



BOARD LETTER APPROVAL

<input checked="" type="checkbox"/> POWER SYSTEM	<input type="checkbox"/> WATER SYSTEM
<input type="checkbox"/> CAO	<input type="checkbox"/> CFO
<input type="checkbox"/> LEGAL	<input type="checkbox"/> _____

RELEASE DATE: _____

RANDY S. HOWARD
Senior Assistant General Manager
Power System

MARCIE L. EDWARDS
General Manager

DATE: December 8, 2014

SUBJECT: Amendment No. 1 to Agreement No. 47068-2
Castaic Power Plant Unit 7 Reliability Improvement Project

SUMMARY

The purpose of this proposed Amendment No. 1 is to extend the contract duration by one year at no additional cost to complete the replacement of one 70MW Pelton-turbine generator at Castaic Power Plant. The Contractor, ALSTOM Power Inc. (ALSTOM) encountered delays with the engineering, procurement, and construction of the Pelton-turbine generator and associated proprietary systems.

City Council approval is required according to Charter Section 373.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of Amendment No. 1 of Agreement No. 47068-2 as required in Charter Section 373.

ALTERNATIVES CONSIDERED

The following alternatives were considered to support the completion of the Castaic Power Plant Unit 7 Reliability Improvement Project:

1. *Transfer remaining work to LADWP staff.*

Currently, LADWP lacks sufficient staff to perform the remaining tasks along with the other core functions to support the Project. In addition, LADWP staff does not possess the experience and expertise to design, fabricate and install hydro-electric power plant turbines, generators and associated proprietary systems. Transferring the remaining work to LADWP staff would cause substantial delays and result in higher costs.

2. *Advertise a new Request for Proposal (RFP) to complete the work.*

A new contract would not be awarded until mid to late 2015. It would not be practical for a new contractor to complete the Project by February 2016. The contractor would be required to evaluate the newly installed generator and associated proprietary system before starting any engineering, procurement, or construction.

FINANCIAL INFORMATION

Agreement No. 47068-2 currently expires on February 7, 2015, with a contract limit of \$33,520,177. The proposed Amendment No. 1 would extend Agreement No. 47068-2 by one year to February 7, 2016, at no additional cost.

BACKGROUND

On January 25, 2012, the Board approved Resolution No. 012-158 allowing LADWP to enter into an Agreement with ALSTOM for a term of 36 months under Agreement No. 47068-2. Under the Agreement, ALSTOM shall engineer, fabricate, procure, and commission one Pelton-turbine generator with new equipment and an integrated digital control system to interface with Main Powerhouse control system.

LADWP developed and approved an Integrated Resource Plan which calls for multiple major power projects including the modernization of hydroelectric power plants such as the Castaic Power Plant Unit 7 Reliability Improvement Project. Unit 7 was originally commissioned in 1972. In recent years, maintenance on this unit has been deferred while rehabilitation of the main pump-turbine units have been given priority. As a result, the forced outage rate is increasing, while the availability factor is declining.

During the Project, ALSTOM has experienced design and quality assurance issues. However, ALSTOM proactively works with LADWP to address and correct the issues in a timely manner. LADWP and ALSTOM have been working together to provide a reliable generator for the power system.

The City Administrative Officers Report, dated November 7, 2014, is attached.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the Castaic Power Plant Unit 7 Reliability Improvement Project is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061 (b) (3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

ATTACHMENTS

- A. Procurement Summary
- B. Resolution
- C. Amendment No. 1 to Agreement No. 47068-2
- D. CAO Report