

FOR BOARD ACTION

Agenda Item # 4a.

Meeting Date:

9/25/2007

SUBJECT: Emissions Reduction Project
Approval to Purchase Two (2) Current Limiting Reactors

PREPARED BY: Wally Schlink, Director of Power Resources

ITEM DESCRIPTION:

The Emission Reduction Project (ERP) continues to proceed according to the project schedule.

Staff is now prepared to request approval for the purchase of two current limiting reactors that are needed to limit potential fault current.

Through our engineers, Utility Engineering, a specification was distributed to 6 suppliers and we received 3 bids from 2 vendors. The bid package set requirements for operational specifications such as reactance, current and voltage but also spatial requirements due to the limited area available for installation of the equipment. Both bids from a single supplier took exception to the space requirements and due to this the bids were considered non-responsive.

The remaining bid from Areva met the bid requirements for operational compliance and was the only bidder to comply with the critical site space availability issue.

We request that the Board approve the issuance of a purchase order to Avera for the purchase of the two current limiting reactors as defined in the RFB.

This is an approved project in the 2007 capital budget.

Attached is a recommendation from Utility Engineering.
Staff will be at the Board meeting to answer any questions on this request.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Board approve the purchase of two current limiting reactors from Areva for the bid price of \$51,470 as well as a contingency of \$5,000 and an estimated tax of \$3,603 for a total approved amount of \$60,073.


Acting General Manager

9/20/07
Date



901 Marquette Avenue, Suite 2900, Minneapolis, MN 55402
612.215.1300 • Fax 612.766.0360 • Web: www.ue-corp.com

September 17, 2007

Mr. Walter Schlink
Director of Power Production
Rochester Public Utilities
4000 East River Road NE
Rochester, MN 55906-2813

Subject: Silver Lake Plant Unit 4 Emissions Reduction Project
Recommendation to Purchase Current Limiting Reactor

Dear Mr. Schlink:

Utility Engineering Corporation (UE) recommends the purchase of two (2) Current Limiting Reactors from Areva for the scope of equipment per their August 30, 2007 base bid.

Bidding Process

On August 20, 2007, a Request for Bid (RFB) for two (2) Current Limiting Reactors was issued to the following six (6) suppliers:

- Neotech Solutions
- Trench Limited
- Neeltran, Inc.
- Nokian Capacitors USA Inc.
- AREVA T&D, Ritz Instrument Transformers, Inc. (Areva)
- C.A.K. & Assoc.

The bid specifications were prepared to allow for alternatives and options that would result in the best overall value to the City.

Bids were received from Trench and Areva. A brief description of each bid and its evaluation is provided as follows:

Trench Base Bid

The Base Bid from Trench was in the amount of \$135,000 for two (2) copper-wound current limiting reactors. The current limiting reactors met the requirements for reactance, current, and voltage but had several other exceptions. The exceptions included bare copper duct instead of bus duct, standard insulators instead on non-magnetic, no taps for changing the reactance, and required a larger magnetic clearance area than is available at the Silver Lake Plant. This bid is considered a non-responsive bid since the space requirement is not met.

Trench Alternate Bid

The Alternate Bid from Trench was in the amount of \$42,100 for two (2) aluminum-wound current limiting reactors. The current limiting reactor values for reactance, current, and voltage were equivalent to the base bid and conformed to the specifications. The exceptions were equal to the base bid including the space exception. The only difference between the base and alternate bid is the winding material (copper vs. aluminum). The bid was also considered non-responsive based on the space required compared to the space available.

Areva Base Bid

The Base Bid from Areva was in the amount of \$51,470 for two (2) copper-wound current limiting reactors. These current limiting reactors meet the requirements for reactance, current, and voltage as in the specifications and were equivalent to the Trench bid. A 3-year warranty is also included with this reactor. The Areva bid does not include any bus for the connection between the bus bars and the current limiting reactor. The Areva current limiting reactors had the same exceptions of standard insulators and taps but did meet the required magnetic clearance area for installation.

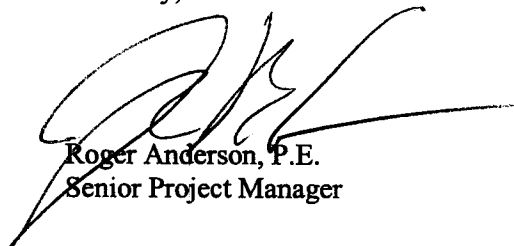
Bid Recommendation

Based on the requirements for the current limiting reactors, we recommend the Areva bid for \$51,470. All other bids were considered non-responsive based on site space availability.

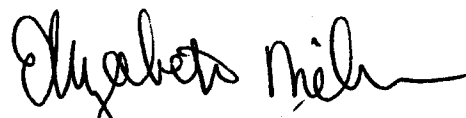
Recommended Contract Price

UE recommends the issuance of a purchase order to Areva for a lump sum price of \$51,470 for two (2) current limiting reactors for the Silver Lake Plant Unit 4 Emissions Reduction Project. In addition to this, UE recommends that a contingency of \$5,000 and estimated tax amount of \$3,603 be added, for a total of \$60,073. To ensure timely completion of vendor engineering prior to the receipt of bids for electrical construction, UE recommends a purchase order agreement for the current limiting reactors to be executed by October 11, 2007.

Sincerely,



Roger Anderson, P.E.
Senior Project Manager



Elizabeth Nielsen, E.I.T.
Design Consultant, Electrical



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota to approve a purchase order agreement with Areva for

Purchase of Two (2) Current Limiting Reactors
Emissions Reduction Project

The amount of the agreement to be \$51,470 as well as a contingency of \$5,000 and an estimated tax of \$3,603 for a total approved amount of \$60,073, and Areva being lowest responsible bidder.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of September, 2007.

President

Secretary