

L A W O F F I C E S
BATT & FISHER
A LIMITED LIABILITY PARTNERSHIP

John R. Hammond Jr.

e-mail: jrh@battfisher.com

February 8, 2007

Commissioner Marsha Smith
Commissioner Paul Kjellander
Commissioner Mack Redford
Idaho Public Utilities Commission
472 W. Washington
Boise, Idaho 83720

SPL-W-06-01

RECEIVED
2007 APR 17 PM 3:34
IDAHO PUBLIC
UTILITIES COMMISSION

Re: *Spirit Lake East Water Company, Inc.'s Commission Required Response to Order No. 30279, Case No. SPL-06-01.*

Dear Commissioners:

This correspondence is submitted to comply with your requirement in Order No. 30279, Case No. SPL-W-06-01, that Spirit Lake East Water Company, Inc. ("Spirit Lake") provide a written plan to the Commission explaining the steps the Company will take to install a new generator and to address the system leaks. In addition, Spirit Lake is also submitting information regarding potential repair options for the repair of the reservoir roof.

System Water Loss

Spirit Lake East Water Company ("SPLE") has obtained a bid from American Leak Detection Services ("American"), which estimates the costs for initial leak detection service at \$3,000.00 to \$4,500.00 ("Phase I").¹ This bid is for work employing specialized equipment to attempt to detect leaks in the SPLE system.

If this service does not detect leaks or is unable to pinpoint them, then American could be hired to provide additional services to detect leaks. This second service could involve potholing down to the water system pipe to either install additional valves or to expose pipe at 20 to 22 foot intervals in order to detect leaks ("Phase II"). American has estimated that excavation work for potholing is about \$130.00 an hour.² In addition to the excavation cost, the expense for American's services to detect any leaks using the potholes would be \$1,500.00 a day. Until the Phase I service is performed, it is difficult to determine what further work might be necessary or to estimate the overall cost for such services.

¹ American has advised that this bid could increase significantly if the size of the system turns out to be larger than represented.

² It is not clear from this bid whether the costs for filling in all potholes and repairing any road surfaces are included in this bid.

Recently, I was advised by the client that the current operator of the system, Dean Renninger, has suggested beginning a leak detection survey when he exercises the main valves in the system as part of regularly scheduled maintenance in May of 2007. I have also been advised by the client that Mr. Renninger has also suggested using another leak detection company he is familiar with named B & B or D & B. I will contact Mr. Renninger on behalf of the client to learn more about this possibility.

Based on the information provided to our office, it appears leak detection work could begin in the near future based upon the schedule of the contractor selected.

Generator

Spirit Lake has received a quote of \$35,000.00 on a 250 kilowatt, John Deere diesel-powered gen-set from Spokane Diesel, which I have been advised by the client is sufficient to operate the well pump and the centrifugal booster pumps. Spirit Lake has also obtained a bid from RC Worst Company to perform the electrical work to install such a generator. The bid for this work is roughly \$57,000.00. The bids have been attached. As this project needs to be designed and installed in accordance with an engineering plan approved by the Idaho Department of Environmental Quality, Spirit Lake has discussed it with several qualified engineering firms. Unfortunately, many of the companies contacted stated they had conflicts of interest or expressed no interest in working on this matter. However, I have talked with Joe Olmstead, an Idaho licensed engineer (formerly with Sewell and Associates), who has expressed some interest in working on this matter. I will advise the client to continue to explore Mr. Olmstead's interest in assisting on this project.

Reservoir Roof

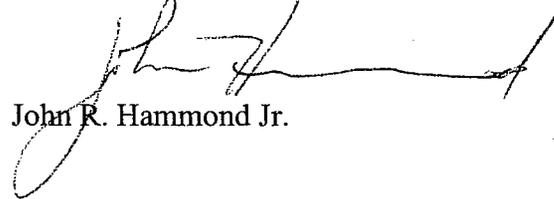
Although not required by Order No. 30279, Spirit Lake is also submitting bids for proposed repair work on the roof of the reservoir. The first was provided by an individual who works in-house with Hanson Industries, Inc. This bid involves the building of a self-supported, sloped cover over the reservoir. The other bids are from United Roofing of Mead, Washington and Icon Roofing.

Conclusion

The client will endeavor to continue to provide you with information on these matters as they move forward. If you have any questions, please contact me.

Sincerely,

BATT & FISHER, LLP

A handwritten signature in black ink, appearing to read "John R. Hammond Jr.", written over the typed name below.

John R. Hammond Jr.

JRH
Enclosures
cc: Robert Boyle



January 10, 2007

James Kruger
Hanson Industries, Inc.
15807 E Indiana Avenue
Spokane, WA 99216

Dear James,

Thanks for your time during our meeting this morning and for your interest in our company.

American Leak Detection...

- is the **local** service company and has provided specialized leak detection service to water districts in Eastern Washington since 1993, including a leak at Hanson's facility in 2003.
- assigns our Senior Field Engineer and company owner to your project. Joe Godwin has over twenty years of trouble-shooting field experience. Note the list of water systems he has personally handled.
- works with the latest technology and best available equipment in the leak detection industry.
- provides cost effective and flexible scheduling at your convenience.
- follows through with detailed and accurate reports.

Enclosed is a letter from Steve Irby with Spokane County District #3. We strive to have this kind of relationship with all of our customers. We offer you the same.

Sincerely,

Joe Godwin
Senior Field Engineer

PO Box 155 • Spokane Washington 99210
800.928.5325 • 509.536.5166 • Fax 509.536.5002
Idaho 208.765.8550 • Moses Lake 509.764.6640 • Tri Cities 509.585.7812
Wenatchee 509.662.7324 • Yakima 509.972.2122
www.americanleakdetection.com
Each Office is Independently Owned and Operated

LEAK DETECTION SERVICES
Hanson Industries – Spirit Lake East
January 2007

Spirit Lake East:

The pipe inventory is mostly PVC. According to information supplied the estimated un-accounted for water exceeds 40%. The detection process on average will take from 2 – 4 days including survey and follow up.

American Leak Detection can provide Spirit Lake East leak detection services for 2 – 4 days of water mains. The cost for this service:

Daily Rate @ \$1,500	\$3,000 – 4,500
Correlation services and reporting	
Travel Charge to Site: N/A as ALD is a local contractor	
No sales taxes, as consultation services	

Scheduling:

Can schedule in January or February, weather permitting. All Leak Reports will be sent with invoice for services rendered. Payments terms are net thirty (30) days.

Equipment:

Leak surveys are carried out by the use of a FCS S-30 Survey Tool, a highly sensitive sonic meter for determining leak sound levels on hydrants, valves and curb stops, and with attachments may be used as a ground microphone for confirmation of pinpointed leaks.

Procedure for Leak Detection of PVC lines:

The most cost effective method is usually to survey all available meters or curb-stops on mains being tested, as well as main valves, hydrants, etc. This is statistically where the majority of leaks will occur and is faster and more cost effective, than ground mic-ing the entire line. This is especially applicable when ambient noise is considered. Ground mics will always be included, but used as necessary in combination with meters, etc.

We have developed a hybrid approach for detection on PVC systems. The best scheme would combine a survey of available curbstops or meters and main valves which would focus on the areas of highest frequency of leaks on PVC line. Where noise was detected we would employ ground mic-ing, as appropriate. Based on the results of the survey, customer will repair leaks detected and test for loss on system after repairs are completed. American Leak Detection will continue process utilizing isolation valves to narrow test areas.

Reports:

Records of all Set-ups, Measurements and Leak Locations are kept in a Correlation Survey Log. Notes pertinent to each day's activities are kept in a Field Report. A precise computerized diagram of each located leak is recorded on a Locate Detail

Sheet, including dimensions from known system points and geographic locations. These forms, along with a Leak Summary itemizing all leaks located during the survey will be provided to the municipality. The detailed Reports help to prioritize the repair phase.

Company Profile and Personnel:

American Leak Detection, the largest full-service leak detection company in the world was founded in 1973. We provide a well-developed network of over 290 locations in 37 states and 13 foreign countries, such as Canada, Saudi Arabia, Brazil and Australia.

The Spokane office provides leak detection services for municipal, commercial and residential applications.

Joe Godwin brings his engineering background of twenty years, seventeen of which have been spent in the field. His credentials as a trainer, field experience in problem solving and his "passion in the leak-hunt adventure" are evident. He has expertise pinpointing water leaks utilizing high/low frequency mics and correlators in municipal, commercial and residential applications. As a certified infrared technician he adds thermographic technology to the toolbox.

He is an active member of AWWA, Evergreen Rural Water Association, and Idaho Rural Water Association, as well as other professional organizations. He has provided instructional classes on leak detection and electronic line location throughout both states for over ten years.

References:

Joe Godwin, Head Field Engineer has personally provided these services to all of the municipalities listed below:

- Airway Heights, City of - Airway Heights
- Bridgeport, City of - Bridgeport, WA
- Carnhope Irrigation Dist #7 - Spokane, WA
- Chelan, City of - Chelan, WA
- Cheney, City of - Cheney, WA
- Chewelah, City of - Chewelah, WA
- Clark Fork, City of - Clark Fork, ID
- Colfax, City of - Colfax, WA
- Connell, City of - Connell, WA
- Consolidated Irrigation - Spokane, WA
- Dayton, City of - Dayton, WA
- East Hope, Town of - East Hope, ID
- East Wenatchee, City of - East Wenatchee, WA
- East Spokane Water Dist #1 - Spokane, WA
- Ellensburg, City of - Ellensburg, WA
- Ewan, Town of - St. John, WA
- Fairchild Air Force Base - Spokane, WA



The Pump and Pumping Specialists
Since 1953

R.C. Worst & Company Inc
625 Best Avenue
Coeur d'Alene, ID 83814-3740

888.809.6778 Toll Free
208.664-2133 Phone
208.667-8775 Fax
www.pumping.com

SCOPE OF WORK

DATE: January 30, 2007

TO: Jim Kruger
Spirit Lake East Water
PO Box 7310
Spokane, WA 99207

(509)868-5929 Phone
(509)922-5757 FAX

SUBJECT: Spirit Lake East Water – Electrical System Upgrades

ADDENDUM N/A

R.C. Worst & Co., Inc. is pleased to offer this Scope of Work.

Service and Load Center

- Removal and Disposal of existing service equipment
- Installation of New 400AMP Breaker Main
- Installation of New 400AMP Load Center with Breakers for each feeder.
- Installation of Feeder Gutter.

Transfer Switch and Generator Connection

- Installation of Owner Supplied Automatic transfer switch
- Installation of Conduit and Wire from ATS to Owner Supplied Generator
- Installation of Conduit and Wire from ATS to Service Main
- Installation of Owner Supplied Generator

This does not include supplying or installation of any fuel system components, fuel, exhaust system components, insulation, venting, and batteries. We are looking for a drop in place generation package from the owner.

Pump Starter Upgrade to Soft Starts

- Installation of Allen-Bradley SMC-Flex Solid State Controller for each pump.

ost-it [®] Fax Note	7671	Date	1/31/07	# of pages	3
° John Hammond		From	Bob Boyle		
Co./Dept.		Co.			
Phone #		Phone #			
Fax # 208-331-2400		Fax #			

Page 1 of 3

RECEIVED
JAN 31 2007
BATT & FISHER, LLP



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888.809.6778 Toll Free
208.664-2133 Phone
208.667-8775 Fax
www.pumping.com

Electrical Controls Upgrade PLC Based

- Installation of a PLC Based Control System for both Reservoir and Pressure System Control.

LUMP SUM BID

\$56,969.04

PROJECT NOTES:

- Generator & Transfer Switch By Owner
- Lighting & Heating within, is limited to reconnection only, existing equipment will be reused.
- Excludes any KEC fees related to the service upgrade.
- Bonding not included in this quote. If you need R.C. Worst & Co., Inc. to provide bonding, please call and we will give you an additional cost for bonding.
- Startup and Warranty - R.C. Worst & Company Inc. will provide startup services and a one warranty against defects in material or workmanship within one year from the date of beneficial usage by the owner. R.C. Worst & Co., Inc. shall at no charge, repair or replace any materials if a defect may arise.

Terms

0% down and progressive monthly payments based upon work completed or materials and equipment stored but not installed. All progressive and final billing will be due upon completion. 1-1/2% interest per month will be charged on any unpaid balance over billing date.

Acceptance of Proposal

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

R.C. Worst & Company Inc.


By: Kenneth C. Worst

Date: January 30, 2007

Acceptance signature

By: Spirit Lake East Water

Date: _____



The Pump and Pumping Specialists
Since 1953

R C Worst & Company Inc
625 Best Avenue
Coeur d'Alene, ID 83814-3740

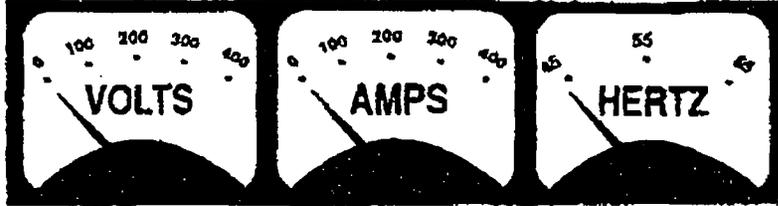
888.809.6778 Toll Free
208.664-2133 Phone
208.667-8775 Fax
www.pumping.com

This proposal may be withdrawn by us after 60 days if not accepted

Idaho Public Works License #	5167-AAA-1-2-3
Idaho Electrical contractor License #	C-01951
Washington Contractors License #:	RCWOR**346PP
Washington Electrical License #:	RCWORC1257LF

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from specifications involving extra cost will be executed only upon written order.

GEN-SET CO



COVER LETTER
FAX (509) 891 8456

COMPANY: _____ ATTN: RA. Hanson
FAX NUMBER: _____ DATE: 1-5-2007
FROM: Joe Blaylock RE: Spirit Lake Job

MESSAGE: 1-250 Kw John Deere Diesel Powered
Gen Set Newage Generator with PMG exciter
ASCO 400 Amp ATS
Block Heater & Battery Charger
Auto Start Panel
Your Cost \$ 35,000
Delivery 30 Days

Transmission consists of _____ pages, including this cover
letter. If you do not receive all pages please contact us immediately.

www.gen-setco.com
S. 4308 Darcy Drive • Spokane, WA, USA 99206
Phone: 509-891-8452 • FAX: 509-891-8456
Joe Blaylock, Owner/Sales Eng.

S.F. GRIGGS & ASSOCIATES, INC.

15301 N.E. 90th Street
Redmond, WA 98052

Phone: (425) 869-5867
Fax: (425) 869-9797
E-Mail: sales@sfggriggs.com

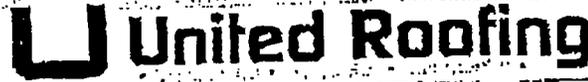
2004 ASCO Series 300 Automatic Transfer Switch List Price Schedule

A300 WITH GROUP 1				ENCLOSURE OPTIONS		
AMP	2 POLE	3 POLE	4 POLE	Type 3R	Type 12	Type 4
30	\$2,091	\$2,413	\$3,376	\$288	\$505	\$577
70	2,153	2,468	3,440			
104	2,206	2,507	3,535			
150	2,515	2,730	3,807			
200	2,853	3,363	4,386			
230	3,327	3,594	4,872	288	505	618
260	3,492	3,966	4,942			
400	4,242	4,710	6,503	546	845	1,071
600	8,006	8,343	11,070			
800	8,127	8,687	11,833			
1000	12,200	12,650	15,532			
1200	14,935	15,630	17,615	3,461	N/A use 1600 amp	N/A use 1600 amp
1600		18,952	22,763		3,481	4,378
2000		21,527	26,162		N/A	N/A
2600		30,076	38,213	Use 3R	Use 3R	
3000		32,960	42,230			

ASCO Control Features / Options for Series 300 Switches

Acc. No.	Description	List Price
Timers	Engine start (1-3 seconds), transfer to Emergency (0-5 minutes), Retransfer to Normal (0-30 minutes), engine cooldown (5 minutes)	STD
5	Test switch	STD
6B	Manual bypass of transfer to Normal TD	STD
9A/9B	ATS switch position indicating lights	STD
9C/9D	Normal and emergency source available lights	STD
11C	7-Day Engine exerciser with load/no load switch	STD
14A/14B	ATS position indicating contacts, (1) for Normal and (1) for Emergency	STD
17	Provisions for remote transfer contact (peak shave/test), with automatic bypass if emergency fails.	STD
22	Solid neutral block.	STD
27	Inphase monitor for motor load transfer (customer to activate)	STD
31F/M	Load disconnect contacts, with TD which operate before/after transfer (customer to activate)	STD
11BG	Programmable engine exerciser with normal & emergency contacts (18B/G)	\$265
14AA/14BA	ATS position indicating contacts, (2) for Normal and (2) for Emergency	\$113
44A	Strip heater w/ thermostat, external 120 volt power source required	\$397
44G	Strip heater w/ thermostat, wired to load terminals: 208 - 600 volts	\$493
62W*	Transfer to emergency alarm horn & silence switch	\$603
72A	Interface card for serial communications (see PowerQuest options)	\$399
72E	Interface card for connectivity	\$922

NOTE: All Products are Listed and Labeled Per UL 1008.



P.O. Box 278 • Mead, WA 99021 • (509) 466-6001 • (509) 466-3433 • michael.sullivan@5452.com

PROPOSAL

DATE: 7-20-06

TO: James Kruger

PHONE: 868-5929

WE HEREBY SUBMIT SPECIFICATIONS AND ESTIMATES FOR ROOF AT:
Spirit Lake Water Tank

Using APP modified Torch-Down Membrane to match the existing roofing install a piece slightly smaller than the low spot of the roof deck, apply additional layers to build up the surface until we are satisfied that it will no longer pond water, to make it flat, if not even slightly raised. Once we are satisfied with the results, apply aluminum coating to the existing roof surface.
For the price of \$2,987.00

WE PROPOSE: HEREBY TO FURNISH MATERIAL AND LABOR-COMPLETE IN ACCORDANCE WITH ABOVE SPECIFICATIONS, FOR THE SUM OF: AS STATED ABOVE. PAYMENT TO BE MADE AS FOLLOWS: DUE UPON COMPLETION
ALL MATERIALS ARE GUARANTEED TO BE AS SPECIFIED. ALL WORK TO BE COMPLETED IN A WORKMAN LIKE MANNER ACCORDING TO STANDARD PRACTICES. ANY ALTERATIONS OR DEVIATION FROM ABOVE SPECIFICATIONS INVOLVING EXTRA COSTS WILL BE EXECUTED ONLY UPON WRITTEN ORDERS, AND WILL BECOME AN EXTRA CHARGE OVER AND ABOVE THE ESTIMATE. ALL AGREEMENTS CONTINGENT UPON STRIKES, ACCIDENTS, WEATHER OR DELAYS BEYOND OUR CONTROL. OWNER TO CARRY FIRE, TORNADO AND OTHER NECESSARY INSURANCE. OUR WORKERS ARE FULLY COVERED BY WORKMAN'S COMPENSATION INSURANCE.

AUTHORIZED SIGNATURE:

ACCEPTANCE OF PROPOSAL: THE ABOVE PRICE, SPECIFICATIONS AND CONDITIONS ARE SATISFACTORY AND ARE HEREBY ACCEPTED. YOU ARE AUTHORIZED TO DO THE WORK AS SPECIFIED. PAYMENT WILL BE MADE AS OUTLINED ABOVE.

NOTE: THIS PROPOSAL MAY BE WITHDRAWN BY US IF NOT ACCEPTED WITHIN 30 DAYS.

DATE OF ACCEPTANCE: _____ SIGNATURE: _____

United Roofing

15021 444-2438 15021 444-2438 15021 444-2438

PROPOSAL

DATE: 7/27/06

Mike Sullivan
493 8342

TO: Jim Kruger

PHONE: 868 5929

WE HEREBY SUBMIT SPECIFICATIONS AND ESTIMATES FOR ROOF AT:
Spirit Lake East Water Tank

Apply an additional layer of smooth surface torch down membrane at the area of ponding
Then apply aluminum coat the existing roof.

For the price of \$2367.00

Over the existing roofing apply an additional layer of mineral surface torch down membrane.

For the price of \$5485.00

Over the existing roofing apply a fully adhered TFO membrane, install a new metal drip edge and seal to the roof membrane.

For the price of \$6993.00

WE PROPOSE: HEREBY TO FURNISH MATERIAL AND LABOR-COMPLETE IN ACCORDANCE WITH ABOVE SPECIFICATIONS. FOR THE SUM OF: AS STATED ABOVE PAYMENT TO BE MADE AS FOLLOWS: DUE UPON COMPLETION

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DATE OF ACCEPTANCE: _____ SIGNATURE: _____



• Mailing Address: P.O. Box 278 • Mead, WA 99021 • Phone: (509) 466-8001 • Fax: (509) 466-3439 • E-Mail: michae@sullivan5482@msn.com

PROPOSAL

DATE: 10/06/06

TO: James Kruger

PHONE: 868 5929

WE HEREBY SUBMIT SPECIFICATIONS AND ESTIMATES FOR ROOF AT:
Spirit Lake Water Tank

Using APP Modified Torch-Down Membrane to match the existing roofing install a piece slightly smaller than the low spot of the roof deck, apply additional layers to build up the surface until we are satisfied that the spot will no longer pond water. Over the existing roofing install .045mill TPO membrane adhered roofing system. Install metal drip edge and seal to the roofing. This work carries a ten year warranty.

For the price of \$13,945.00 plus tax

WE PROPOSE: HEREBY TO FURNISH MATERIAL AND LABOR-COMPLETE IN ACCORDANCE WITH ABOVE SPECIFICATIONS, FOR THE SUM OF: AS STATED ABOVE

PAYMENT TO BE MADE AS FOLLOWS: DUE UPON COMPLETION

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DATE OF ACCEPTANCE: _____ SIGNATURE: _____

United Roofing

P.O. Box 278 • Mead, WA 99021 • (509) 455-8001 • (509) 455-3439 • miron@sullivan5982.com

PROPOSAL

DATE: 1/23/07

TO: Jim Kruger

PHONE: 868 5929

WE HEREBY SUBMIT SPECIFICATIONS AND ESTIMATES FOR ROOF AT:
Spirit Lake Water Tank

Install tapered insulation over the existing roofing to provide 1/2" slope. Install a cover board and re-roof using .045mill TPO membrane adhered roofing system. Install a metal drip edge and seal to roofing. This work carries a ten year warranty.
For the price of \$36,695.00

WE PROPOSE: HEREBY TO FURNISH MATERIAL AND LABOR COMPLETE IN ACCORDANCE WITH ABOVE SPECIFICATIONS. FOR THE SUM OF: AS STATED ABOVE
PAYMENT TO BE MADE AS FOLLOWS: DUE UPON COMPLETION

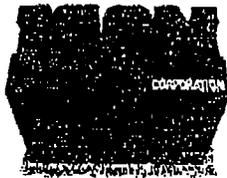
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DATE OF ACCEPTANCE: _____ SIGNATURE: _____



PO Box 13403
Spokane, WA 99213
Phone: 509-532-1761
Fax: 509-535-1682

BID PROPOSAL

TO: James Kruger, Hanson Industries, Inc.
FROM: Jack Johnson, Icon Corporation
PROJECT: *Spirit Lake East Watertank*
DATE: January 22, 2007

Proposal Includes:

- Fully adhere 45 mil TPO singleply membrane roofing, over
- Tapered insulation (to slope roof system), over
- Existing built-up roof system
- 10 year material warranty, 2 year contractor's workmanship warranty

Excludes:

- Tear-off of existing roof

PRICE: Icon Corporation shall provide all supervision, materials, labor, supplies and equipment for the price of \$24,500.00. Price includes Idaho use tax and is good for 30 days.

Add: \$4,500.00 if removal of existing roofing is required by the city building department.

Thank you for the opportunity to bid this project.

Jack Johnson, Icon Corporation