



Ulrich/Hansen

RESOLUTION NO. 6148

WHEREAS, the District needs to repair and replace parts of the Sarpy County Station Unit 4B engine; and

WHEREAS, the District's Engineer has certified that the repair and replacement work involves proprietary information and expertise and that PW Power Systems Inc., the original equipment supplier, is the only know source of supply to perform the necessary repair and replacement work; and

WHEREAS, management accordingly seeks approval to negotiate and enter into a contract with PW Power Systems Inc. for the necessary repair and replacement work on the Sarpy County Station Unit 4B engine.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Omaha Public Power District that:

1. The Engineer's Certificate requesting that the Board waive the sealed bid requirements, in accordance with Nebraska Revised Statutes Sections 70-637 through 70-639, is hereby approved.
2. Management is hereby authorized and directed to negotiate and enter into a contract with PW Power Systems Inc. for the repair work and replacement parts for the Sarpy County Station Unit 4B engine, subject to review and approval of the final contract documents by the District's General Counsel.
3. The notice required by Nebraska Statute 70-637 shall be published in the Omaha World-Herald.



Board Action

November 17, 2016

ITEM

Engine Repair – Sarpy County Station Unit 4B

PURPOSE

Authorize management to award a contract for the repair of the engine from Sarpy County Station Unit 4B.

FACTS

- a. The engine for Sarpy County Station Unit 4B was inspected on September 15, 2016, and September 16, 2016. The 4B engine was found to have internal damage.
- b. Repairs need to be made to the 4B engine prior to the 2017 peak season to avoid lost revenues.
- c. The repair work involved is proprietary and only the original equipment manufacturer, PW Power Systems, Inc., is known to have the tooling, parts, and expertise to perform the necessary repairs.
- d. Compliance with sealed bidding provisions of the Nebraska Revised Statutes Sections 70-637 through 70-639, as amended, would be impractical and not in the public's best interest.
- e. Total repair costs are estimated at \$1,700,000.

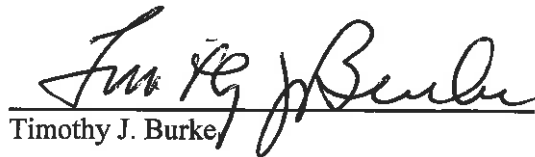
ACTION

Authorization by the Board of Directors for management to negotiate and award a contract to PW Power Systems, Inc. for the repair of Sarpy County Station Unit 4B engine.

RECOMMENDED:

APPROVED FOR BOARD CONSIDERATION:


Jon T. Hansen


Timothy J. Burke

JTH:rak

Attachments: Letter of Recommendation
Engineer's Certificate
Legal Opinion
Resolution

Memorandum

DATE: November 17, 2016
FROM: G. A. Krieser
TO: Mr. J. T. Hansen
SUBJECT: Repair of the 4B Engine for the Sarpy County Station

1.00 GENERAL

It is requested that the District enter into a Contract for the repair of the 4B engine at the Sarpy County Station. Deterioration and liberation of J-Seal segments is leading to internal damage in the 4B engine.

Unit No. 4 at the Sarpy County Station can only operate at half capacity until the 4B engine is repaired. These repairs need to be done before the 2017 peak season to avoid the lost revenues associated with the reduction in capacity.

Compliance with the sealed bidding requirements of the Nebraska statutes is impractical and not in the public's best interest. PW Power Systems, Inc., the original equipment manufacturer, has proprietary information regarding the repair of these components. Currently, it is the only vendor that has the tooling and technical expertise to perform the necessary repairs. PW Power Systems, Inc. has provided an estimate of \$1,700,000 to the District for repair of the engine. The exact cost will not be known until the work is complete.

2.00 RECOMMENDATION

An Engineer's Certificate of the above has been prepared. Approval of that Certificate is recommended. We request the Board of Directors to authorize management to negotiate a sole-source contract with PW Power Systems, Inc.



G. A. Krieser
Division Manager –
Production Operations

GAK:KAM:MMK

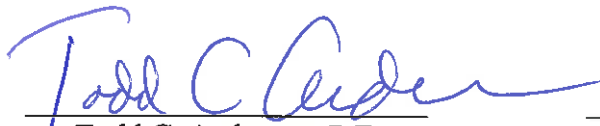
ENGINEER'S CERTIFICATE

The "B" engine for Unit No. 4 at the Sarpy County Station was inspected on September 15-16, 2016. The engine was found to have liberated seal material and internal damage as a result of this liberation. The inspection results were sent to the Original Equipment Manufacturer, PW Power Systems, Inc., for evaluation. PW Power Systems, Inc. recommended that the engine be removed from service within 25 operating hours and sent to their shop to perform repairs. The damage was identified as cracking and coating loss on the Outer Transition Duct, material loss on the Inner Transition Duct and wear on the High Pressure Turbine 1st Stage Vanes due to the liberation of Inner J-Seal segments. Further operation of the engine will result in additional liberation of material and additional damage to the engine. The District will need to issue a contract to send the engine to the repair shop to make the repairs to the engine. While the engine is out of service, Sarpy County Unit No. 4 will only be able to generate electricity at half capacity.

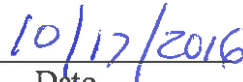
The undersigned professional engineer employed by the Omaha Public Power District certifies that PW Power Systems, Inc., the original equipment manufacturer, is the only available source of supply for the parts and services needed to repair the engine, because the repair work involves proprietary information held by PW Power Systems, Inc., and only PW Power Systems, Inc. has the tooling, parts, and technical expertise to perform the necessary repairs.

Pursuant to Section 70-637 R.R.S. (1943, as amended) the Board of Directors is requested to approve this Engineer's Certificate and authorize Management to negotiate and enter into a contract to repair the damaged engine for Sarpy County Station Unit #4 without compliance with the sealed bidding requirements of Sections 70-637 to 74-641 R.R. S. (1943, as amended).

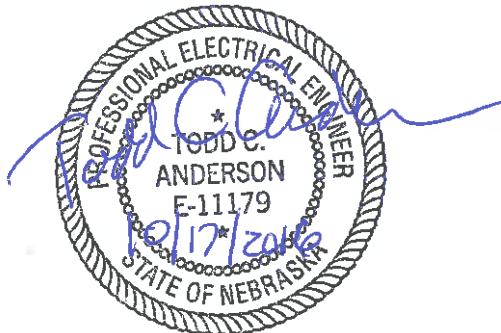
I, Todd C. Anderson (registered Professional Engineer in the State of Nebraska), certify the above to be true and correct to the best of my knowledge and belief.



Todd C. Anderson, P.E.



Date



FRASER STRYKER

PC LLO

LAWYERS

500 ENERGY PLAZA
409 SOUTH 17TH STREET
OMAHA, NEBRASKA 68102-2663
TELEPHONE 402.341.6000
FAX 402.341.8290
WWW.FRASERSTRYKER.COM

STEPHEN M. BRUCKNER
DIRECT DIAL: 402.978.5225
SBRUCKNER@FRASERSTRYKER.COM

October 25, 2016

Omaha Public Power District
444 South 16th Street
Omaha, NE 68102

RE: Repair of Engine at Unit No. 4, Sarpy County Station

Ladies and Gentlemen:

We have reviewed the Engineer's Certificate of Todd C. Anderson, P.E., an engineer employed by the District. The Engineer's Certificate states that the "B" engine at Sarpy County Station Unit No. 4 was inspected recently and found to have damage requiring replacement and repair. PW Power Systems Inc., the original equipment manufacturer, conducted an inspection of the engine to determine a scope of repair. Mr. Anderson certifies that PW Power Systems, as the original equipment manufacturer, is the only available source of supply for the parts and services needed to repair the engine, and the repair work involves proprietary information held by PW Power Systems.

Pursuant to Neb. Rev. Stat. § 70-637, as amended, upon approval of the Engineer's Certificate by the Board of Directors, the District may purchase replacement parts or services from an original equipment manufacturer, without sealed bidding. In our opinion, Mr. Anderson's Engineer's Certificate is in a form that is proper for approval by the District's Board of Directors.

After issuance of the Engineer's Certificate, but not necessarily before OPPD Board review, notice of the proposed purchase of services is to be published once a week for at least three (3) consecutive weeks in one or more newspapers of general circulation in the District.

Very truly yours,



Stephen M. Bruckner
FOR THE FIRM

SMB/sac
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