NYSEG ON THE PURCHASE ORDER.
- 14.0 Control Cabinet shall be located in Segment 1.

15.0 TESTS

٠

- Impulse test <u>shall</u> be performed.
- Temperature test <u>shall</u> be performed.
- SELLER <u>shall</u> perform a baseline frequency response analysis test at the factory.
- 16.0 NYSEG LOSS DATA
 - Excitation Losses = /kW
 - Load Losses = /kW
- 17.0 SCHEMATIC (ELEMENTARY) DRAWINGS

• Supply in the following format (marked "X"):

Option 1: Schematics created in a "Point to Point" style and represent the actual physical wiring of the equipment.

Option 2: Schematics shall be in the form as given in attached drawing LTC_MVAAED.

- 18.0 Monitoring and Accessory Options No monitoring options per SPT-1229, 11.0 are required.
 - Supply analog gauges.
 - Bottom Oil Temperature Gauge is not required.

19.0 FALL PROTECTION

• SELLER shall supply two Pelsue Weld-on Base Plate Item No. FB-SW1 welded to the top of the transformer. Base plates shall be arranged to allow full access to the top of the Transformer while workers are tethered.

20.0 PAINT

- The Transformer paint color shall be ANSI 70 gray.
- 21.0 FOUNDATION
 - The transformers shall be installed on existing substation foundations. Foundation drawings shall be provided to the successful bidder.

22.0 SHIPPING

- The transformers shall be shipped by truck:
 - Transformer 1: "DDP Destination, next to transformer foundation, NYSEG Meyer Substation, Dansville, NY"
 - Transformer 2: "DDP Destination, next to transformer foundation, NYSEG Coddington Rd Substation"
- Exact addresses provided with Purchase Order.
- SELLER shall insure carrier notifies NYSEG or NYSEG's Contractor at least 48 hours prior to delivery, Monday through Friday, 8:30 A.M. - 4:00 P.M., to schedule off-loading arrangements. NYSEG shall supply contact information to the SELLER after issue of purchase order.
- Date Required:
- 23.0 ORDER ACKNOWLEDGEMENT
 - Send the original per the instructions in the Purchase Order.
 - Supply one copy of the order acknowledgement and any subsequent revisions to:

E-mail: <u>hdgianakouros@nyseg.com</u> or: Attn: Harry D. Gianakouros New York State Electric & Gas Corp. 18 Link Drive Kirkwood Industrial Park Binghamton, NY 13902-5224

	PROPOSAL REQUIREMENTS					
Item #:	3					
OPCo:	NYSEG					
Substation:	2 Transformers for Meyer substations described above					
SELLER Name:						
SELLER Proposal Number	:					
Net unit price of one transfo	ormer delivered DDP Substation Site:	\$				
Supply the following price						
Quote the separa shall be response	ate price adder for the Transformer shipped DDP Pad as defined in SPT-1229. SELLER ible for off loading the transformer and accessories:	S				
Quote a separate	e price adder for complete turnkey installation as described in SPT-1229:	\$				
SELLER shall furnish the n equipment:						
 High-Voltage But 	\$					
 Low-Voltage Bu 	\$					
Neutral Bushing: \$						

<u>APPENDIX B-1</u> Pricing Terms for Item 1 – Greenidge

This contract covers the purchase of two (2) 20 MVA, 115GrdY/66.4 – 36.2 kV, without LTC transformers per the Specific Requirement Specification SPT-1375 Rev1 Item#1 and all drawings and specifications included within the RFP 10405 for the following substations:

NYSEG Substations: Greenidge Ground Bank

Base Transformer Bid Price: Transformer Shipped DDP Pad: Complete Turnkey Assembly:

Total Base Bid for each unit: Total for the two 20MVA units:



1					
NYSEG					
GREENIDGE					
GE Prolec Transformers Inc.					
175-11132 Prolec ref. # 219864					
. 					
red DDP Greenidge Substation:					
	Shipping: Truck				
 Quote the separate price adder for the Transformer shipped DDP Pad as defined in SPT-1229. SELLER shall be responsible for off loading the transformer and accessories: 					
for complete turnkey installation as described in SPT-1229:					
SELLER shall furnish the net price addition for the following spare equipment and any other recommended spare equipment:					
 Low-Voltage Bushing: 					
Neutral Bushing:					
	NYSEG GREENIDGE GE Prolec Transformers Inc. 175-11132 Prolec ref. # 219864 red DDP Greenidge Substation: er for the Transformer shipped DDP Pad as defined in SPT-1229. SELLER bading the transformer and accessories: for complete turnkey installation as described in SPT-1229:				

	NYSE	G TRANSFORM	IER REQUIREME	ENTS	
	VENI	DOR TECHNIC	AL PROPOSAL D	АТА	
Project					
OPCo.	NYSEG			SPEC. #:	SPT-1375
SUBSTATION :	GREENIDGE			ITEM #:	1
DESCRIPTIO N:	20 MVA, 115G	rdY/66.4 – 36.2 I	kV, without LTC		
F	ill in the info req	uested in the a	reen boxes belov	v (as applicabl	e)
					.)
VENDOR:		-	-	PROPOSAL #:	219864
Delivery		·····			
	Review Dwgs.(we	eks)	std 8-10 weeks	not applicable shipment	for short cycle
Time to Submit Final Dwgs.(weeks)			std12-13 weeks	not applicable for short cycl shipment	
Time to Ship Ur	hit w/ Drawing Rev	/iew (weeks)	per proposal	sal	
DDP Delivery P	oint		2 weeks after shipment		
Shipped Filled v	w/ Oil, Nit. Gas or	Dry Air	Oill filled	······································	
Shipped by Tru	ck or Rail		truck		
Location of Cor	e and Coil Manufa	cturing Facility	Nuevo Leo	n, México	
Location of Ass	embling Facility		Nuevo Leon, México		
Warranty Period	d (years)		5 years, per T'C		
Evoltation Los			······································		
Excitation Los Neutral	Reference	20°C	40		
	Temp=	20 C	19		
Load Losses (I	kW)				
Neutral	Reference Temp=	75°C	45		
Auxiliary Loss	es (W)				
ONAN Rating			0		
First Stage Rati	ng		N/A		
Second Stage Rating			N/A		

Excitation Current	
100% of Nominal Primary Voltage (%)	0.735
110% of Nominal Primary Voltage (%)	1.095
Core and Coil Design	
Transformer Type (Core/Shell)	Core
Coil Type (Rect./Circular)	
HV Winding	Circular
LV Winding	Circular
Conductor Material	
HV Winding	Copper
LV Winding	Copper
Conductor Type (Strap/Sheet)	
HV Winding	Strap
LV Winding	CTC
Core Type (Stacked/Wound)	Stacked
Weights	(Approximate)
Core and Coil	60,640 lbs
Tank and	21,095 lbs
Fittings	
Oil	24,649 lbs
Total Weight	106385 lbs
Total Shipping Weight	75,534 lbs
Weight of Largest Shipping Piece	75,534 lbs
Oil Capacity	(Approximate)
Total Oil	3,282 gal
Oil to Cover Core/Coils	Not available for quotation
Oil Type	Туре І
Oil Supplier	Nynas or similar
Oil Market Name	Nytro or similar

Dimensions		
Installed		(Approximate)
(Inches)		(
	Height	197
	Width	154
	Depth	197
	Height Over	142
	Cover	
	Height to Live Part-HV	250
	Height to Live Part-LV	250
Shipping (Inc	hes)	
	Height	142
	Width	154
	Depth	109
	Height Over	142
	Cover	
Control Cabin	net (Inches)	
	Base to Bottom Cab.	24 Min
	Base to Top	Not available for quotation
	Cab.	
Winding		
Rating		
High Side		
·····	Voltage (kV)	115
	Capacity @55 (MVA)	-
	Capacity @65 (MVA)	20
	BIL (kV)	450
	Symmetrical Short Circuit	Aprox. 1,998 A
	Current Withstand (2 sec.) (A)	
Low Side		
·····	Voltage (kV)	36.2
	Capacity @55 (MVA)	-
	Capacity @65 (MVA)	20
	BIL (kV)	200
	Symmetrical Short Circuit	Approx. 3,661
	Current Withstand (2 sec.) (A)	A

Tertiary			
	Voltage (kV)	N/A	
	Capacity @55 (MVA)	N/A	
	Capacity @65 (MVA)	N/A	
	BIL (kV)	N/A	
	Symmetrical Short Circuit Current Withstand (2 sec.) (A)	N/A	
Neutral			
	BIL (kV)	110	
Bushings			
High Side			
	Manufacturer	Pcore or similar	
	Туре	Condenser	
	Catalog #	POC550G080 0S	
	BIL (kV)	550	
	Voltage Class (kV)	115	
	Current Rating (A)	800 A	
Low Side		¶	
	Manufacturer	ABB or similar	
	Туре	Condenser	
	Catalog #	034T0120HP	
	BIL (kV)	200	
	Voltage Class (kV)	34.5	
	Current Rating (A)	1200 A	
Tertiary			
	Manufacturer	N/A	
	Туре	N/A	
	Catalog #	N/A	
	BIL (kV)	N/A	
	Voltage Class (kV)	N/A	
	Current Rating (A)	N/A	

Neutral		
	Manufacturer	ABB or similar
	Туре	Condenser
	Catalog #	034Z0412UT
	BIL (kV)	200
	Voltage Class (kV)	34.5
	Current Rating (A)	400 A
Deless Access		
Relay Accur	acyuls	
High Side		
	Manufacturer	or similar
	Туре	Bushing Type
	Qty/Bushing	3
	Ratio	1200:5
	Accuracy	C-800
	TRF	2
	Provisions Provided for Future CTs	No
Low Side		
	Manufacturer	or similar
	Туре	Bushing Type
	Qty/Bushing	2
· · · · · · · · · · · · · · · · · · ·	Ratio	1200:5
	Accuracy	C-800
	TRF	2
	Provisions Provided for Future CTs	No
Tertiary		
	Manufacturer	N/A
	Туре	N/A
	Qty/Bushing	N/A
	Ratio	N/A
	Accuracy	N/A
	TRF	N/A
	Provisions Provided for Future CTs	N/A

Neutral			
	Manufacturer		or similar
		· · ·	
	Туре	Bushing Type	
	Qty/Bushing	2	
	Ratio	600:5	
	Accuracy	C-400	
	TRF	2	
	Provisions Provided for Future CTs	No	
Cooling Eq	upment		
Fans			
	Manufacturer	N/A	
	Туре	N/A N/A	
	Quantity	N/A	
	Voltage Rating	N/A N/A	
-	(V)		
	Horsepower (hp)	N/A	
	Single Phase?	N/A	
Pumps			
	Manufacturer	N/A	
	Туре	N/A	
	Quantity	N/A	
	Voltage Rating (V)	N/A	
	Horsepower (hp)	N/A	
	Single Phase?	N/A	
Load Tap C	hanger		
Manufacture		N/A	
Style #	•	N/A	
***************************************	ive vs. Reactive)	N/A	
Type (Resistive vs. Reactive) Percent Regulation (%)		N/A	
Number of Tap Positions		N/A	
% Voltage per Tap (5/8%, etc.)		N/A	
Position Indicator Alternate Provided		N/A	
LTC Remote Indicating Device		N/A	
The LTC Compartment requires vacuum filling		N/A N/A	
during maintenance procedure (Yes or No)			

Impedance			
H-X on the ON	AN, 85 deg C		
rating	-		
	% Resistance	0.225	
	% Reactance	4.995	
	% Impedance	5	
	Zero Seq. Impedance	4.25%	
H-Y on the ON	AN,deg C		
rating			
	% Resistance	N/A	
	% Reactance	N/A	
	% Impedance	N/A	
	Zero Seq. Impedance	N/A	
X-Y on the ON	AN,deg C		
rating			
	% Resistance	N/A	
	% Reactance	N/A	
	% Impedance	N/A	
	Zero Seq. Impedance	N/A	
Sound			
Sound Level (d	B): ONAN/ONAF/ONAF	70	
Auxiliary			
Power			
First Stage (A)	1ph	N/A	
Second Stage	1ph	N/A	
(A)	4 L-		
LTC Motor (A)	1ph	N/A	
Cabinet Heater	S (A)	15 A Approx	
Tatal Arms Davis			
	er Requirement At Max. Load	4 KW Approx	
(kW)	1	-	
Oil Preservatio	n System		
h	JI System	Sealed Tank	
Type of System		Sealed Talik	
JUSICIII			
Personnel Fall	Protection		
Туре		Pelsue FB-	
Proposed		SW1	

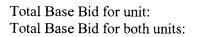
Acknowledgements	
Acknowledgements SELLER shall acknowledge that the transformer will meet the specified Short Circuit Withstand capabilities as specified in SPT-1229 (Yes or No)	Yes
The SELLER shall acknowledge that the tertiary shall be capable of withstanding a fault as described in SPT-1229 without the addition of external impedance. (Yes or No)	N/A
The SELLER shall acknowledge that the transformer and all components parts can be loaded in accordance with IEEE C57.91. (Yes or No)	Yes

<u>APPENDIX B-2</u> Pricing Terms for Item 3 – Meyer and Coddington Rd.

This contract covers the purchase of Two (2) 30/40/50(56) MVA, 115GrdY/66.4 – 36.2 kV, LTC transformers per the Specific Requirement Specification SPT-1375 Rev1 Item#3 and all drawings and specifications included within the RFP 10405 for the following substations:

NYSEG Substations: Meyer B6

Base Transformer Bid Price: Transformer Shipped DDP Pad: Complete Turnkey Assembly:





Item #:	3	
OPCo:	NYSEG	
Substation:	2 Transformers for Meyer and Coddington Rd substations described	above
SELLER Name:		
SELLER Proposal Number:	175-11132 Prolec ref. # 219864	
Net unit price of one transformer deliv	ered DDP Substation Site:	
		Shipping: Truck
Supply the following price ADDERS:		Contraction of the second
 Quote the separate price ad shall be responsible for off 	der for the Transformer shipped DDP Pad as defined in SPT-1229. SELLER loading the transformer and accessories:	
 Quote a separate price adde 	r for complete turnkey installation as described in SPT-1229:	
SELLER shall furnish the net price add equipment:	lition for the following spare equipment and any other recommended spare	
 High-Voltage Bushing: 		
Low-Voltage Bushing:		
 Neutral Bushing: 		

	NYSE	G TRANSFOR	RMER REQUIREMEN	ITS	
	VENI	OR TECHNI	CAL PROPOSAL DA	ТА	
Project					
OPCo.		NYSEG		SPEC. #:	SPT-1375
SUBSTATION:	Mey	er B6; Coddin	gton Rd	ITEM #:	3
DESCRIPTION:	30/40/50(56) M	VA, 115GrdY/	66.4 – 36.2 kV LTC		
Fill in the info rec	quested in the gre	en boxes bel	ow (as applicable.)		
VENDOR:				PROPOSAL #:	21986
Delivery					
Time to Submit Re	eview Dwgs.(weeks	5)	8-10 weeks ARO		
Time to Submit Fir	nal Dwgs.(weeks)		12-13 weeks ARO		
Time to Ship Unit	w/ Drawing Review	(weeks)	20-24 weeks ARO		
DDP Delivery Poin	it		2 weeks afte	r shipment	
Shipped Filled w/ (Dil, Nit. Gas or Dry	Air	Dry Air		
Shipped by Truck	or Rail		truck		
Location of Core a	nd Coil Manufactu	ring Facility	Nuevo Leo	n, México	
Location of Assem	bling Facility		Nuevo Leoi	n, México	
Warranty Period (y	vears)		5 years, per T'C		
Excitation Losses	s (kW)				
Neutral	Reference Temp=	20°C	24		
Load Losses (kW)				
Neutral	Reference Temp=	75°C	83		
Auxiliary Losses	(W)				
ONAN Rating			0		· · · · · · · · · · · · · · · · · · ·
First Stage Rating			3000 watts		
Second Stage Rati	ng		6000 watts		
				······································	

Excitation Current		
100% of Nominal Primary Voltage (%)	0.577	
110% of Nominal Primary Voltage (%)	0.848	
Core and Coil Design		
Transformer Type (Core/Shell)	Core	
Coil Type (Rect./Circular)		
HV Winding	Circular	
LV Winding	Circular	
Conductor Material		
HV Winding	Copper	
LV Winding	Copper	
Conductor Type (Strap/Sheet)		
HV Winding	Strap	
LV Winding	CTC	
Core Type (Stacked/Wound)	Stacked	
Weights	(Approximate)	
Core and Coil	91,086 lbs	
Tank and Fittings	45,468 lbs	
Oil	54,150 lbs	
Total Weight	190,704 lbs	
Total Shipping Weight	116,101 lbs	·····
Weight of Largest Shipping Piece	116,101 lbs	
Oil Capacity	(Approximate)	
Total Oil	7,210 gal	
Oil to Cover Core/Coils	Not available for quotation	<u></u>
Oil Type	Туре І	
Oil Supplier	Nynas or similar	
Oil Market Name	Nytro or similar	

		·		
Dimensions				
Installed (Inches)			(Approximate)	
	Height		201	••••
	Width		304	
	Depth		194	
	Height Over Cover		147	
	Height to Live Part-I	ΗV	268	
	Height to Live Part-L	_V	268	
Shipping (Inches)				-
	Height		147	
	Width		247	
	Depth		127	
	Height Over Cover		147	
Control Cabinet (Ir	nches)			
	Base to Bottom Cab).	24 Min	
	Base to Top Cab.	9 - 40 - 1, i - 1, i	Not available	for quotation
Winding Rating				
High Side				
riigii oluo	Voltage (kV)		115	
	Capacity @55 (MVA		30/40/50	
	Capacity @65 (MVA		33.6/44.8/56	
	BIL (kV)	<u>'</u>	450	
	Symmetrical Short C Current Withstand (2		Approx. 1590 A	
Low Side				
	Voltage (kV)		36.2	
	Capacity @55 (MVA	.)	30/40/50	
	Capacity @65 (MVA		33.6/44.8/56	
	BIL (kV)	<u></u>	200	
	Symmetrical Short C Current Withstand (2		Approx. 2650 A	

Tertiary			
	Voltage (kV)	N/A	
	Capacity @55 (MVA)	N/A	
	Capacity @65 (MVA)	N/A	
	BIL (kV)	N/A	
	Symmetrical Short Circuit Current Withstand (2 sec.) (A)	N/A	
Neutral			
······································	BIL (kV)	110	
Bushings			
High Side			
	Manufacturer	Pcore or similar	
	Туре	Condenser	
	Catalog #	POC550G0800 S	
	BIL (kV)	550	
	Voltage Class (kV)	115	
	Current Rating (A)	800 A	
Low Side			
	Manufacturer	ABB or similar	
	Туре	Condenser	
	Catalog #	034Z0412UT	
	BIL (kV)	200	
	Voltage Class (kV)	34.5	
	Current Rating (A)	1200 A	
Tertiary			
	Manufacturer	N/A	
	Туре	N/A	
	Catalog #	N/A	
	BIL (kV)	N/A	
	Voltage Class (kV)	N/A	
	Current Rating (A)	N/A	

Neutral		
	Manufacturer	ABB or similar
	Туре	Condenser
	Catalog #	034Z0412UT
	BIL (kV)	200
	Voltage Class (kV)	34.5
	Current Rating (A)	1200 A
Relay Accura	acy CTs	
High Side		
<u></u>	Manufacturer	or similar
	Туре	Bushing Type
	Qty/Bushing	3
	Ratio	1200:5
	Accuracy	C-800
	TRF	2
	Provisions Provided for Future CTs	No
Low Side		
	Manufacturer	or similar
	Туре	Bushing Type
	Qty/Bushing	3
	Ratio	1200:5
	Accuracy	C-400
	TRF	2
	Provisions Provided for Future CTs	No
Tertiary		
	Manufacturer	N/A
	Туре	N/A
	Qty/Bushing	N/A
	Ratio	N/A
	Accuracy	N/A
	TRF	N/A
	Provisions Provided for Future CTs	N/A

Neutral			
	Manufacturer		or similar
	Туре	Bushing Type	
Will your a constant of a state 	Qty/Bushing	2	
	Ratio	1200:5	
	Accuracy	C-800	
	TRF	2	
	Provisions Provided for Future CTs	No	
Cooling Equi	pment		
Fans			
	Manufacturer	Krenz-vent	or similar
	Туре	Totally Enclosed	
	Quantity	Approx. 12	
	Voltage Rating (V)	230 (preliminary)	
	Horsepower (hp)	1/8 (preliminary)	
	Single Phase?	3 Phase (p	reliminary)
Pumps		· · ·	
	Manufacturer	N/A	
	Туре	N/A	
	Quantity	N/A	
	Voltage Rating (V)	N/A	
	Horsepower (hp)	N/A	
	Single Phase?	N/A	

Load Tap Chang	er		
Manufacturer		Reinhausen	
Style #		RMV-II	
Type (Resistive vs	s. Reactive)	Reactive	
Percent Regulatio	n (%)	+/- 10%	
Number of Tap Po	ositions	+/-16	
% Voltage per Ta	p (5/8%, etc.)	5/8%	
Position Indicator Provided	Alternate	Alternate 1	
LTC Remote Indic	ating Device	Incon or similar	
	ment requires vacuum filling during edure (Yes or No)	Yes	
Impedance			
H-X on the ONAN	,deg C rating		
	% Resistance	0.275	
	% Reactance	8.995	
-	% Impedance	9	
	Zero Seq. Impedance	7.70%	
H-Y on the ONAN	ý v		
	% Resistance	N/A	
	% Reactance	N/A	
······	% Impedance	N/A	
······································	Zero Seq. Impedance	N/A	
X-Y on the ONAN			
·····	% Resistance	N/A	
	% Reactance	N/A	
	% Impedance	N/A	
	Zero Seq. Impedance	N/A	
Sound	Zero Seq. Impedance	N/A	

Auxiliary Power		
First Stage (A)	1ph	6 A Approx. @ 3ph
Second Stage (A)	1ph	8 Approx @ 3ph
LTC Motor (A)	1ph	15 A Approx
Cabinet Heaters (/	A)	15 A Approx
Total Aux. Power I	Requirement At Max. Load (kW) 18 kW Approx.
Oil Preservation	System	
Type of System		Sealed Tank
Personnel Fall Pr	otection	
Type Proposed		Pelsue FB- SW1
Acknowledgeme	nts	
meet the specified	nowledge that the transformer v Short Circuit Withstand cified in SPT-1229 (Yes or No)	vill Yes
shall be capable of	acknowledge that the tertiary f withstanding a fault as describ ut the addition of external or No)	ed N/A
and all component	acknowledge that the transforr s parts can be loaded in EE C57.91. (Yes or No)	ner Yes

<u>APPENDIX B-3</u> Pricing Terms General

Proposal Dated September 9, 2010



Iberdrola USA Management Corporation

NYSEG 2010-2011Transformer Requirements RFP 10405

September 9, 2010

September 9, 2010

Mary Havens Contract Administrator Iberdrola USA Management Corporation

Dear Ms. Havens:

Thank you for inviting to participate in your Request for Proposal (RFP 10405) NYSEG 2010-2011Transformer Requirements. We are confident our proposed solution, described in detail on the following pages, will provide Iberdrola and NYSEG with the best-fit solution meeting your expressed needs.

As one of the largest transformer manufacturers in the Americas the Americas has over 4,500 installed transformers worldwide and over 500 customers in North America. With over 30 years experience providing quality energy solutions, the assurance of technical expertise, proven quality products, and the benefits of partnering with a leader in the industry.

proposes Iberdrola and NYSEG added value through our approach to working with our customers as our partners. As a partner, Iberdrola and NYSEG would have access to extensive resources including local support, 24X7 toll-free support, and onsite technical consulting, installation, testing and other services. All our projects are performed through our standard Environmental Health and Safety processes, which are ISO 14001:2004 certified.

With our tailored design planning, custom building and testing of your specific units, ontime delivery, shipping options and ability to support a wide range of transformer sizes, is clearly focused on supporting your needs now and in the future. We are dedicated to supporting Iberdrola and NYSEG and to being a valuable partner with the knowledge, experience, and proven reliability needed to make this project a success.

As your partner, we look forward to working with Iberdrola and NYSEG. Please do not hesitate to contact me at additional information or would like to schedule a meeting to discuss this proposal.

Sincerely,

Table of Contents

1. Updating the Power Grid for NYSEG	1
1.1. Proposed Solution for NYSEG 1.2. Adding Value for Iberdrola 1.2.1. Partnership 1.2.2. Gateway to the Smart Grid 1.2.3. Extensive Resources 1.2.4. Environmental Health and Safety 1.2.5. Logistics and Field Support 1.2.6. Proven Quality Solutions 1.2.7. Innovation and Reliability 1.2.8. Commitment	2 3 3 4 5 5 5 6 6
2. Solution Descriptions and Pricing:	7
2.1. Pricing Notes	
3. Required Documentation	14
4. Clarifications to Specification	
4.1. General Comments4.2. Exceptions and Clarifications to the Specification	
5. Delivery, Shipment and Storage:	
5.1. Shipment 5.1.1. Item 1A-Short Shipment 5.1.2. Items 2A, 3A, 4A, 5A and 6A 5.1.3. Items 7A, 8A, 9A, 10A and 11A	
5.2. Delivery 5.2.1. Items 1A, 2A, 3A, and 5A 5.2.2. Items 4A, 6A, 7A, 8A, 9A, and 10A 5.2.3. Item 11A	
5.3. Dry Air Shipments	
5.4. Storage	
6. Warranty	23
7. Attachments	24



1. Updating the Power Grid for NYSEG

Iberdrola is currently in the process of identifying vendors to support the system upgrades and improvements for NYSEG. The following proposal provides proposed designs, technical information and ability to meet the specification to help Iberdrola meet the needs of this project.

We understand the urgency and importance of this project. It is able to provide all of the designs and allotted number of transformers for this. However with such an aggressive schedule, anticipates that Iberdrola will choose multiple vendors to ensure the project is completed on time.

1.1. Proposed Solution for NYSEG

Our proposed solution supports both your defined technical to help NYSEG manage your upgrade of the existing power grid project. Per the specification, we are proposing to provide eleven different designs to provide up to forty (40) different transformers as described in the table below:

Quantity	Description
2	20 MVA, 115GrdY/66.4 – 36.2 kV, without LTC
12	30/40/50(56) MVA, 115 - 36.2GrdY/20.9 kV
10	30/40/50(56) MVA, 115GrdY/66.4 – 36.2 kV
4	30/40/50(56) MVA, 115GrdY/66.4 – 48.3 kV
3	30/40/50(56) MVA, 115GrdY/66.4 – 48.3GrdY/27.9 kV
2	40/53/67(75) MVA, 115 – 36.2GrdY/20.9 kV
1	120/160/200(224) MVA, 230/132.8GrdY - 120GrdY/69.3 kV
3	(180/240/300) MVA, 230/132.8GrdY – 120GrdY/69.3 kV
1	120/160/200(224) MVA, 360GrdY/207.9 - 120GrdY/69.3 kV
1	150/200/250(280) MVA, 360GrdY/207.9 – 120GrdY/69.3 kV
1	225/300/375(420) MVA, 360GrdY/207.9 – 120GrdY/69.3 kV

For the first two transformers (20 MVA; 115 GrdY/66.4-36.2 kV; without LTC) which are due in December 2010, will not be able to ship these units until sector assuming receipt of order by These transformers can be purchased under a separate purchase agreement if needed to ensure the delivery timeline is met.

We have provided order receipt dates for each of the other designs with our response to ensure Iberdrola has a complete picture of our ability to fulfill the requirements of this RFP. **Second Second** has the ability to be a single source vendor for all the units noted within this proposal and have included the information needed to show this information.

Additional units may be purchased as needed through the negotiated agreement.

1.2. Adding Value for Iberdrola

When partnering with the success of your project. We have provided several special value-adds for Iberdrola as part of our proposal. These special added values include:

- Inclusion of Hydran M2 monitoring equipment at no additional cost. The Hydran system helps customers monitor installed transformers and provide data and alarms for specified conditions such as developing fault conditions and moisture in the oil. These data and alarms provide customers with valuable information to perform proactive maintenance and corrections, as well as identify potential problems before they happen.
- For 100% of items 2 or 3, inclusion of one trip per person for up to two people to the factory not to exceed three nights for each trip at no additional cost to Iberdrola and NYSEG. This trip can be used for design reviews, inspections or witness testing. Should customer wish not to use these trips, no refunds will be allowed.
- For the Autotransformer items above 100 MVA, inclusion of one trip per person for up to two people to the factory not to exceed three nights for each trip at no additional cost to Iberdrola and NYSEG. This trip can be used for design reviews, inspections or witness testing. Should customer wish not to use these trips, no refunds will be allowed.
- For 100% of items 2 or 3, inclusion of a second led design review held at the factory at no additional cost to Iberdrola and NYSEG. Should Iberdrola and NYSEG choose to use another consultant then that cost will be the responsibility of NYSEG and no refund will be allowed.
- For the Autotransformer items above 100 MVA, inclusion of careform and led design review held at the factory at no additional cost to Iberdrola and NYSEG. Should Iberdrola and NYSEG choose to use another consultant then that cost will be the responsibility of NYSEG and no refund will be allowed.
- A volume discount of the for guaranteed minimum of the units; the discount for a guaranteed minimum of the units; the discount for a guaranteed minimum of the units.
- For all items, inclusion of on-site consulting up to 3 days per unit to support your project at no additional charge (additional days will be charged at per 8-hour day, plus travel and living expenses)
- Inclusion of a warranty in lieu of the requested warranty in accordance with the previously negotiated terms and conditions. This also includes in/out costs for the first year only limited to be of the unit price.
- Offer of a factory field representative on-site to lead and work with team installation team during assembly and testing of the transformer. This will also include a one-day training session on the installation process and key elements of the Instruction Book.



 For the Autotransformer items above 100 MVA, inclusion of a representative to be on site for one day at no additional cost.
 visit at the appropriate time during the assembly process. field will coordinate this

• An installation proposal through Atlantic Transformer Services. Installation and assembly will include testing of all accessories as required by the specification. An adder is being provided in case installation occurs at a time when hot oil circulation would be required as part of the vacuum oil filling process.

We believe that these added values offer Iberdrola additional confidence to choose as your vender to support this project.

In addition to the special value adds

is proposing,

provides several benefits:

1.2.1. Partnership

sees each of our customers as our partners. As the drivers for most product design improvements and new product offerings, our customers are our partners with each project. Each transformer design will go through a rigorous, quality engineering and design process to ensure it meets your specifications. All drawings must be approved by Iberdrola and NYSEG prior to beginning construction of the transformer. As Iberdrola's partner, will assign a project management team to assist NYSEG throughout the design, deployment and testing of the proposed transformers. The Project management team is led by a dedicated contract manager, who will coordinate and manage the project with Iberdrola and NYSEG.

As part of our proposal, we would like to invite Iberdrola Leadership to be part of our Strategic Customer Council. The Strategic Customer Council would involve key leadership and personnel from Iberdrola, NYSEG and other Iberdrola utilities, and **strategic** meeting once or twice a year to develop approaches to support your needs. The purpose of these meetings is to provide participants with a better understanding of the participant utilities and Iberdrola's key challenges, concerns and elements that would support Iberdrola's growth. During these meetings; we would also elicit feedback from NYSEG and Iberdrola about our products and your experiences with as well as sharing our plans for new products and enhancements.

We currently have several other customers participating in Strategic Customer Council Meetings and they have found this council to be extremely beneficial. Benefits these customers have experienced include increased service performance, direct access to business upper management, crafting of value-added flexibility at the factory to meet certain needs, products and services tailored to meet specific needs of the company and expanded technical understanding and knowledge through active participation in the jointly-developed projects. As the partner who can best support Iberdrola and NYSEG during your progression towards a smarter grid, anticipates Iberdrola and NYSEG would see the same benefits, which could streamline the transition experience.

1.2.2. Gateway to the Smart Grid

is leading the transformation to Smart Grid solutions through our technology, engineering, flexibility and proven history. With the as a partner, Iberdrola's utilities will be able to expand your Smart Grid solutions through interoperability and enhanced efficiency.

- *Interoperability*—With the interoperability of products, our transformer solutions provide seamless access to other Smart Grid elements providing stronger energy systems and strengthening our partnership with Iberdrola as you build your Smart Grid. The efficiency and monitoring capabilities of our transformer products enhance this interoperability and offer more flexibility for Iberdrola and your utilities to manage your Smart Grid.
- Enhanced Efficiency—continues to focus on developing and bringing to market efficient power transformer designs. We work with our customers to optimize the product design while continuously striving to increase the efficiencies of our products. All of these efforts are part of an overall goal to exceed our customers' criteria while minimizing their total ownership costs.

Beyond the design features, **Sector** offers a range of services and products to assist Iberdrola in monitoring and managing your assets. By monitoring, maintaining and managing your transformers and other assets, Iberdrola will have a more efficient and effective grid now and in the future.

1.2.3. Extensive Resources

Our experienced engineers and top of the line products are the greatest resources we can offer Iberdrola. With over 80 technical experts focused on product development, for the industry continues to be a leader in the industry. Our knowledge and understanding of the industry will help Iberdrola and your utilities as you expand your systems and transition to new operations processes. For proposes support programs, to give Iberdrola the comfort of working with an organization that understands their goals, culture and needs.

- Standard Local Support and Assistance—One of our biggest assets as your power transformer partner is our support and services. Located in the service offices and Service Shops across the United States, the offers local support and assistance to all customers in North America. Additionally, our facility is located in the Central Time Zone. This proximity allows NYSEG and Iberdrola easy access to the designing and engineering expertise throughout typical work hours. With a local sales team to help address and coordinate all commercial, warranty and service questions as well as 24 X 7 support. Iberdrola and NYSEG will experience the benefits of working with a local provider along with the flexibility of an international organization, without having to worry about time zones, communication issues or problem management.
- Enhanced Support— proposes personal attention beginning with our dedicated sales force and continuing through our project management and support services teams. In addition to our standard support offerings, for the offers onsite technical consulting, installation, testing and other services to our customers to further the success of the project and support our customers' needs before, during and after product deployment. Our commitment to our partnership with our customers has ensured our flexible approach to customer support and enables our ability to adapt to our customers' needs.

1.2.4. Environmental Health and Safety

considers the safety of our employees and our customers to be of the highest importance. As such, **Sector** has maintained its ISO 14001:2004 certification; this certification requires regular audits every six months to maintain the certification. **Sector** has received several awards including Environmental Excellence, the Medal Recycling Award and Northern Most Improved Environmental Performance Award (2005 & 2006).

Environmental Health and Safety touches all aspects of our business. As part of our culture, the expectation for effective and consistent safety practices has enabled **sectors** to develop programs including risk identification and reduction, changes to process and practice, extensive training, communications and even certifications to ensure a safe environment both at our factory and in the field. These changes have helped us expand our business and support legal and regulatory requirements for ensuring safety.

represents that it adheres to the highest standards in worker safety, as evidenced by their VPP certification, which is modeled after the US OSHA certification. Approval into VPP (Voluntary Protection Program) is the official recognition of the outstanding efforts of employers and employees who have achieved exemplary occupational safety and health. If operating in the US the **action**: business would fall into the SIC code 3612 (Transformer Manufacturing). The latest Bureau of Labor Statistics data has this industry injury rate = 9.0.

1.2.5. Logistics and Field Support

offers a full service solution to support NYSEG's system expansion. Our testing, monitoring and diagnostic capabilities for condition assessment and maintenance provides NYSEG with the expertise and resources needed to manage your assets. Through our reliable and consistent transportation and shipping of products, Iberdrola and NYSEG can be assured of ontime delivery and reduced the risk of project delays. Our experienced professionals provide our training services to give NYSEG the ability to build the knowledge and understanding needed for more effective management of your transformers.

- Logistics—anticipates we will design, build, test and ship within Iberdrola's designated timeline. Our experience with on-time design / build solutions provides Iberdrola with the assurance that your transformers will be delivered on schedule. We have experience using various transporting methods to deliver NYSEG's transformers to multiple locations for a single customer. And will be able to support shipping the appropriate transformers to the designated locations for this expansion project.
- *Field Support*—As part of our proposed solution **is providing training to NYSEG** personnel at the factory (travel and lodging not included) to ensure NYSEG has the knowledge and understanding to operate and maintain your transformers. We can also offer this training onsite, if desired. This training will be provided by a engineer and will address all aspects of operation of your transformers.



1.2.6. Proven Quality Solutions

As one of the largest transformer manufacturers in the Americas, **provided** has over 4,500 installed transformers worldwide and over 500 customers in North America. We have over 30 years experience providing quality energy solutions, providing Iberdrola and NYSEG the assurance of technical expertise and proven quality products.

processes to provide high quality products with less than 0.4% field forced outages. proposes a wide range of products compliant with ANSI, IEEE, NEMA and ASTM standards and offer several service options to support our customers as they manage and maintain their transformers.

1.2.7. Innovation and Reliability

innovation, **and the second se**

We partner with our customers, other industry leaders, and innovative organizations around the world to expand our product offerings and enh<u>ance effici</u>ency, function and design of our

products. This collaborative approach enables understanding our customers, industry trends and the latest technology advancements as they are introduced.

In order to partner with other organizations, created the Applied Technology Center (ATC). The ATC is 100% dedicated to Research and Development and has more than 80 engineers and specialists developing multi-generational product plans, design platforms, and continuous improvement processes. By partnering with our customers and other leading organizations on design enhancements and new products, we have built a reputation as a leader in the industry, providing top of the line transformer products and solutions specifically designed to meet the customers' specifications.

to remain a leader in the industry by

One solution resulting from our commitment to innovation and reliability is our Hydran M2 transformer monitoring system. The Hydran system helps customers monitor installed transformers and provide data and alarms for specified conditions such as developing fault conditions and moisture in the oil. These data and alarms provide customers with valuable information to perform proactive maintenance and corrections, as well as identify potential problems before they happen. By monitoring, maintaining and managing your transformers and other assets, NYSEG will have a more efficient grid to maximize the life and performance of your power transformer.

1.2.8. Commitment

In an effort to meet Iberdrola's expectations for service and response to requests, **service** is offering to develop a Reserved Slot program to Iberdrola and NYSEG. Working together, we



would develop a needs forecast. Using that information, would reserve factory production spaces. This would be based on specific quantities of units per year. The establishment of the reserved production slots will allow both NYSEG and would reserve to respond to short cycle requests, based on Iberdrola and NYSEG forecasts. This is a best practice that has been very successful with our other blanket business partners.

We look forward to working with Iberdrola and NYSEG as you update your power systems and initiate new operational practices. **Sector** is dedicated to helping Iberdrola achieve your project goals and is confident that our solution is the best fit for your needs. As your partner we consider your success our success.

2. Solution Descriptions and Pricing:

Ітем	DESCRIPTION	Qty	UNIT PRICE (U.S.D
1A	Three phase, oil immersed, transformer, 20 MVA, ONAN, 60 Hz, 65°C temperature rise, high voltage of 115 kV Wye connection with De Energized Tap changer, low voltage of 36.2 kV Delta connection.	2	
	Loss Evaluation		
	If the sum of the tested core loss times /KW and the tested load loss @20 MVA times /KW exceeds the excess dollars will be credited to the owner.		
1A.T	Unit price adder to deliver this transformer DDP nearest the final destination in New York, USA.	2	
1A.C	Unit price adder for Technical Consulting Services:	2	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
1A.R	Unit price adder for off-loading and place on pad. For truck shipment.	2	
	"Considering free and clear access to the substation pad"		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
1A.F	Unit price adder for field assembly and field tests.	2	
	For Non Union Site: Union Labor is NOT considered in the scope.		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
2A	Three phase, oil immersed, transformer, 30/40/50/56 MVA, ONAN/ONAF/ONAF, 60 Hz, 55/65°C temperature rise, high voltage of 115 kV Delta connection with De Energized Tap changer, low voltage of 36.2 kV Wye connection with Load tap Changer.	12	
	Loss Evaluation		
	If the sum of the tested core loss times /KW and the tested load loss @30 MVA times /KW exceeds the excess dollars will be credited to the owner.		
2A.T	Unit price adder to deliver this transformer DDP nearest the final destination in New York, USA. Shipping method: Truck	12	
2A.C	Unit price adder for Technical Consulting Services:	12	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		

Ітем	DESCRIPTION	QTY	UNIT PRIC
ZA.R	Unit price adder for off-loading and place on pad. For truck shipment.	12	
	"Considering free and clear access to the substation pad"		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
2A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	12	
	For Non Union Site: Union Labor is NOT considered in the scope.		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
3A	Three phase, oil immersed, transformer, 30/40/50/56 MVA, ONAN/ONAF/ONAF, 60 Hz, 55/65°C temperature rise, high voltage of 115 kV Wye connection with De Energized Tap changer, low voltage of 36.2 kV Delta connection with Load tap Changer.	10	
	Loss Evaluation		
	If the sum of the tested core loss times /KW and the tested load loss @30 MVA times /KW exceeds ; the excess dollars will be credited to the owner.		
3A.T	Unit price adder to deliver this transformer DDP nearest the final destination in New York, USA. Shipping Method: Truck	10	
3A.C	Unit price adder for Technical Consulting Services:	10	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
3A.R	Unit price adder for off-loading and place on pad. For truck shipment.	10	
	"Considering free and clear access to the substation pad"		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
3A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	10	
	For Non Union Site: Union Labor is NOT considered in the scope.		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
4A	Three phase, oil immersed, transformer, 30/40/50/56 MVA, ONAN/ONAF/ONAF, 60 Hz, 55/65°C temperature rise, high voltage of 115 kV Wye connection with De Energized Tap changer, low voltage of 48.3 kV Delta connection with Load tap Changer.	4	
	Loss Evaluation		
	If the sum of the tested core loss times /KW and the tested load loss @30 MVA times /KW exceeds the excess dollars will be credited to the owner.		
4A.T	We will deliver these transformers DDP (Incoterms 2000) with freight allowed common carrier delivery point rail siding nearest the final destination in New York (as requested), USA. Title Transfer and Risk of Loss will be transferred to Buyer on DDP point.	4	
	Subject to Clearance		
4A.C	Unit price adder for Technical Consulting Services:	4	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
4A.R1	Unit Price adder for heavy hauling from the rail siding to the final destination	4	
4A.R1	off-loading to the substation pad.	4	
	"Considering free and clear access to the substation pad"		

_

Ітем	DESCRIPTION	QTY	UNIT PRICE
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
4A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	4	
	For Non Union Site: Union Labor is NOT considered in the scope.		
12.00	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
5A	Three phase, oil immersed, transformer, 30/40/50/56 MVA, ONAN/ONAF/ONAF, 60 Hz, 55/65°C temperature rise, high voltage of 115 kV Wye connection with De Energized Tap Changer, low voltage of 48.3 kV Wye connection with Load Tap Changer and tertiary voltage of 5.04kV Delta.	3	
Real	Loss Evaluation	. 4	
	If the sum of the tested core loss times /KW and the tested load loss @30 MVA times /KW exceeds the excess dollars will be credited to the owner.		
5A.T	Unit price adder to deliver this transformer DDP nearest the final destination in New York, USA. Shipping Method: Truck	3	
5A.C	Unit price adder for Technical Consulting Services:	3	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
5A.R	Unit price adder for off-loading and place on pad. For truck shipment.	3	
	"Considering free and clear access to the substation pad"		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
5A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	3	
	For Non Union Site: Union Labor is NOT considered in the scope.		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
6A	Three phase, oil immersed, transformer, 40/53/67/75 MVA, ONAN/ONAF/ONAF, 60 Hz, 55/65°C temperature rise, high voltage of 115 kV Delta connection with De Energized Tap changer, law voltage of 36.2 kV Wye connection with Load tap Changer.	2	
	Loss Evaluation		
	If the sum of the tested core loss times /KW and the tested load loss @40 MVA times /KW exceeds the excess dollars will be credited to the owner.		
6A.T	Unit price adder to deliver this transformer DDP nearest the final destination in New York, USA. Shipping Method: Truck	2	
6A.C	Unit price adder for Technical Consulting Services:	2	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
6A.R	Unit price adder for off-loading and place on pad. For truck shipment.	2	
A Start	"Considering free and clear access to the substation pad"		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
6A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	2	
	For Non Union Site: Union Labor is NOT considered in the scope.		

ITEM	DESCRIPTION	QTY	UNIT PRI (U.S.
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
7A	Three phase, oil immersed, transformer, 120/160/200//224 MVA, ONAN/ONAF/ONAF, 60 Hz, 55/65°C temperature rise, high voltage of 230 kV Wye connection with Load Tap Changer, low voltage of 120 kV Wye connection and tertiary voltage of 36.22kV Delta.	1	
	Loss Evaluation		
	If the sum of the tested core loss times /KW and the tested load loss @120 MVA times /KW exceeds ; the excess dollors will be credited to the owner.		
7A.T	We will deliver these transformers DDP (Incoterms 2000) with freight allowed common carrier delivery point rail siding nearest the final destination in New York (as requested), USA. Title Transfer and Risk of Loss will be transferred to Buyer on DDP point.	1	
	Subject to Clearance		
7A.C	Unit price adder for Technical Consulting Services:	1	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
7A.R1	Unit Price adder for heavy hauling from the rail siding to the final destination	1	
7A.R2	off-loading to the substation pad. For rail shipment.	1	
	"Considering free and clear access to the substation pad"		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
7A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	1	
	For Non Union Site: Union Labor is NOT considered in the scope.		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
8A	Three phase, oil immersed, transformer, 180/240/300 MVA, ONAN/ONAF/ONAF, 60 Hz, 65°C temperature rise, high voltage of 230 kV Wye connection with Load Tap Changer, low voltage of 120 kV Wye connection and tertiary voltage of 36.22kV Delta.	3	
	Loss Evaluation		
	If the sum of the tested core loss times /KW and the tested load loss @180 MVA times /KW exceeds the excess dollars will be credited to the owner.		
8A.T	We will deliver these transformers DDP (Incoterms 2000) with freight allowed common carrier delivery point rail siding nearest the final destination in New York (as requested), USA. Title Transfer and Risk of Loss will be transferred to Buyer on DDP point.	3	
	Subject to Clearance		
8A.C	Unit price adder for Technical Consulting Services:	3	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
8A.R1	Unit Price adder for heavy hauling from the rail siding to the final destination	3	
8A.R2	off-loading to the substation pad. For rail shipment.	3	
	"Considering free and clear access to the substation pad"		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
8A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	3	

September	9,	2010
-----------	----	------

Ітем	DESCRIPTION	QTY	UNIT PRIC
11.00	For Non Union Site: Union Labor is NOT considered in the scope.		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
9A	Three phase, oil immersed, transformer, 120/160/200//224 MVA, ONAN/ONAF/ONAF, 60 Hz, 55/65°C temperature rise, high voltage of 360 kV Wye connection with Load Tap Changer and De Energized Tap changer, low voltage of 120 kV Wye connection and tertiary voltage of 36kV Delta.	1	
	Loss Evaluation		
	If the sum of the tested core loss times /KW and the tested load loss @120 MVA times /KW exceeds the excess dollars will be credited to the owner.		
9A.T	We will deliver these transformers DDP (Incoterms 2000) with freight allowed common carrier delivery point rail siding nearest the final destination in New York (as requested), USA. Title Transfer and Risk of Loss will be transferred to Buyer on DDP point.	1	
	Subject to Clearance		
9A.C	Unit price adder for Technical Consulting Services:	1	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
9A.R1	Unit Price adder for heavy hauling from the rail siding to the final destination	1	
9A.R2	off-loading to the substation pad. For rail shipment.	1	
	"Considering free and clear access to the substation pad"		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
9A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	1	
	For Non Union Site: Union Labor is NOT considered in the scope.		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
10A	Three phase, oil immersed, transformer, 150/200/250/280 MVA, ONAN/ONAF/ONAF, 60 Hz, 55/65°C temperature rise, high voltage of 360 kV Wye connection with Load Tap Changer and De Energized Tap changer, low voltage of 120 kV Wye connection and tertiary voltage of 36 kV Delta.	1	
	Loss Evaluation	1	
	If the sum of the tested core loss times Core /KW and the tested load loss @150 MVA times Core /KW exceeds Core the excess dollars will be credited to the owner.	í	
10A.T	We will deliver these transformers DDP (Incoterms 2000) with freight allowed common carrier delivery point rail siding nearest the final destination in New York (as requested), USA. Title Transfer and Risk of Loss will be transferred to Buyer on DDP point.	1	
	Subject to Clearance	1	
10A.C	Unit price adder for Technical Consulting Services:	1	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
10A.R1	Unit Price adder for heavy hauling from the rail siding to the final destination.	1	
10A.R2	off-loading to the substation pad. For rail shipment.	1	
	"Considering free and clear access to the substation pad"		

ITEM	DESCRIPTION	QTY	Unit Price (U.S.D)
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
10A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	1	
	For Non Union Site: Union Labor is NOT considered in the scope.		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
11A	Three phase, oil immersed, transformer, 225/300/375/420 MVA, ONAN/ONAF/ONAF, 60 Hz, 55/65°C temperature rise, high voltage of 360 kV Wye connection with Load Tap Changer and De Energized Tap changer, low voltage of 120 kV Wye connection and tertiary voltage of 36.2kV Delta.	1	
	Loss Evaluation		
	If the sum of the tested core loss times (KW and the tested load loss @225 MVA times (KW exceeds) the excess dollars will be credited to the owner.		
11A.T	We will deliver these transformers CIF (Incoterms 2000). Port of Newark, NJ Title Transfer and Risk of Loss will be transferred to Buyer on CIF point(Vessel shipment).	1	
11A.C	Unit price adder for Technical Consulting Services:	1	
	We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting Services performed by a Factory representative.		
11A.R1	Unit Price adder for heavy hauling from the Port of Newark, NJ, to the final destination	1	
11A.R2	off-loading to the substation pad. For rail shipment.	1	
	"Considering free and clear access to the substation pad"		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		
11A.F	Unit price adder for field assembly, drying process, vacuum oil filling, and field tests.	1	
	For Non Union Site: Union Labor is NOT considered in the scope.		
	The price is valid if service is performed no later than three (3) months after the transformer shipment date. If performed later a price adjustment will apply.		

2.1. Pricing Notes

Note 1 – This proposal will remain valid for a period of 90 days after submittal with the exception of Item 1, which requires receipt of an order by September 17, 201 to provide earliest shipment date of

If during this period we have an increment in the commodity (copper, silicon steel, oil and carbon steel) and transportation costs of more than then will revise the price according to this percent of increment.

Note	2	-
------	---	---

is proposing a volume discount for the following amounts:

Discount %	Volume purchase
	10 or more units
	20 or more units
	30 or more units



Note 3 - Firm price for shipments up to year the prices for shipments made in the and beyond are subject to adjustment upward or downward to reflect changes in Copper, Carbon Steel, Silicon Steel and Oil between the date the quotation or bid was made and the date of shipment. The adjustment hereunder shall be determined from the **Example 1** Price Adjustment Methodology, and will be reviewed in a **Example 1**. Taxes are not included.

Note 4 – A description of the work and terms associated with option F for each of the units is provided in **Attachment 1** – **Assembly, Vacuum Filling and Field Tests**

Note 5 - This quotation does not include any field tests, start-up, operator training, maintenance, subsequent inspection visits, nor interconnection diagrams to external equipment, relay studies, harmonic and transient calculations.

Note 6 - This quotation does not include rigging contractor costs, unloading costs, costs incurred for hauling from the delivery point to transformer installation site, nor replacement of parts removed for shipping including oil, unless buyer chooses to purchase optional item "R" quoted above. It may be necessary to remove these items to meet shipping dimensions and weight requirements.

Note 7 - We are providing at no additional cost to NYSEG one trip, to include up to three (3) days of Technical Consulting services performed by a Factory representative. If additional service is desired by Buyer (at his option), from the fourth day on Buyer will be charged service and living expenses.

Premium over standard if required on overtime (pass 8 hour day) and Saturdays.

Premium over standard on Sundays and Holidays

The Technical Consulting Service is defined as the provision of a factory representative for a specific period of time. This person will have sufficient technical knowledge and field expertise about the transformer as to be capable of recommending the proper receiving, installation, storage, operation and maintenance procedures.

The Consultant responsibilities are:

- To answer any questions related to the receiving, installation, storage, operation and maintenance of the transformer and provide guidance during any of these steps.
- To inform and explain the procedures described in the Transformer Manual.
- To provide a report with his/her observations during the service.

The Consultant will not be held liable of the improper execution of his/her instructions by the personnel performing the work on the unit.

Note 8 - We have provided a description of the installation services in Attachment 1 – Assembly, Vacuum, Filling and Field Tests.

Note 9 – The following cancellation charges are specific to this proposal. The charges below are presented as a percentage of the selling price.

Timing	Cancellation Charge
Within 1 week after order entry	
Within 3 weeks after order entry	
Before job is released to the factory	
1 week after release to the factory	
2 weeks after release to the factory	
3 weeks after release to the factory	
4 weeks after release to the factory	

Note 10 - Seller does not recommend spare parts for stock. After engineering is completed, a renewable parts list can be made available for the specific transformer and will be included in the final drawings. Current pricing of the renewal parts is furnished separately.

Cost of spare parts is not included in the unit price of the transformer.

Note 11 – For Item 10A, a dedicated training session will not be necessary; however, if desired by NYSEG, an adder of will apply.

Note 12 – For item 11A, a dedicated training session will be required.

Note 13 – For all items except 1A, we are proposing Dry Air Shipment. If the oil is not delivered within 30days after transformer delivery. **Second will adjust oil price according to market** conditions at the time of delivery. For item 1A, we are proposing Oil Filled Shipment.

3. Required Documentation

The following is a listing of the required documentation for this proposal. Please refer to the Attachments section at the end of this document for supplemental information provided:

RFP Appendix B - CII - Specific_Transformer_SPT-1375 Rev 1 8-20-2010.doc

RFP Appendix C - Technical Proposal data - NYSEG Transformers 2010-2011.xls

RFP Appendix G - Iberdrola USA Business Classification Form.doc

RFP Appendix E: Signature Page

Commercial and Technical Exceptions Cover Letter

RFP Appendix F - Materials Agreement Redline.doc

Exhibit A - Preliminary Drawings

4. Clarifications to Specification

4.1. General Comments

Terms and Conditions—We are quoting terms and conditions similar to those negotiated for the Central Maine Power South Gorham projects. Comments, including the language previously negotiated is provided with our proposal through our redline of the terms and conditions provided with the RFP. We have also provided a Commercial and Technical Exceptions Cover Letter as required by the RFP.

Product Design, Manufacture and Testing—Product design, manufacture and testing conforms to ANSI, IEEE, NEMA, ASTM, OSHA, UBC STD and GE Prolec standards, as well as applicable customer specifications.

Quality Assurance Manual—GE Prolec is an ISO-9001 certified plant. Seller shall make its Quality Assurance Manual available for Buyer's review at the factory only. This manual will not be submitted for approval or audit.

Disclaimer for Transportation—If the transformer is subjected to impacts during transportation, the Seller reserves the right to assess/evaluate any potential damage by visual inspection and field tests including, but not limited to, megger, ratio, power factor and FRA. No single test, by itself, will be used to reach a conclusion.

A three-way impact recorder will be provided for shipment. Impact recorder must be returned to using our UPS account for shipping expenses) within 60 days of delivery. A penalty charge of will apply if not returned in that period of time.

Submittals—**Mathematic** has provided a listing of submittal drawings and terms for these submittals in **Attachment 2 – Submittals**.

Tools—No special tools are required for installation.

Testing—Site testing procedure will be provided at time of shipment in the form of an instruction manual.

Transformers are tested according to ANSI Standard Test Code for Transformers C57.12.90. Short circuit tests or short circuit test reports are not included in this proposal. Please refer to **Attachment 3 – Short Circuit Test** for information about the tests included.

Sweep Frequency Response Analysis test (SFRA) in the factory is included with our Doble M5200 equipment. If a SFRA in field is required, there is an adder of

4.2. Exceptions and Clarifications to the Specification

takes the following exceptions / clarifications to specification:

4.2.1. Technical

The following section references Specifications from RFP document "Standard Transformer, Small And Medium_ SPT-1229 REV 7.2 August 2, 2010".

5.1.15 Clarification—designs have a minimum of 4.76mm radial ducts when using CTC that is fully insulated with paper.

14.2.11.5 Clarification—We are considering the following limits for dissolved gas-in-oil generated during standard temperature test and without overloading. (We do not guaranty any values with overload) C2H4=ND (<0.3 ppm), C2H2=ND (<0.3 ppm)

14.4 Clarification—There are no witness or hold points in the manufacturing process. If the customer would like to inspect the unit at any point during the manufacturing cycle, the factory will advise him within 5 (five) working days in advance when those points are approached. It is then his responsibility and under his expense to be present at the appointed time. Manufacture is not held up awaiting his arrival. It is acceptable for the customer agent to visit factory to inspect transformers or witness tests, provided the factory schedules and personnel are not affected nor delayed. The customer agent is responsible for furnishing his own transportation, lodging and food expense.

4.2.2 Clarification—We are proposing 30°C 24 hrs. average ambient temperature per ANSI Standard.

5.1.3 Clarification—At this stage, the component parts of transformer will meet the overload requirements of section 15.2.1.7.4.

11.0 Clarification—No monitoring options per SPT-1258 12.0

13.0 Clarification— is proposing Ergon oil type II or similar mineral oil

The following section references Specifications from RFP document "Standard Transformer Large_Power SPT-1258 REV 3.2 November 19, 2009".

15.2.1.8 Clarification—We are considering the following limits for dissolved gas-in-oil generated during standard temperature test and without overloading. (We do not guaranty any values with overload) C2H4=ND (<0.3 ppm), C2H2=ND (<0.3 ppm)

15.5 Clarification—There are no witness or hold points in the manufacturing process. If the customer would like to inspect the unit at any point during the manufacturing cycle, the factory will advise him within 5 (five) working days in advance when those points are approached. It is then his responsibility and under his expense to be present at the appointed time. Manufacture is not held up awaiting his arrival. It is acceptable for the customer agent to visit factory to inspect transformers or witness tests, provided the factory schedules and personnel are not affected nor delayed. The customer agent is responsible for furnishing his own transportation, lodging and food expense.

4.2.2 Clarification—**Clarification** is proposing 30°C 24 hrs. average ambient temperature per ANSI Standard

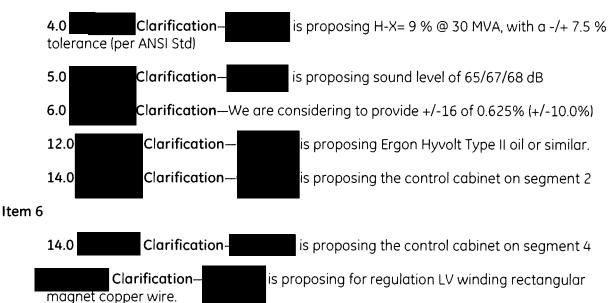
5.1.3 Clarification—At this stage, the component parts of transformer will meet the overload requirements of section 15.2.1.7.4

Clarificationis offering $\pm 10\%$ ANSI standard tolerance for 3 winding autotransformers. 5.1.15Clarificationdesign with a minimum of 4.7625 mm radial ducts when using CTC that is fully insulated with paper. 5.4.1 Clarifications proposing conservator tank as oil preservation system. Clarificationproposes (32) .78125% steps (33 positions) total. 10.1.1 16 above and 16 below nominal, providing 30 Percent total voltage range. 12.0 Clarification—No monitoring options per SPT-1258 12.0 14.0 Clarificationis proposing Ergon Hyvolt Type II oil or similar

The following section references Specifications from RFP document "Appendix B - CII -Specific_Transformer_SPT-1375 REV 1 8-20-2010".

Item 4

5.1.9



Item 7

7.0 **Exception**—We took exception to DETC on the tertiary voltage. proposing just the LTC on the H.V.

22.0 **Clarification**—Due to the height and the weight of the transformer, is proposing the transformer shipped by rail. Please see Section 5 for more information.

is

is

is

4.0 Clarification — proposes H-X=8 % 200 MVA, with a +/-10% tolerance. For H-Y and X-Y values are approximate only.

5.0	Clarification—	proposes sound level of 72 dB
6.0	Clarification—We ar	e considering to provide +/-16 of 0.9375% (+/-15%)
12.0	Clarification-	proposes Ergon Hyvolt Type II oil or similar.
14.0	Clarification	proposes the control cabinet on segment 2

Item 8

7.0 Exception—We took exception to DETC on the tertiary voltage. proposing just the LTC on the H.V.

22.0 Clarification—Due to the height and the weight of the transformer is proposing the transformer shipped by rail. Please Section 5 for more information.

4.0 Clarification—proposes H-X= 5.64 % 180 MVA, with a -0 / +10% tolerance. For H-Y and X-Y values are approximate only.

5.0	Clarification—	proposes sound level of 72 dB
6.0	Clarification— We ar	e considering to provide +/-16 of 0.78125% (+/-12.5%)
12.0	Clarification-	proposes Ergon Hyvolt Type II oil or similar.
14.0	Clarification-	proposes the control cabinet on segment 2

Item 9

7.0 Exception—We took exception to DETC on the tertiary voltage. proposing just the LTC on the H.V.

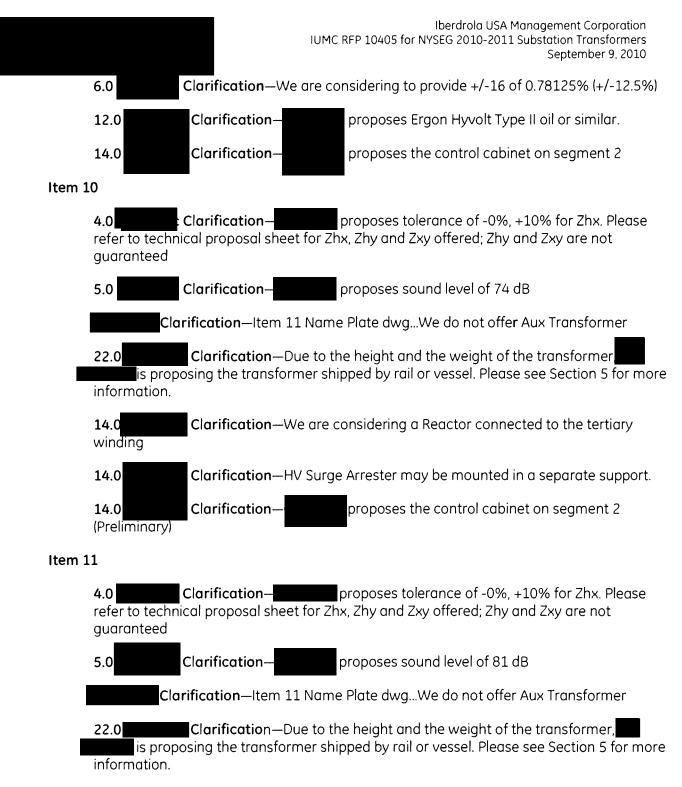
4.0 Clarification – proposes tolerance of -0%, +10% for Zhx. Please refer to technical proposal sheet for Zhx, Zhy and Zxy offered; Zhy and Zxy are not guaranteed

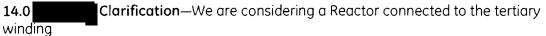
22.0 Clarification—Due to the height and the weight of the transformer, is proposing the transformer shipped by rail. Please see Section 5 for more information.

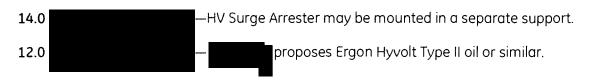
14.0 Clarification—We are considering a Reactor connected to the tertiary winding

14.0 Clarification—HV Surge Arrester may be mounted in a separate support.

5.0 Clarification— proposes sound level of 72 dB







		IUMC	Iberdrola USA Managerr RFP 10405 for NYSEG 2010-2011 Substati Se	
14.0 (Preliminary)	Clarification-		proposes the control cabinet on s	egment 2



5. Delivery, Shipment and Storage:

5.1. Shipment

Actual shipment and drawing schedules will depend on factory backlog at the time of the purchase order acceptance. Shipment dates are approximate and are based upon prompt receipt of all necessary information from Iberdrola and NYSEG. Please contact the Factory if a shorter cycle is required.

The seller will determine point of origin of shipment, method of transportation, carrier and routing to the port described above.

5.1.1. Item 1A-Short Shipment

We estimate shipping the units on a state of a fter receipt of an order, which includes print approval. Our standard approval drawings will be mailed 8 weeks ARO (cycle may change in order to adjust best as possible customer requirements) after receipt of the order with a 2 weeks review period for the customer including mail. In order to meet this schedule the order shall be placed no later than September 17, 2010.

5.1.2. Items 2A, 3A, 4A, 5A and 6A

Our standard shipping estimate will be 20 to 24 weeks after receipt of an order, which includes print approval. Our standard approval drawings will be mailed 10 to 12 weeks after receipt of the order with a 2 weeks review period for the customer including mail.

5.1.3. Items 7A, 8A, 9A, 10A and 11A.

Our standard shipping estimate will be 24 to 28 weeks after receipt of an order, which includes print approval. Our standard approval drawings will be mailed 12 to 14 weeks after receipt of the order with a 2 weeks review period for the customer including mail.

5.2. Delivery

We are quoting unit prices EX Works Factory in **Section 2** We have included separate pricing to meet Iberdrola and NYSEG's request for DDP common carrier delivery point, rigging if applicable and off-loading to the pad in Items T, R, and F of Section 2 of our proposal for each transformer item.

If customer decides to buy **Item T** in **Section 2**, we will deliver these transformers DDP (INCOTERMS 2000) with freight allowed to common carrier delivery point rail siding nearest the final destination.

Title Transfer and Risk of Loss will be transferred to Buyer on DDP point.



If buyer specifies a manner or routing of shipment different from that determined by Seller, any additional expenses will be borne by Buyer.

The buyer shall bear complete responsibility for off-loading, any transportation beyond the delivery point, and installation of the transformer at the job site, unless buyer chooses to purchase options proposed on **Section 2** of this proposal.

5.2.1. Items 1A, 2A, 3A, 5A and 6A

We will deliver these transformers DDP (Incoterms 2000) common carrier delivery point truck siding nearest the final destination in New York (as requested), USA. Title Transfer and Risk of Loss will be transferred to Buyer on DDP point.

5.2.2. Items 4A, 7A, 8A, 9A, and 10A

We will deliver these transformers DDP (Incoterms 2000) with freight allowed common carrier delivery point rail siding nearest the final destination in New York (as requested), USA. Title Transfer and Risk of Loss will be transferred to Buyer on DDP point.

5.2.3. Item 11A

We will deliver these transformers CIF (Incoterms 2000). Port of Newark, NJ Title Transfer and Risk of Loss will be transferred to Buyer on CIF point. ---(Vessel shipment).

5.3. Dry Air Shipments

Each of the units will be shipped with the following conditions except for Item 1A.

- Oil will be shipped DDP (Incoterms 2000). New York, USA, in an oil tanker truck.
- The seller will determine point of origin of shipment, method of transportation, carrier and routing to the port described above.
- If the Buyer specifies a manner or routing of shipment different from that determined by Seller, any additional expenses will be borne by Buyer.
- The buyer shall bear complete responsibility for off-loading, any transportation beyond the delivery point, and installation of the transformer at the job site, unless buyer chooses to purchase options quoted in Section 2 of this proposal.
- Actual shipment and drawing schedules will depend on factory backlog at the time of the purchase order acceptance. Shipment dates are approximate and are based upon prompt receipt of all necessary information from Buyer.

Please contact the Factory if a shorter cycle is required.

5.4. Storage

Storage, if necessary, will be at the risk and expense of the buyer. Contract changes shall apply accordingly to reflect new INCOTERMS delivery condition.

6. Warranty

The specific terms of the seller's standard warranty are set out in our redline of Appendix F – Materials Agreement provided with the RFP (which reflects the previously negotiated terms with CMP for the South Gorham project). All products of the seller are sold subject to this standard warranty. All products of the seller are sold subject to this standard warranty. Warranty coverage has been extended to the seller are sold subject or the seller are sold subject.

Any expenses associated with dismantling, transporting, providing temporary power, or reinstalling products of the seller are excluded from the liability of the seller and will be the responsibility of the buyer.

We have extended our standard warranty coverage to include the direct cost of (for the first year only):

- A. Removal of defective transformer or part thereof
- B. Transporting it to and from the place of repair
- C. Reinstallation at original site

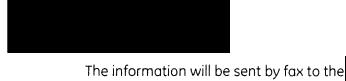
This warranty coverage shall not include costs of providing temporary power or removing other apparatus or structures and the obligation of the seller for expenses and costs arising under this special warranty coverage will be limited to for the original price of the product-giving rise to the claim.

Important

In order to preserve the agreed warranty of your transformer, the following checklists, included in the Section 7 of the manual, must be completed, archived by the customer and provided to

for future warranty purposes.

- Receiving Inspection
- Storage Inspection (if applicable)
- Internal Inspection
- Assembly Inspection
- Pre-Start Up Inspection
- Every Six Months and Annually Maintenance Inspection



Product Service Department

7. Attachments

Attachment 1 – Assembly, Vacuum, Filling and Field Tests

Attachment 2 – Submittals

Attachment 3 – Short Circuit Tests

APPENDIX C Notices

Along with all other correspondence requirements included in this Agreement, any notice, request, approval or other document required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given when delivered in person or deposited in the U.S. Mail, postage prepaid, addressed as specified herein or to such other address or addresses as may be specified from time to time in a written notice given by such party. The parties shall acknowledge in writing the receipt of any such notice delivered in person.

All communications to IUMC shall be directed to:

Iberdrola USA Management Corporation Contract Administration 89 East Avenue Rochester, NY 14649 Phone: 585-724-8028

All communications to Supplier shall be directed to:

Company Name	
Contact Name	
Title	
Email Address	
Street Address	
City, St, Zip	
Phone	
Fax	