



Memorandum

September 8, 2010

To: Jim Dinley, Municipal Administrator
 From: Christopher Brewton, Utility Director - Electric Department
 Subject: Electric Line Construction – Chatham Electric Inc.

Request

In accordance with SGC 3.16.060(I), this is to request Assembly approval of a time and equipment contract, not to exceed \$300,000, for line construction work.

Purpose:

Chatham Electric will be mobilizing an underground line crew and equipment to Sitka for other work and at the conclusion of that project will be available to supplement our line crew for construction projects. There are several planned line construction projects that will require specialized equipment and additional line crew to complete. Chatham Electric has the required equipment and qualified line crew to assist in completing these jobs with most of the equipment already in town. The most critical are the Blue Lake Ring Buss and HPR line upgrade project.

The Blue Lake Ring 69kV Ring Buss project will allow Blue Lake Hydro and Green Lake Hydro to be independently switched out of service to allow required switchyard maintenance. Presently, all maintenance must be performed by taking a system wide outage, which is unacceptable for normal maintenance procedures. This work will enable the Electric Department to upgrade Blue Lake Substation for the Blue Lake Expansion Project.

Due to increasing system load along Halibut Point Road, the existing conductors are under-sized for anticipated winter loading. There is a significant risk of conductor overloading and resulting conductor failure. In addition, 39 poles along HPR have been identified as requiring replacement, of which several are approaching 50 years old and are exceeding normal service life.

Funding:

At present, we have three approved capital projects that will require additional assistance from outside line contractors for our department to complete the work. These include the following:

<u>Project Name:</u>	<u>Project Number:</u>	<u>Available Funding:</u>
Blue Lake 69kV Ring Buss	90626	\$630,934
Feeder Improvements	80003	\$186,577
HPR to Kramer Line Riser	90645	\$920,000

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It is our intent to utilize a time and equipment based contract to assist our crew in completing as much of this work as possible prior to the conclusion of the summer construction season. All required materials and supplies will be provided by the Electric Department.

Utilizing the Chatham Electric line crew that will be in town in conjunction with our department line crew will provide the capability to finish the most critical line work at a reasonable cost. The current rate sheet is attached, and includes a reduced mobilization charge to bring in the additional crew and overhead equipment required for our projects. Work accomplished by Chatham Electric will be charged to the appropriate capital account.

Recommendation:

Recommend the Assembly approve a Purchase Order for a time and equipment contract, not to exceed \$300,000, to Chatham Electric Inc. to supplement the Electric Department line crew for work on critical distribution and transmission line projects and to authorize the Municipal Administrator to execute a Purchase Order on behalf of the Assembly.

Cc: Dave Wolff, Finance Director