



Moody/Via

RESOLUTION NO. 6617

WHEREAS, Cass County Station Unit 1 (“CC1”) and Cass County Station Unit 2 (“CC2”) were inspected and found to have damage to the exhaust stack silencer panels and need repair/redesign to enable the units to remain operable and available to ensure a reliable and resilient supply of electricity; and

WHEREAS, the District’s Engineer has certified that the installation and repair/redesign work to be performed is technically complex and must be properly designed to ensure there are no adverse consequences with the operation of the units; and

WHEREAS, a negotiated contract provides the proper mechanism to develop terms and conditions with acceptable risk mitigation and maintains the viability of the major redesign suppliers throughout the contracting process, and therefore a negotiated contract is in the best interest of the District; and

WHEREAS, pursuant to Nebraska Revised Statute Section 70-637 (as amended), and upon approval of the Engineer’s Certification by the Board of Directors, the District may negotiate and enter into a contract or contracts related to such project without sealed bidding.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Omaha Public Power District that:

1. The Engineer’s Certification requesting that the Board waive the sealed bid requirements, in accordance with Nebraska Revised Statutes Sections 70-637 through 70-641, is hereby approved.
2. Management is hereby authorized and directed to negotiate and enter into the necessary contract or contracts for the repair/redesign and installation of new exhaust stack silencer panels for Cass County Station Units 1 and 2, subject to review and approval of the final contract(s) by the District’s General Counsel.
3. The notice required by Nebraska Revised Statutes Section 70-637 shall be published in the Omaha World Herald, or other similar newspaper of general circulation.



DATE: December 1, 2023

UO-2023-27

FROM: S.A. Eidem

TO: T.R. Via

SUBJECT: Cass County Station Units 1 and 2 exhaust stack silencer panels replacement material and services

1.0 GENERAL

In November 2023, Cass County Station Unit 1 (CC1) and Unit 2 (CC2) exhaust stack silencer panels were inspected and determined to have degradation from thermal cycling. Industry experience indicates this type of damage may lead to metal ejection during unit operation, posing a safety risk to personnel and equipment. Temporary repairs are planned to be performed on both CC1 and CC2 to mitigate this risk and provide short term availability in the Southwest Power Pool market until permanent repairs can be implemented. The exhaust stack silencer panels for both CC1 and CC2 need to be replaced to ensure reliable operation, resilient grid support, and continued accredited capacity for the OPPD generation portfolio long term.

OPPD does not have the original exhaust stack design documents and the intellectual property owner has chosen to withhold the original design documents due to proprietary considerations. The exhaust stack silencer panels are unique and will require detailed structural and mechanical re-design to ensure there are no adverse consequences with the operation of the units.

Compliance with the sealed bidding requirements of the Nebraska Statutes is impractical and not in the public interest. Contract negotiations will allow potential qualified contractors more time to develop a detailed work plan, reduce risk by having a better understanding of the project scope, maintain the overall project schedule, and preserve a competitive bid environment by reducing the chance bidders submit non-compliant bids. Negotiations will provide OPPD a better understanding and comparison of the complex bid offerings, including performance guarantees.

Therefore, it is in the public's interest to forgo the sealed bidding process. Competitive bids will be sought through a publicly available Request for Proposal (RFP) and detailed negotiation process with the capable bidders. The contract will be awarded to the contractor with the lowest and best evaluated bid.

2.0 RECOMMENDATION

An Engineer's Certification of the above has been prepared. Approval of that Certification is recommended. We request the Board of Directors approve the Engineer's Certification and to authorize management to negotiate and enter into contract(s) to redesign, procure,

T.R. Via
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December 1, 2023

and install replacement exhaust stack silencer panels for Cass County Station Units 1 and 2.



S.A. Eidem, P.E.

Director, Engineering Services

Utility Operations

ENGINEER'S CERTIFICATION

The Omaha Public Power District (OPPD) intends to enter into a contract(s) to redesign and install new exhaust stack silencer panels for Cass County Station Units 1 and 2 due to degradation from thermal cycling. Temporary repairs will allow both units to remain operable and available to provide accredited capacity within the Southwest Power Pool integrated market. However, a permanent fix will be needed within 12 months to maintain operability.

A third-party vendor specializing in exhaust stack repairs, has been consulted and a redesign of the exhaust stack silencer panels is recommended. The redesign may be done by the original equipment manufacturer (OEM) or a third party. However, the original exhaust stack design drawings are considered proprietary and are not available to OPPD, making the redesign technologically complex in nature.

Cass County Station Unit 1 was inspected on November 14, 2023, and severe damage was found in the exhaust stack silencer panels that could lead to a major failure. Unit 2 was also inspected, and similar damage was found. Both units are currently offline for routine inspection and until temporary repairs can be made. For these and other reasons, as explained and certified in this Engineer's Certificate, OPPD Management seeks approval from the Board of Directors to enter the necessary contract(s) for this project, without using the statutory sealed bid process.

The undersigned, a Nebraska professional engineer employed by OPPD, certifies that compliance with the sealed bidding requirements of Nebraska statutes, Neb. Rev. Stat. 70-637 to 70-641, is impractical and not in the public's interest for the following reasons:

- The exhaust stack silencer panels and associated internal components are technologically complex and must be properly designed to ensure there are no adverse consequences with the operation of the unit.
- A negotiated contract provides the proper mechanism to develop terms and conditions with acceptable risk mitigation and maintains the viability of the major redesign suppliers throughout the contracting process.

Pursuant to Section 70-637 of the Nebraska Revised Statutes, as amended, the Board of Directors is requested to approve this Engineer's Certificate and authorize Management to negotiate and enter into contract(s) to redesign, procure, fabricate, and install new exhaust stack silencer panels at Cass County Station Units 1 and 2 without compliance with Sections 70-637 to 74-641 of the Nebraska Revised Statutes.

I, David G. Turner Jr., (registered Professional Engineer in the State of Nebraska), certify the above to be true and correct to the best of my knowledge and belief.



David G. Turner, Jr, P.E.

12-1-23
Date





Stephen M. Bruckner
ATTORNEY
402.978.5225
sbruckner@fraserstryker.com
fraserstryker.com

November 30, 2023

Omaha Public Power District
444 South 16th Street
Omaha, NE 68102

RE: Cass County Station Units 1 and 2-Exhaust Stack Silencer Panels

Ladies and Gentleman:

We have reviewed the Engineer's Certification of David G. Turner Jr., a registered professional engineer in the State of Nebraska employed by the District. Mr. Turner's Engineer's Certification states that it is necessary for the District to enter into one or more contracts to redesign, procure, fabricate, and install new exhaust stack silencer panels for Cass County Units 1 and 2. Mr. Turner states in the Certification that the exhaust stack and associated components are technologically complex and must be properly designed to ensure there are no adverse consequences with the operation of the units. He further certifies that a negotiated contract provides the proper mechanism to develop terms and conditions with acceptable risk mitigation with the available contractors.

Section 70-637 of the Nebraska Revised Statutes authorizes the District's Board of Directors, by a two-thirds vote, to approve an Engineer's Certification for technologically complex or unique projects, and to authorize the District to enter into a contract to complete the project. The District is required to advertise its intention to enter into any such contract in three (3) newspapers of general circulation within the District's service area, with not less than seven (7) days between issues. The contract cannot be entered into sooner than twenty (20) days after the last advertisement.

It is our opinion that Mr. Turner's Engineer's Certification complies with § 70-637 and is in a form that is appropriate for approval by the District's Board of Directors. Therefore, the Board of Directors may approve the Engineer's Certification and authorize Management to negotiate and enter into the necessary contract(s) to redesign, procure, fabricate, and install exhaust stack silencer panels for Cass County Station Units 1 and 2. We recommend that any such contract be subject to review and approval by the District's general counsel.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Stephen M. Bruckner', written over a light blue horizontal line.

Stephen M. Bruckner
FOR THE FIRM

SMB:nu
3104537

Fraser Stryker PC LLO

500 Energy Plaza, 409 South 17th Street, Omaha, NE 68102 — TEL: 402.341.6000 — FAX: 402.341.8290



Board Action

BOARD OF DIRECTORS

December 19, 2023

ITEM

Cass County Station Units 1 and 2 exhaust stack silencer panels replacement materials and services

PURPOSE

Provide services and materials for the redesign and installation of the replacement exhaust stack silencers for Cass County Station Units 1 and 2.


FACTS

- a. Cass County Station Units 1 and 2 were recently inspected and degradation was found in the exhaust stacks, creating challenges for safe and reliable operation.
- b. The District's engineer has certified the complex nature of the work and that use of the sealed bid process is impractical and not in the public interest.
- c. The District will solicit competitive proposals from qualified contractors for the work. A negotiated contract process will provide potential contractors time to develop a detailed work plan with optimized design, project schedule, pricing, and risk mitigation.


ACTION

Approval of the Engineer's Certification and authorization for management to negotiate and enter into a contract(s) for the redesign and installation of the replacement exhaust stack silencer panels at Cass County Station Units 1 and 2.

RECOMMENDED:

DocuSigned by:

 181187221FA24AE...
 Troy R. Via
 Vice President – Utility Operations and
 Chief Operating Officer

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:

 AC399FDCE50247E...
 L. Javier Fernandez
 President and Chief Executive Officer

SAE

Attachments: Letter of Recommendation
Engineer's Certificate
Legal Opinion
Resolution