

October 15, 2014

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Procurement (Services) Contract –  
Blenheim-Gilboa Power Project –  
Generator Rotor Repair – Contract Award**

**SUMMARY**

The Trustees are requested to award a contract to General Electric International, Inc. (“GE”), located in Medford, MA, in the amount of \$10.3 million to repair the bent lamination of the main generator rotors at the Blenheim-Gilboa Power Project (“B-G”).

**BACKGROUND**

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustee approval for procurement contracts involving services to be rendered for a period in excess of one year. Also, in accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services or equipment purchase contracts exceeding \$3 million require the Trustee approval.

During the upgrade and Life Extension and Modernization (“LEM”) Program of the pump-turbine units and ancillary systems at B-G in 2006-2010, it was observed that the lower motor-generator rotor laminations were deformed at the base of the rotor rim where the spider posts intersect. In addition, rim keys were discovered to have migrated upwards, deforming the keeper plates.

Repair of the damaged generator laminations during the B-G/LEM Program were considered, however, no bidders were willing to provide a quotation for this work, except on an open-ended time and materials basis. During the Unit #2 LEM outage, measurements of the rotor and some disassembly of the affected parts were made to allow for a more complete engineering evaluation and to provide data for designing a repair.

NYPA Engineering, working in conjunction with an engineering consultant (Power Engineering), has determined that the deformed laminations are a potential problem for continued, long-term operation of the unit because the metallurgical stress of the spider post ledges, which carry the weight of the rim and poles, may have increased significantly to the point of exceeding the theoretical yield point of the steel and fatigue fracture is eventually possible, which could result in a catastrophic failure. Therefore, a permanent repair is required.

In order to reduce the stresses on the spider posts, and to allow for a complete inspection, special tooling is needed to facilitate separation of the rotor rim from the central spider frame.

NYPA does not have the necessary skills or tools necessary to implement the permanent repairs required to ensure safe and reliable operation of the units in the future.

### THE BIDDING PROCESS

The Authority issued a Request for Quotation (“RFQ”) (**Q14-5601JT**) in the New York State *Contract Reporter* and bid packages for the B-G main generator rotor repair on March 10, 2014. Two (2) proposals were received on July 18, 2014.

The proposals were reviewed by an evaluation committee comprising of staff from B-G, Engineering, Procurement, and Project Management.

The Evaluation Committee reviewed in detail, the two bids initially submitted and determined that the bid from GE was the low and technically acceptable bid. GE is knowledgeable regarding the B-G main rotors as they removed, refurbished and reinstalled the main rotor poles during the B-G LEM. GE has demonstrated in its proposal, and through a telephone interview, that it can perform the main rotor repair that meets NYPA’s technical requirements. The Authority’s prior experience with GE has been satisfactory with acceptable results in the past. The contract work will be performed from 2014 to 2017.

### FISCAL INFORMATION

Payments associated with this project will be made from the Authority’s O&M budget.

### RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Acting Vice President – Project Management, the Vice President – Engineering, and the Regional Manager – Central New York recommend that the Trustees approve a contract award to General Electric International in the amount of \$10.3 million for the main generator rotor repair at the Blenheim-Gilboa Power Project.

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 contract to General Electric International, Inc. in the amount of \$10.3 million to furnish all labor, supervision, materials, tools, and equipment to engineer, design, and repair the bent lamination of the main generator rotors at the Blenheim - Gilboa Power Project.

**CONTRACTOR**

General Electric International, Inc.  
Medford, MA  
**(Q14-5601JT)**

**CONTRACT APPROVAL**

\$10.3 million

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.