

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**SPECIAL BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**June 16, 2010**

**ACTION REQUIRED**

**AGENDA ITEM NO. VII.A.**

Information Only  
 Motion  
 Resolution  
 Executive Session  
 Other

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**TOPIC**

Southcentral Power Project (SPP) – EPC Contract Award

**DISCUSSION**

The Southcentral Power Project requires an engineer, procure, and construct (EPC) contract to construct the Project. Through an extensive EPC evaluation and negotiation process an EPC contract has been developed.

In October of 2009, a Request for Qualifications (RFQ) was issued in order to identify qualified EPC contractors. There were eight respondents of which the three highest ranked contractors received a very detailed Request for Proposal (RFP) in December. Each of the three submitted a proposal by the March 19 due date.

The evaluation of the EPC proposals was handled in a manner very similar to three prior major SPP contracts; gas turbine purchase, steam turbine purchase, and owner's engineer. The evaluation criteria was identified in the RFP, a team of experienced and knowledgeable subject matter experts was used to conduct the evaluation, and the team evaluated the proposals based on the stated criteria. The evaluation team consisted of members from Chugach, ML&P, the SPP Owner's engineer, SPP Site Management, and an "outside" engineer from Coffman Engineers. The team took the additional step of visiting a "reference" power plant constructed by each of the EPC contractors and interviewing their owners. On April 9 the team completed its evaluation. SNC-Lavalin Constructors Inc. of Bothell, Washington was the highest ranked EPC contractor.

To maintain an aggressive schedule, negotiations began in February on contract terms and conditions with all three EPC contractors. On April 19 Chugach began direct negotiations with SNC-Lavalin.

The negotiations have resulted in a form of contract with reasonable and suitable terms and conditions to Chugach and ML&P as Owners. The contract may be amended before signing but will be subject to no material change in terms and conditions.

At the June 9, 2010, Operations Committee meeting, the Committee recommended the Board of Directors to authorize the Chief Executive Officer to approve the EPC Contract with SNC-Lavalin Constructors Inc. for the Southcentral Power Project for an estimated cost as described in Executive Session.

**MOTION**

Move that the Board of Directors authorize the Chief Executive Officer to approve the EPC Contract with SNC-Lavalin Constructors Inc. for the Southcentral Power Project for an estimated cost as described in Executive Session.