

## FOR BOARD ACTION

Agenda Item # 6.a.

Meeting Date: 5/27/08

**SUBJECT:** Professional Services for Silver Lake Power Plant  
Unit 3 Generator Forced Outage

**PREPARED BY:** Wally Schlink, Director of Power Resources

### ITEM DESCRIPTION:

During a routine inspection of equipment as part of the spring 2008 Unit 3 outage, the generator exciter end bearing was discovered to have signs of failure.

The decision was made to bring in Power Generation Services, who have been the low cost provider of turbine generator services to RPU for the past four overhauls, to provide technical direction, craft support and engineering services for the disassembly, inspection, testing & evaluation of the generator as well as providing failure and root cause analysis. Power Generation Services is well qualified to provide professional services of this type and have successfully done so for RPU many times in the past. Power Generation Services will be supported by the RPU craft staff.

Although we are in the middle of this process it is imperative that the analysis, repair and reassembly process continue with a sense of urgency with the summer generation season approaching. Preliminary results have confirmed that we have suffered a complete bearing failure and related damages to various seals and associated equipment.

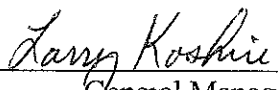
Failure to return this unit to service will seriously jeopardize our revenue projections related to the MISO wholesale market and threaten our ability to meet our obligations related to steam supply to the Mayo campus.

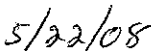
The staff estimate for the work provided by Power Generation Services on a time & material basis is not to exceed \$250,000. Staff will be providing rigorous oversight and approval of all activities and work product.

Activities that will take place are budgeted in the approved 2008 budget as part of the contingency budget which is in place for exactly this type of unanticipated expense.

### UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Board approve a purchase order to Power Generation Services to provide the profession engineering services for disassembly, evaluation, testing, failure analysis, repair as needed and reassembly of the SLP Unit 3 generator. The authorized not to exceed amount of this agreement would be \$250,000.

  
General Manager

  
Date



## RESOLUTION

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

Disassembly, Evaluation, Testing, Failure Analysis, Repair as Needed  
And Reassembly of the Silver Lake Plant Unit 3 Generator

The amount of the purchase order agreement not to exceed TWO HUNDRED AND FIFTY THOUSAND AND 00/100 DOLLARS (\$250,000.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 27<sup>th</sup> day of May, 2008.

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President

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Secretary