

March 25, 2014

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Procurement (Services) Contract – Niagara Power Project –  
Lewiston Pump Generating Plant Life Extension and  
Modernization Program – Installation of Auxiliary  
Equipment Phase II – Contract Award**

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**SUMMARY**

The Trustees are requested to approve the award of a seven-year contract to Ferguson Electric Construction Co. Inc. of Buffalo, NY (“Ferguson”) in the amount of \$19,046,700 for the installation of auxiliary equipment for the remaining ten unit upgrades as part of the Life Extension and Modernization (“LEM”) Program at the Niagara Power Project, Lewiston Pump Generating Plant (“LPGP”).

**BACKGROUND**

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year. The Authority’s Expenditure Authorization Procedures require the Trustee’s approval for non-personal services contracts with a value in excess of \$3 million.

At their June 29, 2010 meeting, the Trustees approved the LPGP Life Extension Program at the estimated cost of \$460 million. At their November 12, 2012 meeting, the Trustees increased the authorized capital expenditures amount from \$131 million to \$252 million. This requested contract award is a part of the previous capital expenditure authorization.

In accordance with the Authority’s Guidelines for Procurement Contracts, an interim contract not to exceed \$90,000 was approved by the President and Chief Executive Officer in February 2014. This interim contract award will avoid Ferguson’s demobilization cost, under the existing contract, and mobilization cost, under this contract, which will save the Authority \$30,000 and \$96,000 respectively.

The principal reason for the life extension work at LPGP is the condition and age of the generating equipment, including the original Generator Step-Up Transformers, Motor-Generators, Pump-Turbines, Exciters and Unit Controls, Potheads and High Pressure Fluid-Filled plants. Failure to maintain the LPGP would result in significant loss of peaking and firm capacity from the Niagara Power Project, preventing the Project from being able to meet power contracts with the Authority’s customers.

The Trustees approved the award of a contract on at their meeting on July 31, 2012 for the installation of the auxiliary equipment for the first two of the twelve unit upgrades. This contract award is for installation of auxiliary equipment for the remaining ten units. The contacts were separated in order to incorporate “lessons learned” during the first two unit upgrades and to mitigate additional scope-of-work changes.

The scope-of-work under this contract includes the installation of the following equipment furnished by other vendors under separate contracts: static exciters, generator circuit breakers, cable and unit instrumentation. The scope-of-work also includes i) furnishing and installation of conduits and cable; ii) furnishing and replacing the AC and DC distribution systems equipment for the remaining ten units; iii) removal of existing associated cables and conduits; and iv) assistance with testing and commissioning of the remaining ten units.

## DISCUSSION

An advertisement to solicit bids (Q13-5539AT) was issued and appeared in the New York State *Contract Reporter* on October 4, 2013. A single proposal was received on December 3, 2013 from Ferguson. In addition, Post-Bid Addendum No. 1 was issued to clarify the bidder’s proposal; Ferguson’s final prices, indicated below, were received on January 24, 2014. The NYPA Fair Cost Estimate for this project is \$20,028,552 inclusive of options and bonds.

<u>Bidder</u>	<u>Bid</u>
Ferguson Electric Construction Co. Inc.	\$19,046,700

The proposal was reviewed by an Evaluation Committee (“Committee”) with representatives from Procurement, Engineering, Niagara Project and Project Management.

Several clarifications were sent to Ferguson to clarify their proposal and to provide an opportunity to explain how they arrived at their work plan, guaranteed characteristics and pricing. Ferguson’s responses were acceptable to the Committee.

In the recent past, Ferguson successfully completed several projects at the Niagara Power Project which include upgrade of the first LPGP LEM unit (work on the second is well underway), replacement of the 115 kV oil circuit breakers with SF6 type in the switchyard and the replacement of the four generator step-up transformers at LPGP.

Ferguson has broad experience in projects of this magnitude, has demonstrated knowledge of the scope-of-work and is capable of completing this project in a timely manner. The Committee recommends that a contract for the work described above be awarded to Ferguson whose bid is technically and commercially acceptable.

## FISCAL INFORMATION

Payment associated with this project will be made from the Authority’s Capital Fund and is included in the 2014 approved Capital budget.

## RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Acting Vice President – Project Management, the Vice President – Engineering, the Acting Vice President – Procurement, the Project Manager and the Regional Manager – Western New York recommend that the Trustees approve the award of a seven-year contract to Ferguson Electric Construction Co. Inc. of Buffalo, NY, in the amount of \$19,046,700, for the installation of auxiliary equipment for the remaining ten unit upgrades as part of the Life Extension and Modernization Program to renovate and modernize the Lewiston Pump Generating Plant.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones  
President and Chief Executive Officer

**RESOLUTION**

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award a seven-year contract to Ferguson Electric Construction Co. Inc. of Buffalo, NY, in the amount of \$19,046,700, for the Installation of Auxiliary Equipment for Unit Upgrade as part of the Life Extension and Modernization program to renovate and modernize the Lewiston Pump Generating Plant, as recommended in the foregoing memorandum of the President and Chief Executive Officer;

**Contractor**

Ferguson Electric Construction Co. Inc.  
Buffalo, NY  
(Q13-5339AT)

**Contract Approval**

\$19,046,700

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.