Williams/Fisher

RESOLUTION NO. 6464

WHEREAS, Jones Street Station Units 1 and 2 (JS1 and JS2) require redesign and repair of the exhaust stacks on each unit; and

WHEREAS, the District's Engineer has certified that the work to redesign, supply, and install new exhaust stacks for JS1 and JS2 is technically complex and the District will achieve a better result with direct negotiations with qualified contractors; and

WHEREAS, for these reasons, the District's Engineer has certified that the use of sealed bidding would be impractical and not in the public interest; and

WHEREAS, pursuant to Nebraska Revised Statute Section 70-637 (as amended), and upon approval of the Engineer's Certification by the Board of Directors, the District may negotiate and enter into a contract or contracts related to such project without sealed bidding.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Omaha Public Power District that:

1. The Engineer's Certification requesting that the Board waive the sealed bid requirements, in accordance with Nebraska Revised Statutes Sections 70-637 through 70-639, is hereby approved.

2. Management is hereby authorized and directed to negotiate and enter into the necessary contract or contracts to provide redesign, procurement of materials, fabrication, and installation services for the replacement of the exhaust stacks on Jones Street Station Units 1 and 2, subject to review and approval of the final contract(s) by the District's General Counsel.

3. The notice required by Nebraska Revised Statutes Section 70-637 shall be published in the Omaha World Herald, or other similar newspaper of general circulation.

Board Action

BOARD OF DIRECTORS

October 19, 2021

ITEM

Jones Street Station Units 1 and 2 Exhaust Stack Redesign, Material Supply and Installation Contract(s)

PURPOSE

Provide services and materials for the redesign and installation of the exhaust stacks for Jones Street Station Units 1 and 2.

FACTS

a. Jones Street Station Unit 2 (JS2) is currently not in service due to damage found in the exhaust stack. A redesigned replacement exhaust stack and associated installation is required before JS2 can be available for accredited capacity in the Southwest Power Pool marketplace.

b. Jones Street Station Unit 1 has similar damage to a lesser degree and will require the same repair scope to restore full reliable operation.

c. The District's engineer has certified the complex nature of the work and that use of the sealed bid process is impractical and not in the public's best interest.

d. The District will solicit competitive proposals from qualified contractors for the work. A negotiated contract process will provide potential contractors time to develop a detailed work plan with optimized design, project schedule, pricing, and risk mitigation.

ACTION

Approval of the Engineer's Certification and authorization for management to negotiate and enter into a contract(s) for the redesign and installation of the exhaust stacks at the Jones Street Station Units 1 and 2.

RECOMMENDED:

DocuSigned by:
Mary J. Fisher
C185DDBBB12A4BA...

Mary J. Fisher
Vice President – Energy Production and Nuclear Decommissioning

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:
L. Javier Fernandez
AC399FDCE56247E...

L. Javier Fernandez
President and Chief Executive Officer

SAE

Attachments: Letter of Recommendation
Engineer's Certificate
Legal Opinion
Resolution

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OPPD
Omaha Public Power District

MEMORANDUM

DATE: October 6, 2021 EPND-2021-09

FROM: S. A. Eidem

TO: M. J. Fisher

SUBJECT: Jones Street Station Units 1 and 2 Exhaust Stack Redesign and Installation Contract

1.00 GENERAL

In September 2021, Jones Street Station Unit 2 (JS2) exhaust stack was inspected and determined to have excessive corrosion damage preventing unit operation. JS2 was subsequently removed from availability for accredited capacity within the Southwest Power Pool integrated market until repairs can be completed. Jones Street Station Unit 1 (JS1) was subsequently inspected as extent of condition and found to have similar damage to a lesser degree. Temporary repairs are planned to be performed on JS1 to restore unit operability until permanent repairs can be implemented. OPPD resource planning indicates that firm dispatchable resources, including JS1 and JS2, will continue to provide a crucial role in supporting OPPD's system reliability going forward. The exhaust stacks for both JS1 and JS2 need to be replaced to ensure safe and reliable unit operation, resilient grid support, and continued accredited capacity credit for the OPPD generation portfolio. The cost of replacement of the exhaust stacks is significantly lower than the cost of replacing the generators.

OPPD does not have the original exhaust stack design documents and General Electric (GE), the original equipment manufacturer (OEM), has chosen to withhold the design documents due to proprietary considerations. The exhaust stacks are unique and will require detailed structural and mechanical re-design to ensure there are no adverse consequences with the operation of the units.

Compliance with the sealed bidding requirements of the Nebraska Statutes is impractical and not in the public's best interest. Contract negotiations will allow potential qualified contractors more time to develop a detailed work plan, reduce risk by having a better understanding of the project scope, maintain the overall project schedule, and preserve a competitive bid environment by reducing the chance bidders submit non-compliant bids. Negotiations will provide OPPD a better understanding and comparison of the complex bid offerings, including any performance guarantees.

Therefore, it is in the District and public's best interest to forgo the sealed bidding process. Competitive bids will be sought through a publically available Request for Proposal (RFP) and detailed negotiation process with the capable bidders. The contract will be awarded to the contractor with the lowest and best evaluated bid.

2.00 RECOMMENDATION

An Engineer's Certification of the above has been prepared. Approval of that Certification is recommended. We request the Board of Directors approve the Engineer's Certification and to authorize management to negotiate and enter into contract(s) to design, procure, and install new exhaust stacks for Jones Street Station Units 1 and 2.

Scott A. Eidem

S.A. Eidem, P.E.
Director, Engineering Services
Energy Production and Nuclear Decommissioning

ENGINEER'S CERTIFICATE

The Omaha Public Power District (OPPD) intends to enter into a contract(s) to redesign and install a new exhaust stack for Jones Street Station Units 1 and 2 due to corrosion damage. Unit 2 is currently not operable and not available to provide accredited capacity within the Southwest Power Pool integrated market. Unit 1 will have temporary repairs made to restore unit operability but a permanent fix will be needed within 18 to 24 months to maintain operability.

General Electric, the original equipment manufacturer (OEM), has been consulted and a redesign of the exhaust stacks is recommended. The redesign may be done by the OEM or a third party, however, the current exhaust stack design drawings are considered proprietary by the OEM and are not available to OPPD making the redesign technologically complex in nature.

Jones Street Station Unit 2 was tested on September 8, 2021 and, after inspection, severe corrosion damage was found in the exhaust stack. Unit 1 was then inspected and similar damage was found but not as extensive as seen in Unit 2. The units are currently offline until repairs can be made on Unit 1 and a redesigned exhaust stack can be installed on Unit 2. For these and other reasons as explained and certified in this Engineer's Certificate, OPPD Management seeks approval from the Board of Directors to enter into the necessary contract(s) for this project without using the statutory sealed bid process.

The undersigned, a Nebraska professional engineer employed by OPPD, certifies that compliance with the sealed bidding requirements of Nebraska statutes, Neb. Rev. Stat. 70-637 to 70-641, is impractical and not in the public interest for the following reasons:

- The exhaust stack and associated internal components are technologically complex and must be properly designed to ensure there are no adverse consequences with the operation of the unit.

- A negotiated contract provides the proper mechanism to develop terms and conditions with acceptable risk mitigation and also maintains the viability of the major redesign suppliers throughout the contracting process.

Pursuant to Section 70-637 of the Nebraska Revised Statutes, as amended, the Board of Directors is requested to approve this Engineer's Certificate and authorize Management to negotiate and enter into contract(s) to redesign, procure, fabricate and install new exhaust stacks at Jones Street Station Units 1 and 2 without compliance with Sections 70-637 to 74-641 of the Nebraska Revised Statutes.

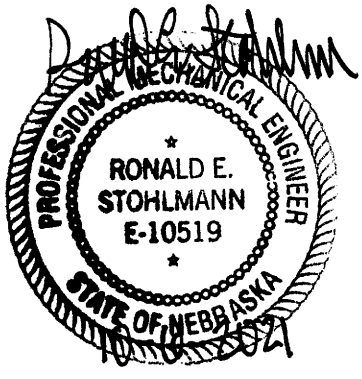
I, Ronald E. Stohlmann, (registered Professional Engineer in the State of Nebraska), certify the above to be true and correct to the best of my knowledge and belief.

Ronald E. Stohlmann

R.E. Stohlmann, P.E., PMP

10-6-2021

Date



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October 5, 2020

Omaha Public Power District
444 South 16th Street
Omaha, NE 68102

RE: Jones Street Station-Redesign and replacement of Units 1 & 2 exhaust stacks

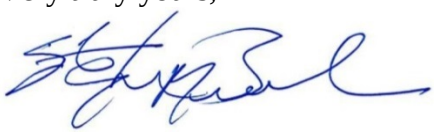
Ladies and Gentlemen:

We have reviewed the Engineer's Certification of Ronald E. Stohlmann, a registered professional engineer in the State of Nebraska employed by the District. Mr. Stohlmann's Engineer's Certification states that it is necessary for the District to enter into one or more contracts to redesign, procure, fabricate, and install new exhaust stacks for Jones Street Units 1 and 2. Unit 2 is currently offline and Unit 1 is currently offline until a temporary repair can be made to the exhaust stack. A permanent repair for both units is needed to maintain their accredited capacity within the Southwest Power Pool. Mr. Stohlmann states in the Certification that the exhaust stack and associated internal components are technologically complex and must be properly designed to ensure there are no adverse consequences with the operation of the units. He further certifies that a negotiated contract provides the proper mechanism to develop terms and conditions with acceptable risk mitigation with the available contractors.

Section 70-637 of the Nebraska Revised Statutes authorizes the District's Board of Directors, by a two-thirds vote, to approve an Engineer's Certification for technologically complex or unique projects, and to authorize the District to enter into a contract to complete the project. The District is required to advertise its intention to enter into any such contract in three (3) newspapers of general circulation within the District's service area, with not less than seven (7) days between issues. The contract cannot be entered into sooner than twenty (20) days after the last advertisement.

It is our opinion that Mr. Stohlmann's Engineer's Certification complies with § 70-637 and is in a form that is appropriate for approval by the District's Board of Directors. Therefore, the Board of Directors may approve the Engineer's Certification and authorize Management to negotiate and enter into the necessary contract(s) to redesign, procure, fabricate, and install exhaust stacks for Jones Street Station Units 1 and 2. We recommend that any such contract be subject to review and approval by the District's general counsel.

Very truly yours,



Stephen M. Bruckner
FOR THE FIRM

SMB/sac
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