



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL


David W Hanson (Aug 29, 2024 10:01 PDT)

DAVID W. HANSON
Senior Assistant General Manager
Power System


Aram Benyamin (Aug 29, 2024 10:06 PDT)

ARAM BENYAMIN
Chief Operating Officer



JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: August 28, 2024

SUBJECT: Contract No. 141 for 138-kV and 230-kV, SF6 Gas, Circuit Breakers for Various Substations with Hitachi Energy USA, Inc.

SUMMARY

The proposed Contract No. 141 (Contract) is to furnish and deliver 138-kiloVolt (kV) and 230-kV circuit breakers for a period of one year with two one-year optional renewal periods (estimated expiration date of September 2027). The total estimated expenditure is \$57,389,514 for an amount not to exceed \$71,736,894 (budgeted). The Contract is a result of a competitive bid process.

The 138-kV and 230-kV circuit breakers are used for replacing aging units and as new installations to protect cables, lines, and transformers from electrical faults. The circuit breakers will also be used to switch equipment in and out of LADWP's power system during normal and emergency conditions.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution authorizing award to Hitachi Energy USA, Inc. (Hitachi), the only bidder.

ALTERNATIVES CONSIDERED

There are no other alternatives at this time. LADWP does not have the capability or facilities to fabricate circuit breakers. LADWP has historically purchased these circuit breakers. Failure to procure circuit breakers 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	\$ 4,782,460	\$ 19,129,838	\$ 23,912,298
First Optional Period		19,129,838	23,912,298
Second Optional Period		19,129,838	23,912,298
Contract Total	<u>\$ 4,782,460</u>	<u>\$ 57,389,514</u>	<u>\$ 71,736,894</u>

LADWP agrees to a minimum expenditure of 25 percent and a maximum expenditure of 125 percent of the estimated expenditures. The maximum expenditure will not exceed \$71,736,894.

The total quotation of \$57,389,514 is approximately 5 percent higher than LADWP's estimated cost of \$54,651,423. The estimate was based on the budgetary pricing received from multiple vendors. The variance is attributed to continued elevated demand, which exceeds the industry's current production capacity.

BACKGROUND

Circuit breakers are an integral part of the design of LADWP's power system. They are used to switch transmission lines to deliver power to the desired area, connect or disconnect equipment from the power system, and protect equipment in response to electrical faults.

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

Contract No. 141 has price adjustment clauses based on 9 commodities. The unit prices of circuit breakers will be adjusted quarterly based on commodity prices of aluminum castings, hot impression die impact, electronic wire and cable, porcelain, relay and industrial control manufacturing, electric power and specialty transformer manufacturing, switchgear and switchboard apparatus manufacturing, specialized freight, and labor.

Hitachi has performed satisfactorily on previous contracts.

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 which 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 circuit breakers 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): Hitachi Energy USA, Inc. (Hitachi)
2.	Procurement Type: Invitation for Bid (IFB)
3.	Procurement Details: A. Contract Status: Replacement B. Bid Advertisement Date: February 29, 2024 C. Pre-Bid Conference Date: N/A D. Bid/Proposal Due Date: May 2, 2024 E. Number of Downloads of Solicitation: 21* (17 primes, 4 subcontractors) F. Number of Bids/Proposals Received: 1 G. Protest Received: No
4.	Buyer Assigned: Daisy Curaming
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	Hitachi Energy USA, Inc.
Original Period	\$19,129,838.00
First Optional Period	\$19,129,838.00
Second Optional Period	\$19,129,838.00
Less Cash Term Discount	-
Less LBPP	-
Total Evaluated Amount	\$57,389,514.00

B. Evaluation of Bid

LADWP received one bid under IFB No. 141118. Hitachi submitted the only bid but took exceptions to the terms and conditions and technical requirements of the IFB. Hitachi was brought into compliance by having them rescind the quote attachment and Hitachi's own terms and conditions. Clarifications were also made on exceptions to the technical requirements.

LADWP surveyed the vendors who downloaded the IFB but had not submitted a bid. The following two responses were received:

Vendor	Reason for Not Bidding
Fuses Unlimited	Not authorized franchise distributor for specific product/manufacture.
Young and Company	Mitsubishi was not able to bid on this due to capacity constraints at this time.
Veteran Supply	No response received.

The recommended prices have been determined fair and reasonable based on three preliminary quotes received prior to the bid advertisement. The recommended prices from Hitachi are in line with the two other quotes received, representing the current market pricing for these circuit breakers.

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
2590	Veteran Supply Services	One Year	4/13/2022	4/12/2023	\$5,000,000
842	Hitachi Energy USA, Inc.	Three Years	7/30/2018	7/29/2021	\$4,635,696
368	ABB, Inc.	Three Years	6/05/2013	6/04/2016	\$5,439,886

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
1134	4.8-kV, Assembled Capacitor Banks and Components	One Year with Two Optional Renewal Periods	5/17/2024	5/16/2027	\$6,766,500
41108	230-kV, 5000-A, 80-kA, SF6 Gas, Circuit Breakers	One Time Purchase	3/18/2024	-	\$4,115,350
1076	Energy Trading Risk Mgmt. System – Web-Based	One Year	12/01/2023	11/30/2024	\$120,000
42911	230-kV, 5000-A, 80-kA, SF6 Gas, Circuit Breaker	One Time Purchase	9/20/2022	-	\$1,386,053
44366	570-kV Dead Tank Circuit Breakers for Various Stations	One Time Purchase	8/22/2022	-	\$4,204,434
43887	Reactor, Shunt, Switching Device, 245-kV	One Time Purchase	2/07/2022	-	\$131,000
2278	4.8-kV, Assembled Capacitor Banks and Components	One Year with Two Optional Renewal Periods	4/27/2021	4/26/2024	\$2,938,504
842	138-kV and 230-kV, SF6 Gas, Circuit Breakers for Various Substations	Three Years	7/30/2018	7/29/2021	\$4,635,696

D. Local Business Preference Program (LBPP)

The 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 following outreach efforts were taken:

- The IFB/Request for Proposal was posted on the LADWP website and the City of Los Angeles Business Assistance Virtual Network 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.