

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a new contract with **General Pacific Inc.** for **Single phase Padmounted transformers.**

Board Meeting Date: August 2, 2022  
Project Name/Contract #: Single Phase Padmount Transformers / 22-143-G  
Primary Contact: Karen Kelley Ext. 7153

### **Contract Amount:**

Original Contract Amount: \$250,000  
Additional \$ Previously Approved: \$0  
Invoices over last approval: \$0  
Amount this Request: \$250,000  
Percentage over last approval: NA  
Resulting Cumulative Total: **\$250,000**

### **Contracting Method:**

Method of Solicitation: Direct Negotiation  
If applicable, basis for exemption: EWEB Rule 3-0275 Sole Source Procurements  
Term of Agreement: One time purchase (Deliveries in 2023)  
Option to Renew? No  
Approval for purchases *"as needed"*  
for the life of the Contract: Yes  No   
Proposals/Bids Received (Range): NA  
Selection Basis: Sole Source Supplier

Narrative:

#### Operational Requirement and Alignment with Strategic Plan

This Contract is for the purchase of a select number of single phase padmounted transformers for use in our electric distribution system. EWEB has placed several orders under recently approved contracts to mitigate the significant shortage of these items due to long lead times and rising costs. This order will serve to secure production slots of 50 transformers.

Staff developed a list of transformers to purchase based upon forecasted project needs, current inventory, and where open orders will fall short of project schedules. This will allow EWEB to continue to meet the need of new connections and install and maintain critical inventory for outages and emergencies through 2023 to meet EWEB's obligation to serve.

#### Contracted Goods or Services

The transformers to be purchased under this contract include varying quantities of six (6) different classes of single phase padmounted transformers to be stocked and stored in our Transformer shop for as-needed use in our electric distribution system. EWEB will be allotted 50 production slots across two months: January and April. Transformers will be delivered roughly 21 days after each production run is complete. The 50 units of various sizes will include

those used for reliability & replacement, new customer connections, and emergent and storm restorations.

A portion of the funding for these transformers is reimbursable through customer work.

Purchasing Process

In a continued effort to source these transformers, Staff has sought quotes that include responses from several suppliers with unit prices up to 8-10 times historical costs and some with a 30-100+ week lead times. Our current supplier under contract, has indicated that they will elect not to renew the contract beyond 2022 and will only sell their transformers through Electric Utility Distributor Association (EUDA) members. EUDA is made up of co-op/customer-owned distributors and was formed by individual rural electric distribution cooperatives. The supplier will allot a certain number of production slots to EUDA members to ensure they have production capacity for all members and their customers.

Staff reached out to General Pacific (the EUDA member for the Pacific Northwest) to mitigate the current 2023 shortfall of these units. General Pacific can provide EWEB with 50 production slots for the supplier’s single phase padmount transformers over two monthly production runs in 2023. Reserving these slots will allow EWEB to limit anticipated Customer and Developer project delays by approximately 6 months and guarantee a steady supply of transformers with guaranteed delivery dates. Both General Pacific and the supplier have a positive reputation and long standing in the industry, focused mainly on cooperative and publicly owned utility contracts. Additionally, the supplier has maintained reasonable pricing during a period where other suppliers have increased costs upwards of 100%.

Considering the shortage of vendors able to supply these transformers in a timely and cost-effective manner, EWEB will need to move forward quickly to secure these transformers. If not, the 50 production slots will be taken by another General Pacific customer. Securing these transformers will help reduce delays to customer work associated with electric distribution service upgrades and new services requiring new transformers, respond to future outages due to failures or storms, and will allow EWEB to continue with planned reliability and strategic capital work. To mitigate this risk quickly and efficiently, Staff is recommending award of this contract ASAP to help mitigate these impacts and ensure continued customer workflow can continue through 2023, while maintaining storm and emergent failure contingency stock.

Bids Received

NA

Competitive Fair Price

NA –Sole source agreement

Prior Contract Activities

EWEB Contract No.	Project Name (Description)	Board Approval Date	Project Duration (Start to Close).	Original Contract Amount	Final Contract Amount	Reason Code
050-2016	DuraLine Fiber	6/6/17	6/9/17 – 12/31/2018	\$180,000	\$192,892.75	AM, SD
19-179-MOU	Heat Pump Water Heater Promotion	1/7/20; 8/3/21	11/19/19 – 12/31/22	\$700,000	\$195,200	
20-092-G	Douglas Fir Crossarms	6/2/20	5 years	\$230,000	TBD	
21-055-G	Deadfront Padmounted Switchgears	5/4/21	5 years	\$695,000	TBD	
21-262-G	Single Phase Padmounted Transformers	3/1/22	One-time purchase	\$1,534,000	TBD	

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 new contract with General Pacific Inc. for single phase padmounted transformers. Approximately \$470,000 was planned for the purchase of transformers in the 2022 Electric Capital Budget of \$55 million, however units from this order are expected to be received in Q1 and Q2 of 2023. This contract amount will be accounted for in 2023 budget planning. Variances will be managed within the budget process and Board policy.