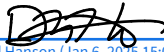




RESOLUTION NO. \_\_\_\_\_

**BOARD LETTER APPROVAL**

  
David Hanson (Jan 6, 2025 15:04 PST)

**DAVID W. HANSON**  
Senior Assistant General Manager  
Power System



**JANISSE QUIÑONES**  
Chief Executive Officer and Chief Engineer

**DATE:** January 6, 2025

**SUBJECT:** Contract No. 01409 for 5-kV, 167-kVA, Single-Phase, Step Voltage Regulators with TSEA USA, LLC

**SUMMARY**

The proposed Contract No. 01409 (Contract) is to furnish and deliver 5-kiloVolt (kV) step voltage regulators, for a term of one year with two one-year optional renewal periods, for an estimated expenditure of \$25,301,298 and an amount not to exceed \$31,626,623 (budgeted). The contract is a result of a competitive bid process.

The voltage regulators furnished under this contract are intended for warehouse stock and will be used to replace old or failed equipment, as well as for new installations in response to load growth. These voltage regulators will be used to manage voltage fluctuations and ensure the smooth and stable operation of LADWP's electric distribution system, which will result in protecting equipment, ensuring efficient operation, and improving power quality.

City Council approval is not required.

**RECOMMENDATION**

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution authorizing the approval of Contract No. 01409 with TSEA USA, LLC (TSEA), the lowest evaluated responsive bidder and in full compliance.

**ALTERNATIVES CONSIDERED**

There are no other alternatives at this time. LADWP does not have the capability or facilities to fabricate voltage regulators. LADWP has historically purchased these

voltage regulators. Failure to procure voltage regulators will result in reduced power system reliability.

## **FINANCIAL INFORMATION**

This Contract is for a term of one year with two one-year optional renewal periods and is budgeted.

	<u>Minimum Expenditure</u>	<u>Estimated Expenditure</u>	<u>Maximum Expenditure</u>
Original Contractual Period	\$ 2,105,463	\$ 8,421,852	\$ 10,527,315
First Optional Period	0	8,430,699	10,538,374
Second Optional Period	0	8,448,747	10,560,934
Contract Total	<u>\$ 2,105,463</u>	<u>\$ 25,301,298</u>	<u>\$ 31,626,623</u>

LADWP agrees to a minimum expenditure of 25 percent and a maximum expenditure of 125 percent of the estimated expenditure. The maximum expenditure will not exceed \$31,626,623.

Bid prices recommended for award have been determined to be fair and reasonable based upon competitive bidding.

The total quotation of \$25,301,298 is approximately 43 percent lower than LADWP's estimated cost of \$44,295,062. The estimate was developed using budgetary pricing obtained from vendors with five percent annual escalation to account for market fluctuation. The variance is attributed to the wide range of budgetary pricing received and competitive bidding.

## **BACKGROUND**

Voltage regulators have three main components: the autotransformer, load tap changer, and voltage controller. They are used to regulate voltage on LADWP's 4.8-kV circuits, maintaining a constant voltage despite variations in load currents and source voltages. By maintaining a constant voltage on these 4.8-kV circuits, LADWP will meet its power quality goals and ensure that customer equipment is not damaged due to voltage fluctuations that could occur if step voltage regulators were not utilized.

In addition to supplying voltage regulators, the Contract will include manufacturer's representative services to guide LADWP construction personnel in the setup and installation of procured voltage regulators.

As part of the bid evaluation, LADWP evaluates voltage regulator losses. These losses are electrical losses which are also known as "no-load" losses and "load" losses. The total of the prices quoted, and their voltage regulator losses determine the total evaluated cost for each bidder. The electric utility industry uses the total operation cost

(TOC) equation to factor in the long-term cost of a voltage regulator with the up-front cost. The upfront cost is the initial price, and the long-term cost is the energy lost due to energizing the voltage regulator and passing power through. Utilizing the TOC equation, TSEA is the lowest evaluated bidder in full compliance.

Contract No. 01409 has price adjustment clauses based on eight commodities. The unit prices of step voltage regulators will be adjusted quarterly based on commodity prices of electronic wire and cable, copper, carbon steel, core steel, oil, labor, specialized freight trucking, and deep-sea freight transportation.

TSEA is a manufacturer of power transformers and step voltage regulators with a factory located in Contagem, Brazil.

TSEA has performed satisfactorily under the current contract.

### **ENVIRONMENTAL DETERMINATION**

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(4) states that government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the purchase of voltage regulators is not subject to CEQA.

### **CITY ATTORNEY**

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

### **ATTACHMENTS**

- Procurement Summary
- Resolution

## PROCUREMENT SUMMARY

1.	Recommended Vendor(s): TSEA USA LLC (TSEA)
2.	Procurement Type: Invitation for Bid (IFB)
3.	Procurement Details: A. Contract Status: Replacement B. Bid Advertisement Date: September 3, 2024 C. Pre-Bid Conference Date: N/A D. Bid/Proposal Due Date: October 10, 2024 E. Number of Downloads of Solicitation: 22 (19 primes, 3 subcontractors) F. Number of Bids/Proposals Received: 3 G. Protest Received: No
4.	Buyer Assigned: Kien Hua
5.	Contract Administrator: Gabriel Rodriguez
6.	LADWP System/Division: Power Capital Projects and External Generation
7.	Contact Person for Item: Daniel Baker

\*Note: eRSP requires vendors to express interest either as a prime contractor or subcontractor only in order to download solicitation documents. Downloads do not necessarily accurately reflect unique vendor interests as multiple individuals in an organization can download solicitations.

### A. Summary of Bids Received

Term	Doubletree Systems Inc.	TSEA	OneSource Supply Solutions
Original Period	\$7,953,706	<b>\$8,421,852</b>	\$11,858,745
First Optional Period	\$7,953,706	<b>\$8,430,699</b>	\$11,930,823
Second Optional Period	\$7,953,706	<b>\$8,448,747</b>	\$12,007,947
Less Cash Discount	-	-	-
Add Cost of Transformer Losses	\$2,925,000	<b>\$2,175,000</b>	\$1,652,250
Less LBPP	-	-	-
Total Evaluated Amount	\$26,786,118 Non-responsive	<b>\$27,476,298</b>	\$37,449,765

### B. Evaluation of Bid

IFB Bid No. 140903R1 is a rebid. The original Bid No. 140903 closed May 30, 2024, with five bids received. However, all bids were non-responsive due to non-compliance with mandatory forms and/or exceptions to the technical requirements. Therefore, it was determined in the best interest of LADWP to reject all bids under IFB No. 140903 and rebid under IFB No. 140903R1.

Under the rebid, LADWP received 3 bid responses.

Doubletree Systems, Inc. (Doubletree) submitted the lowest evaluated bid. However, Doubletree took exceptions to the technical requirements in Article 3b of Division F2 of IFB 140903R1 specifications. Doubletree exceeded the required regulatory assembly width and submitted test reports that exceeded the required maximum voltage rating

and/or maximum capacity for the step voltage regulators. Therefore, Doubletree's bid is deemed non-responsive, and no award can be made to this firm.

TSEA submitted the next lowest evaluated bid and is in full compliance with the specifications.

Bid prices recommended for award have been determined to be fair and reasonable based upon a competitive bid process.

The Vendor Authentication Unit performed a cursory vendor authentication review on TSEA and no issues were found.

### C. Procurement History

Service/Item History – Number of Times Item or Service has been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
02375-2	OneSource Distributors	One Year with Two Optional One-Year Renewal Periods	8/31/21	8/30/24	\$15,000,000
43136-0	OneSource Distributors	One Time Purchase	3/19/20	-	\$999,003
579-6	Veteran Supply Services, LLC	One Year with Two Optional One-Year Renewal Periods	09/29/15	09/28/18	\$6,493,368
164-2	Veteran Suppliers, LLC	One Year with Two Optional One-Year Renewal Periods	07/19/11	07/18/14	\$6,052,860

TSEA Vendor Experience – Number of Contracts Vendor had with LADWP During the Past 5 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
41047-4	Step Voltage Regulators	One Time Purchase	1/30/24	-	\$78,080.00

### D. Local Business Preference Program (LBPP)

LBPP was included in this Bid. However, LBPP was not a determining factor in the evaluation and recommendation of award for this Contract.

### E. Additional Outreach Efforts Taken

In addition to the original bid list, the steps outlined in the following page were taken.

- The IFB was posted on the City of Los Angeles Regional Alliance Marketplace for Procurement website.
- The IFB was electronically advertised on eRSP for direct download.

**F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Participation**

Not applicable as this is a contract for materials.