

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with Wesco Distribution for extension of the prefabricated control house and switchgear at the Holden Creek substation in Lane County.

Board Meeting Date: 11/6/2018

Project Name/Contract #: Holden Creek Control House & Switchgear Expansion

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$437,000

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$437,000

Resulting Cumulative Total: \$437,000

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: N/A

Term of Agreement: **One Time Purchase (Goods)**

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): N/A

Selection Basis: N/A

Narrative:

Operational Requirement and Alignment with Strategic Plan

This contract request coincides with the purchase of a new 20MVA transformer for Holden Creek substation that is being completed with a separate RFP procurement. With the planned installation of a second transformer at Holden Creek substation, an expansion will be required to the existing prefabricated control house to accommodate the new transformer connections.

The Holden Creek Substation was originally designed and commissioned in early 2018 with one 20MVA distribution power transformer, with provisions for installation of a second in the future. After commissioning, further distribution system reliability studies were completed to determine the effects of various failure modes and operating constraints for the station for upriver distribution customers. These studies indicated a second power transformer will be needed to meet all of EWEB's reliability requirements.

Contracted Goods or Services

Design and materials for the expansion of the existing prefabricated Control House at EWEB's Holden Creek substation along McKenzie Highway. This includes new switchgear breakers, associated controls and protection to connect the new 20MVA transformer.

Prior Contract Activities

The existing Control House was purchased in 2015 and delivered to the site in 2017 as part of the overall substation construction. The equipment purchased was done using the RFP process, with EATON being awarded the contract based on the scored bids.

Purchasing Process

Staff recommends purchasing the expansion of the prefabricated control house and switchgear by means of direct

negotiation from the original manufacturer, EATON, thru their contractor, WESCO Distribution. A sole source justification was approved by management on October 1, 2018. (SS-370), due to the recognition that purchasing the expansion from a manufacturer other than EATON would result in the following increased business risks to EWEB:

- Higher costs due to reverse engineering needed by a company that is not the original manufacturer. It is anticipated that a third party engineer outside of EATON would also add additional contingency (increasing cost) to an expansion design because of some limitations of available information due to EATON proprietary methods. This would result in EWEB paying not only for the additional design step, but also for additional design and materials needed to limit the liability to the third party designer.
- Longer lead times for equipment due to information gathering and additional design needed by a third party designer. This would be in the form of additional site visits, measurements and design reviews needed for a third party designer and manufacturer.
- Exposing EWEB to a complicated and disputable equipment warranty. If another company completed the expansion, any warranty claims would be easily disputed by both suppliers due to unclear lines of delineation and could result in stranded costs for EWEB and extended outages for customers upriver.

WESCO is the sole representative of EATON's Omaha Power Center in this area. Sole sourcing this purchase is only for the expansion required at Holden Creek. Any further purchases of substation prefabricated control house with integrated medium-voltage switchgear would go through a competitive bidding process.

ACTION REQUESTED:

Management requests the Board approve a contract with WESCO Distribution for expansion of the prefabricated control house and switchgear at the Holden Creek substation in Lane County. Funds for this purchase were budgeted for 2019. Total Electric Division Capital division draft budget for 2019 is \$ 37.3 Million.