

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

March 22, 2006

ACTION REQUIRED

AGENDA ITEM NO. IX.C.

<u> </u>	Information Only
<u> X </u>	Motion
<u> X </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

TOPIC

Postmark Substation, Power Transformer Purchase

DISCUSSION

The Postmark Substation is a new 138/12.5 kV substation to be constructed on Pt. Woronzof Road. It will primarily serve the load at Ted Stevens Anchorage International Airport (TSAIA). Construction is scheduled to begin in the fall of 2006 with completion in 2007.

Funding is included in the 2006-10 CIP and in the 2006 budget. The project includes installation of two new power transformers. Proposals for the transformers have been solicited publicly and Chugach has received four bids as shown below. The evaluated bid amount includes the initial price quoted in the bid, life cycle costs for losses, and oil installation costs. The addition of a cost for losses allows each transformer to be economically evaluated for its efficiency. More efficient transformers have fewer losses and are, therefore, less expensive to operate. Included in the evaluated costs are primarily energy costs for losses over a 30-year life span, as well as costs related to the installation of the transformers. Original and evaluated bid prices are:

<u>Company</u>	<u>Bid</u> (Two Transformers)	<u>Evaluated Bid</u>
VA Tech (Ferranti Packard)	\$1,834,000	\$2,619,745
Delta Star	\$1,468,348	\$2,373,622
Waukesha	\$1,299,872	\$2,133,622
Western States Electric (GE)	\$1,244,410	\$2,212,270
The engineer's estimate is:	\$1,000,000	

Waukesha has been found to be the lowest evaluated responsive and responsible bidder.

CEO's RECOMMENDATION

Motion: Move that the Chugach Board of Directors authorize the Interim Chief Executive Officer to execute a contract for the power transformers for the Postmark Substation in an amount not to exceed \$1,299,872 with Waukesha.

WHEREAS, Chugach Electric Association, Inc. (Chugach) has determined a necessity to construct a new 138/12.5 kV Substation (Postmark Substation) near the Ted Stevens Anchorage International Airport (TSAIA);

WHEREAS, Chugach has included construction of Postmark Substation in its 2006-2010 Capital Improvement Plan;

WHEREAS, Chugach has included funding in its 2006 Annual Operating budget for the Postmark Substation equipment;

WHEREAS, Chugach has publicly solicited and received bids for two power transformers from four bidders for this substation, and

WHEREAS, Chugach has evaluated the bids and found Waukesha to be the lowest, responsive and responsible bidder,

NOW THEREFORE BE IT RESOLVED by the Board of Directors of Chugach Electric Association, Inc., that the Interim Chief Executive Officer is authorized to execute a contract with Waukesha for two power transformers in an amount not to exceed \$1,299,872.