

**FOR BOARD ACTION**

Agenda Item # 9.b.

Meeting Date:

2/28/06

**SUBJECT:**

Resolution to Contract During an Emergency  
 Cascade Creek Unit 1 Gas Turbine Generator Fire

**PREPARED BY:**

Wally Schlink, Director of Power Resources

**ITEM DESCRIPTION:**

Cascade Creek Unit 1 Gas Turbine (CCGT1) suffered significant damage due to a fire in the generator section of the generating unit. The fire severely damaged the electrical windings and insulation to the point of rendering the unit inoperable until such time the major components are replaced or undergo major repairs.

Staff has previously recommended that a Resolution Declaring an Emergency because of the generator fire be approved by the Board and Council and the request for Resolution to Contract During an Emergency is predicated on that resolution receiving approval by the governing bodies.

The 2 options available to RPU for restoration of the unit are 1.) the replacement of the unit with a used generator or 2.) the repair of the major existing generator components.

Staff has taken a parallel approach to evaluating the preferred alternative for restoring the unit to service. We have solicited proposals for the repair of the unit from several firms and allowed as an alternative, the supply and installation of a used unit. Staff, along with our insurance company, will evaluate the condition, availability, schedule and appropriateness of the installation of a used unit along with the corresponding issues related to repairing the existing unit and requests approval to enter into an agreement with the organization that provides the best solution to return the CCGT1 to operational service in a timely and technically sound manner.

Staff has taken this somewhat unique approach due to the huge number of variables that will determine the preferred method of restoration. These include results of technical testing that will determine repair scope, condition of used units, schedule of repairs or installation, availability of critical materials and components, technical evaluation of repair firms, availability of the highly skilled crafts to support restoration efforts, concurrence of our insurance company with our restoration methodology as well as other key variables.

Staff anticipates the restoration of the existing equipment or the purchase and installation of a suitable used unit will cost approximately \$2,000,000. Since the majority of this cost should be borne by our machinery insurance carrier, staff has involved the insurance company, their claims representative and insurance adjusters as well as their technical consultant throughout this process and they will have to concur with our decisions as being both technically and economically sound.

  
 General Manager

  
 Date

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**UTILITY BOARD ACTION REQUESTED:**

Staff recommends that the Board recommends that the Common Council issue a Resolution to Contract During an Emergency that allows staff to contract on behalf of the City for repair or replacement of the Cascade Creek Unit 1 Gas Turbine subject to the approval of the RPU General Manager and the City Attorney.

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Date



## **R E S O L U T I O N T O C O N T R A C T D U R I N G A N E M E R G E N C Y**

**BE IT RESOLVED** by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a Resolution to Contract During an Emergency that allows RPU staff to contract on behalf of the City for repair or replacement of the Cascade Creek Unit 1 Gas Turbine subject to the approval of the RPU General Manager and the City Attorney.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28<sup>th</sup> day of February, 2006.

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**President**

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**Secretary**