

MEETING DATE: December 9, 2002

SUBJECT: Procurement Authorization - Rebuild And Overhaul Of Transformers

RECOMMENDATION

It is recommended that the Commission approve the award of contract and the issuance of a purchase order to Primary Power Technical Services Ltd., for the rebuild and overhaul of transformers in the upset limit amount of \$600,000.00 for a two year period commencing January 2003, on the basis of the lowest priced acceptable proposal.

FUNDING

Sufficient funds have been included under Project 2.1 - Electrical Systems, Traction Power (Work Order #7633 - Replace Obsolete Rectifier Transformers), Project 2.2 (Work Order #7834 - Replace/Rebuild A.C. Transformers) of the 2003-2007 Capital Program. The Signals/Electrical/Communications Department - Electrical Substations Section have funds included in their 2003 Operating Budget and will include funds as required in their subsequent Operating Budget submission.

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BACKGROUND

The Commission operates 51 Traction Power Substations that supply and distribute DC traction and AC power. Each substation contains AC distribution and rectifier transformers, which are used to "step down" high incoming AC voltages for the supply of downstream equipment. Approximately 350 transformers have been in service 20 years and require minor and major overhaul and timely repairs.

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DISCUSSION

The work generally includes overhauling and rebuilding of large transformers on an "as required" basis. This includes rigging, craning, transportation to and from the repair facility and the diagnostic testing of transformer insulating oil, internal connections and windings, insulation testing and final on-site testing and commissioning of the unit.

The base term of the contract is for two years with a Specified Option for a third year. The Request for Proposal stated that unit prices submitted for the Specified Option would remain valid for acceptance for the duration of the contract and if recommended in the future would be subject to separate approval. The contract will be administered on a unit price/Work Assignment Release basis.

Specifications and drawings were prepared for the contract and unit prices requested for evaluation purposes, based on a transformer at Indian Grove Substation. A Request for Proposals was posted on M&P's Web site on September 24, 2002. Nine companies requested copies of the proposal documents of which five submitted proposals and are summarized on the attached Appendix "A".

The Proposal Documents stated that only proponents with previous rectifier transformer rebuilding experience, who could show evidence of their work experience, would be evaluated and considered. Staff have reviewed the relative information submitted and consider that Hydro One and Primary Power Technical Services Ltd. are the only companies that demonstrated the experience to perform the work.

Ainsworth Inc. (Ainsworth) submitted the lowest priced proposal but stated a number of technical and commercial qualifications and exceptions, including an exception to accepting responsibility for damage resulting from handling or modification, which were reviewed by staff and are considered unacceptable. Also Ainsworth did not provide adequate evidence to demonstrate that they have rectifier transformer overhaul experience in their submission. Their proposal is considered unacceptable and was not evaluated further.

Primary Power Technical services Ltd. (Primary Power) submitted the second lowest priced proposal. Primary Power did not include a unit price for one item, clarifying that it can only be priced after untanking. This issue was reviewed by staff and considered acceptable due to the fact that the unit price in question is for the repair or modification of an inner element, which can only be seen after untanking, and is unique to each transformer and the technical details of which were not included within the Proposal Documents. Primary Power also stated the exception that the price included for mineral oil is subject to adjustment based on the cost of mineral oil at the time of delivery. The exception was reviewed and considered to be acceptable in the light of the market conditions in relation to oil prices. Their proposal is therefore considered acceptable. Primary Power has previously supplied and replaced traction power rectifier transformers for the TTC and their work has been satisfactory.

Hydro One Network Services Inc. (Hydro One) submitted the third lowest priced proposal and stated numerous commercial and technical exceptions to the general conditions, supplementary conditions and different sections of the specifications, which upon review by staff are considered unacceptable. In addition, Hydro One did not include unit prices but gave total figures only for years one and two and did not include any pricing for the Specified Option of year 3. Their proposal is therefore considered commercially non-compliant and unacceptable.

The State Group Industrial Ltd. (The State Group) submitted the fourth lowest priced proposal, and stated exceptions and qualifications identical to those stated by Ainsworth, which are considered unacceptable. Also, The State Group did not provide adequate evidence to demonstrate that they have rectifier transformer overhaul experience,

therefore their proposal is considered commercially non-compliant and unacceptable and was not evaluated further.

Black and McDonald Ltd. submitted the highest priced proposal and included one qualification stating that the supply of mineral oil is based on a 750 gal. maximum capacity tank. Their qualification is considered acceptable. However, Black and McDonald Ltd. also did not provide adequate evidence to demonstrate that they have rectifier transformer overhaul experience, therefore their proposal is considered unacceptable and was not evaluated further.

JUSTIFICATION

Transformers are a critical component of the Toronto Transit Commission's DC traction power and AC power distribution systems. Transformers must be maintained and overhauled prior to their failure in order to maintain reliable power sources and reduce costly emergency repairs.

November 27, 2002

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Attachment: Appendix "A"

APPENDIX "A"

REBUILD AND OVERHAUL OF TRANSFORMERS

PROPOSALS RECEIVED

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Company	Total Evaluated Price
Ainsworth Inc.	\$140,919.00
Primary Power Technical Services Ltd.	\$173,915.00
Hydro One Network Services Inc.	\$196,930.00
The State Group Industrial Ltd.	\$218,111.00
Black and McDonald Ltd.	\$258,664.00

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