

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a contract with **Virginia Transformer Corporation** for **Substation Regulators**.

Board Meeting Date: November 2, 2021  
Project Name/Contract #: Two 1500/2000 KVA 3 Phase Substation Regulators / 21-190-GS  
Primary Contact: Karen Kelley Ext. 7153

### **Contract Amount:**

Original Contract Amount: \$780,000  
Additional \$ Previously Approved: \$0  
Invoices over last approval: \$0  
Percentage over last approval: 0%  
Amount this Request: \$780,000  
Resulting Cumulative Total: **\$780,000**

### **Contracting Method:**

Method of Solicitation: Formal Invitation to Bid  
If applicable, basis for exemption: N/A  
Term of Agreement: June 30, 2022 delivery  
Option to Renew? No  
Approval for purchases *"as needed"*  
for the life of the Contract Yes  No   
Proposals/Bids Received (Range): 3 (\$777,758 to \$1,329,730)  
Selection Basis: Minimum calculated bid cost of responsive and responsible bids  
Narrative:

### Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve a one-time purchase of two (2) Substation Regulators from Virginia Transformer Corporation.

Engineering reviewed the asset replacement strategy in May 2020 as compared to the plan developed in 2011 and the memo "Substation Transformer and Regulator Spares Expansion, May 26, 2020" recommends that EWEB purchase additional spare units of common substation transformers and substation regulators to address failures due to old age and obsolete parts. The contract for spare substation transformers in accordance with this memo was approved in December 2020 (RFP 20-158-G). This contract is for the spare substation regulators.

Substation regulators are used to adjust voltage provided by the substation in real time. As customer load increases, supplied voltage would drop unless a regulator corrects this at the substation. New transformers come equipped with Load Tap Changers (LTC) which provides the same function as a regulator. Older transformers use standalone regulators, which is what we are purchasing with this contract. EWEB uses 21 substation regulators with an average age of 41.3 years.

EWEB has ten (10) regulators that are obsolete and one (1) of these units has been removed from service due to failure. The substation regulators purchased under this contract will allow the replacement of this failed unit and add one (1) spare in the event of the next unexpected failure. This is in alignment with Phase 1 of EWEB's Strategic Plan, ensuring Consistent Performance.

Contracted Goods or Services

This contract is for two (2) substation regulators, designed to be paired with an in service 20MVA transformer.

The contractor will design, manufacture, test, and deliver the regulators to an EWEB substation. No field services are included in this contract.

The total cost of these regulators is \$388,879 each for a total cost of \$777,758. The regulators have a 30-week lead time and are expected to arrive mid-2022.

Purchasing Process

In September 2021, Purchasing initiated a formal Invitation to Bid for Two 1500/2000 KVA 3 Phase Substation Regulators. Bids were received from three (3) firms; Virginia Transformer Corporation, Fleming Electric, Inc, and WESCO/Anixter. All bids were deemed responsive and responsible.

Bids were evaluated on price, after being adjusted for regulator design losses, to ensure the evaluation was based on the total lifetime cost to EWEB and not just material cost. Virginia Transformer Corporation was selected based on offering the lowest total lifetime cost.

Bids Received

| Vendor Name                                | City, State  | Offered Price |
|--|--------------|---------------|
| Virginia Transformer Corporation           | Roanoke, VA  | \$777,758     |
| Fleming Electric, Inc. (Toshiba Regulator) | Tequesta, FL | \$1,006,000   |
| WESCO/Anixter (Siemens Regulator)          | Portland, OR | \$1,329,730   |

Prior Contract Activities

EWEB purchased a 12/16/20MVA power transformer from Virginia Transformer in February 2004. This unit met specifications and expectations but there were several oil leaks that needed to be addressed by the manufacturer after delivery. Following that initial period and remedy, no manufacturer related issues in unit condition, quality or performance have been reported.

**ACTION REQUESTED:**

Management requests the Board approve a contract with Virginia Transformer Corporation for the purchase of two (2) substation regulators. Approximately \$780,000 was planned for these goods in the 2021 Electric Capital Budget of \$51.3 million, however costs will not be shown as spent until the equipment is deployed for service for projects. Variances and adjustments have been accounted for and will be managed within the budget process and Board policy.