

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Virginia Transformer Corp.** for **Substation Voltage Regulators.**

Board Meeting Date: October 1, 2024
Project Name/Contract #: 1500/2000 KVA 3-Phase Substation Regulators / 24-115-G
Manager: Tyler Nice Ext. 7884
Executive Officer: Karen Kelley Ext. 7153

Contract Amount:

Original Contract Amount: \$2,400,000
Additional \$ Previously Approved: \$0
Spend over last approval: \$0
Amount this Request: \$2,400,000
% Increase over last approval: NA
Resulting Cumulative Total: **\$2,400,000 (over 5 years)**

Contracting Method:

Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption: NA
Term of Agreement: 5-year term
Option to Renew? No
Approval for purchases "as needed": Yes No
Proposals/Bids Received (Range): 2 (\$1,165,400 to \$1,384,860)
Selection Basis: Lowest Responsive and Responsible Bidder

Narrative:

Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve a five-year contract for the purchase of two (2) Substation Regulators from Virginia Transformer Corporation, with the option to purchase more through the contract duration on an as needed basis because of emergent failures.

Substation regulators are used to adjust voltage provided by the substation in real time. As customer load increases, supplied voltage will drop unless a regulator corrects this at the substation. New transformers come equipped with Load Tap Changers (LTC) which provides the same function as a regulator. Older transformers use standalone regulators. Due to the amount of substation voltage regulators in the system, it is not feasible to replace them all in concert, therefore an appropriate level of spares is needed on hand based on historical failure rates. EWEB uses 17 substation regulators with an average age of 40 years.

Engineering reviewed the asset replacement strategy for this fleet of equipment in May 2020 which resulted in the recommendation that EWEB purchase additional spare units of common substation transformers and substation regulators to address failures due to old age and obsolete parts. The contract for spare substation regulators in

accordance with the recommendation was awarded in November 2021 (RFP 21-90-GS). Since 2021, EWEB has installed the two (2) substation voltage regulators under the previous contract in response to equipment failures and now needs to replenish its system spare supply.

EWEB has 5 regulators that are obsolete and if failed will not be able to be repaired due to lack of availability of parts and service. The substation regulators purchased under this contract will serve as system spares in the event of the next unexpected failure. This is in alignment with EWEB’s Strategic Plan and 10-year CIP, ensuring consistent performance and reliability of the electric system.

Contracted Goods or Services

This contract is for two (2) substation regulators, with the option to purchase more through the contract term, designed to be paired with an in-service 20MVA transformer. The contractor will design, manufacture, test, and deliver the regulators to an EWEB substation. No field services are included in this contract. The individual cost of these regulators is \$582,700 each for an initial cost of \$1,165,400. The regulators have a 60-week lead time and are expected to arrive late-2025.

Purchasing Process

In May 2024, staff issued a formal Invitation to Bid for substation regulators. The solicitation was advertised on the State of Oregon’s public procurement site, OregonBuys. Two bids were received from Virginia Transformer and Wesco/Anixter and both were deemed responsive and responsible. Virginia Transformer submitted the low bid.

Bids Received

Vendor Name	City, State	Offered Price	Ranking (for RFPs)
Virginia Transformer	Roanoke, VA	\$1,165,400	1
Wesco/Anixter	Portland, OR	\$1,384,860	2

Competitive Fair Price

The solicitation was formally advertised on the state of Oregon’s bid site, OregonBuys. The two contractors who bid on this project are known as reputable companies, but many of the others who could have bid are still experiencing supply chain problems and do not have product to offer within the time frame required.

Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved	Project Duration (Start to Close)	Original Amount	Approved/ Amended Amount to Date (Total)	Reason Code
22-099-G	Station Class Power Transformers	1-3-23	1-4-23 – 1-3-28	\$17M	\$17M	
21-190-GS	Two 1500/2000 KVA 3 Phase Substation Regulators	11-2-21	11-4-21 to 6-17-22	\$775,118	\$775,118	

Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other

ACTION REQUESTED:

Management requests the Board approve a contract with Virginia Transformer Corp. for substation voltage regulators. Approximately \$1.2 million was planned for these goods in the Electric Division 2025 capital budget of \$77.8 million. Variances will be managed within the budget process and Board policy.

BUDGET CATEGORY: Electric capital, Type 1, emergent and/or planned substation work