

AGENDA



Thursday, November 19, 2009

Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION

Item No. 45

Subject: Approve ratification of a contract with IVES CORPORATION, King of Prussia, PA for the purchase of parts to repair a main steam bypass valve on Sand Hill Energy Center's gas and steam turbine in an amount not to exceed \$53,950.70.

Amount and Source of Funding: Funding is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Dolores Castillo, Sr. Buyer/322-6466

Purchasing Language: Critical Business Need.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

Boards and Commission Action: To be reviewed by the Electric Utility Commission on November 16, 2009.

On October 9, 2009, Austin Energy (AE) personnel identified a Critical Business Need after determining that a main steam bypass valve was not sealing properly. Main steam is leaking into the cold reheat steam system which is causing the system to overheat because the piping system is designed for much lower temperatures. This could result in premature failure and could be a potential safety issue.

Additionally, the main steam is disrupting the normal flow for the system leading to a reduction of the turbines efficiency. This is resulting in a loss of 2-5 megawatts of generating capability, as well as the potential for the loss of additional capacity and/or a required shut down. The lost generating capacity could cost AE up to \$1,000 per day in replacement energy costs from less efficient resources.

Several parts needed to repair the valve have an extremely long lead time of up to six months; therefore, to expedite the repair and minimize the lost generating capacity and potential safety issues, AE placed the order for the repair parts on October 15, 2009.