

# Agenda Report

TO: City Council  
THROUGH Deregulation Committee

DATE: February 26, 2001

FROM: City Manager

SUBJECT: Authorization to enter into a contract with Wood Group Pratt & Whitney Industrial Turbine Services, LLC for inspection and repair of the Glenarm Power Plant Gas Turbine #2

## RECOMMENDATION:

It is recommended that the City Council:

- (i) Authorize the General Manager of Pasadena Water and Power to enter into a contract without competitive bidding pursuant to City Charter Section 1002 (g), contracts for labor, material, or supplies for actual emergency work with Wood Group Pratt & Whitney Industrial Turbine Services, LLC for inspection and repair of the Glenarm Power Plant Gas Turbine #2 for an amount not to exceed \$85,000;
- (ii) Approve a journal voucher authorizing the Director of Finance to appropriate \$85,000 from the Light and Power Fund unappropriated fund balance to finance the inspection and repair of the Glenarm Power Plant Gas Turbine #2; and
- (iii) Grant this proposed contract an exemption from the competitive selection process of the Affirmative Action in Contracting Ordinance, pursuant to Pasadena Municipal Code Subsection 4.09.060 (C), contracts for which the City's best interest are served.

## BACKGROUND:

The Glenarm Power Plant Gas Turbine #2 was placed in commercial operation in April 1975 and its engine overhauled once in 1987 by Pratt & Whitney TPM, the original manufacturer of the unit. Gas Turbine #2 is generally used as a

power peaking unit when system demand for electrical power is high. Lately, the electrical power output of the unit is being bid as reserve capacity to the Independent System Operator (ISO).

A substantial oil leak from the gas turbine engine was noticed in January 2001. When the maintenance crew was fixing the problem, several broken pieces of metal were discovered in the engine oil sump and metal shavings were found in the lower compartment of the engine casing. This problem was relayed to Wood Group Pratt and Whitney who advised, with staff's concurrence, that the gas turbine not be run until the unit is inspected.

The engine was shipped to Wood Group Pratt & Whitney's repair facility in Connecticut for more intensive inspection. A City representative traveled to Connecticut to review the findings and to decide the minimum scope of repair work. Based on the findings, it was determined that one of the high-pressure turbine blades need to be replaced and the combustion equipment requires weld repair in order to bring the unit back to a serviceable condition. The estimated cost to perform this work is \$85,000, and the estimated time to put the Gas Turbine #2 back into service would be eight weeks (the week of March 26, 2001).

It is recommended that the City Council authorize staff to have this work performed without competitive bidding pursuant to City Charter Section 1002 (g), contracts for labor, material, supplies, or services for actual emergency work. California's electrical energy supply is currently in a state of emergency. By performing this repair work, the City of Pasadena will be helping to remedy the situation by putting a much-needed power generating resource back on-line. At the same time, the City will be able to generate considerable revenues by having Gas Turbine #2 available.

FISCAL IMPACT:

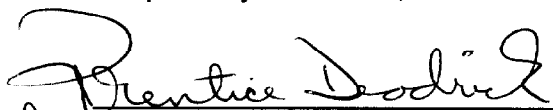
The local generating units generated an incremental working capital contribution of approximately \$11,000,000 during FY 2000, of which \$6,000,000 was recently approved by City Council for use as an ECAC rate reduction for the rate payers. At that time, Council was advised a request would be forthcoming to prepare the facility for the next summer season. This emergency project will decrease the

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Power Fund working capital balance by another \$85,000, excluding authorized expenditure of \$1,479,200 for Unit B-2 overhaul, both of which are being funded by the remaining \$5,000,000 from the local generation plant operations mentioned above.

This inspection and repair work will be expensed in the FY 2001 operating budget, and therefore does not adversely impact the FY 2001 CIP or the Power Fund Ten Year Financial Plan.

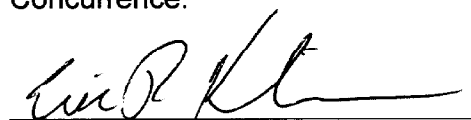
Respectfully Submitted,

  
for CYNTHIA J. KURTZ  
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