

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with Delta Star for a single substation transformer for the Weyerhaeuser¹ 3 substation in Springfield, Oregon.

Board Meeting Date: 1/8/2019

Project Name/Contract #: Transformer for Weyerhaeuser 3 Substation

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$918,000

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$918,000

Resulting Cumulative Total: \$918,000

Contracting Method:

Method of Solicitation: Formal Request for Proposals

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): 10 Proposals ranging from \$730,132 to \$997,814

Selection Basis: Highest Ranked Proposer

Narrative:

Operational Requirement and Alignment with Strategic Plan

The #3 transformer at Weyerhaeuser 3 substation supplies EWEB's largest customer load, the International Paper mill. An outage at this site poses the highest known single Customer economic impact at the utility. Such an outage is also the highest known EWEB impact due to loss of power sales and power production. Failure of this transformer has an effect on generation availability for Turbine Generator #4 on site, because it relies on the Paper Mill to provide steam for production, which would not be able to operate without this transformer in-service.

Based on the following factors, the relatively high level of financial risk (Customer and EWEB impact), and EWEB's strategic objective to maintain reliability, staff have solicited proposals for a replacement transformer and recommend approval of purchase, to the highest ranking proposer, Delta Star.

- The existing transformer is currently rated as the most deteriorated unit still in-service, based on available condition records and age.
- Recent dissolved gas analysis test reports indicate that the unit's condition is declining.
- A full rebuild of this substation is not currently budgeted in the 10 year capital plan due to uncertainty surrounding the future of the mill and the Turbine Generator #4 Joint Operating Agreement with International Paper.
- EWEB does not currently have a suitable spare transformer in stock for this site due to the site's unique space constraints.

¹ Official name of record for site is Weyerhaeuser due to EWEB drawing and asset identifications, due to previous ownership; however current owner of this mill is International Paper.

Contracted Goods or Services

One transformer for EWEB's Weyerhaeuser 3 substation in Springfield, Oregon.

Prior Contract Activities

One 115kV transformer was purchased as a spare from Delta Star in 2013.

Purchasing Process

September 2018, EWEB issued a Formal Request for Proposals (RFP) for the transformer. Forty-five (45) entities reviewed the RFP, which was posted on the State of Oregon's procurement site (ORPIN). Staff also proactively reached out to several firms in advance of the closing date. EWEB received ten (10) responses:

Bidder/Proposer Information

Virginia Transformer
SPX Transformer Solution
Prolec (GE)
Howard Industries
OTC Services
Pennsylvania Transformer Technology
Delta Star
ABB
Hyundai Electric & Energy Systems
WEG Transformers

Bidder/Proposer Location

Pocatello, Idaho
Goldsboro, North Carolina
Conover, North Carolina
Laurel, Missouri
Louisville, Ohio
Canonsburg, Pennsylvania
San Carlos, California
Crystal Springs, Missouri
Seoul, Korea
Washington, Missouri

The responses were evaluated by a cross-functional team based on the weighted criteria stated in the RFP which consisted of Compliance with EWEB Specifications (55%), the Degree of Proposed Changes to the Contract (15%), and Price Proposal (30%). After evaluating and scoring the responses, the Evaluation Team reached consensus that Delta Star provided the best overall value for EWEB.

Competitive Fair Price (If less than 3 responses received)

N/A

ACTION REQUESTED:

Management requests the Board approve a contract with Delta Star for a single substation transformer for the Weyerhaeuser 3 substation in Lane County. Funds for this purchase are being spent out of the Electric Division capital budget. The Electric Division capital budget for 2019 is \$ \$37.3 Million.