



MUNICIPALITY OF ANCHORAGE
TRANSMITTAL FORM
 CONTRACT / CONTRACT AMENDMENT / CHANGE ORDER
 GRANT AGREEMENT / MAINTENANCE AGREEMENT
 MEMORANDUM OF AGREEMENT (MOA) OR UNDERSTANDING (MOU)

INITIATING DEPARTMENT: ML&P

DIVISION: GENERATION

Contractor / Party Name: Quanta Power Generation, Inc.
Pending Status

Purchase Order #: 20134234 (in

Contract Subject / Description (include Project# / Grant #): Engineer, Procure, & Construct (EPC) Contract for the new ML&P Plant 2A Expansion Project (Capital Project ID - M10217)

Step 1: After contracts are prepared, MAKE AT LEAST THREE ORIGINALS (purchasing, originating department, contractor) FOR TRANSMITTAL (or more depending on requirements).

Budget Unit: M3120

Date: November 12, 2013

Assembly Approval Date: Oct. 22, 2013

Documents: AM-576-2013 AR- AO- AIM-
 (Attach copies of all Assembly documents)

Step 2: Send all originals for signature in sequence to (mark any additional departments which apply):

- ☒ Division Director
- ☒ Department Director
- ☐ OMB
- ☒ Finance
- ☒ Purchasing 11/14/13
- ☒ Risk Management
- ☒ Department of Law IS HAVING CONTRACT ONLY ON CO ACCEPTABLE?
- ☒ Manager yes-DLE
- ☒ Purchasing

Initial	Date
<u>[Signature]</u>	<u>11/12/13</u>
<u>[Signature]</u>	<u>12 Nov. 13</u>
<u>[Signature]</u>	<u>11/15/13</u> <u>11/15/13</u>
<u>[Signature]</u>	<u>11/14/13</u>
<u>[Signature]</u>	<u>11/19/13</u>
<u>[Signature]</u>	<u>12/10/13</u>
<u>[Signature]</u>	<u>12/10/13</u>
<u>[Signature]</u>	<u>12-12-13</u>

Step 3: Construction contracts and amendments are completed by Purchasing and a Purchase Order is added to the document package.

Step 4a: Distribution of originals ☐ IF IT IS A STATE OR FEDERAL CONTRACT, and the Municipality is required to sign first:

- ALL COPIES are returned to the originating department and that department is responsible for returning one original to Purchasing when all parties have signed.

Step 4b: Distribution of contract originals when not a state or federal contract:

- a. Purchasing retains one original
- b. Purchasing sends one original to contractor **Hold Contractor's Copy - (to be sent by ML&P along with NTP)**
- c. All other originals, the Purchase Order and this Transmittal Form are returned to the originating department for copy distribution and administrative records filing

Department: ML&P/Power Generation

Date: November 12, 2013

Attention: Eugene Ori or Bart Mauldin

Phone: 263-5339/263-5803

NOTE: Contract Date must be entered (after signature by the Municipal Manager) to complete the Contract. Entry shall occur on Contract Cover Page and Page 1 of the Contract; Appendix I, Page 2; Exhibit S, Performance & Payment Bond.

MLP5541

Date: 12/12/17 Exh # H-134
 Regulatory Commission of Alaska
U-16-094 By: BP U-17-008
 Northern Lights Realtime & Reporting, Inc.
 (907) 337-2221



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copy
- copy of NTP to
Quanta Counsel on 12/12/2012
Purchasing Dept. on 12/12/2012

Quanta Power Generation, Inc.
5445 DTC Parkway, Suite 1200
Greenwood Village, CO. 80111

December 12, 2103

Attn: Mr. Mark Green
Sr. Project Manager

Re: Executed Contract No. **20134234** Between Quanta Power Generation, Inc. and Municipal Light & Power (enclosed); and Formal Notice to Proceed.

Dear Mr. Green,

We are pleased to be returning to you an executed copy of the Contract between Quanta Power Generation, Inc. (Quanta) and Municipal Light & Power (MLP) for the Engineer, Procurement, and Construction of the MLP Plant 2A Expansion Project.

With the transmittal of this Contract, it is also our desire to officially provide Quanta **Full Notice to Proceed** (NTP) as required under the Contract (see attached NTP). Providing NTP starts the clock and performance obligations by both parties under our agreement. The following represents the other elements affected by this notice:

- NTP issued by MLP (date as indicated on attached NTP) **December 12, 2013**
- In accordance with Article 2.1.5 of the Contract, the Guaranteed Substantial Completion Date under the Contract is: **June 12, 2016**
(This date should also be inserted within **Appendix A, Definitions**, under "**Guaranteed Substantial Completion Date**")
- In accordance with Article 2.1.6 of the Contract, Final Completion of the Project must occur no later than: **September 12, 2016**
- As a separate item, MLP acknowledges receipt and substitution of engineering firms to be provided under the Quanta project team.

As required under the Municipality of Anchorage Standard Specifications – Buildings (MASSB), Article 5.1, the Owner's Representative for this Project is Mr. Griff Rausch, Senior Construction Manager, and will be your primary contact for all official correspondence and contract inquiries on behalf of MLP. Other individuals within the MLP Project Office may be assigned to

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coordinate information, payment processing, and day-to-day statuses, but any time sensitive issues or technical contract revisions should be directed through Mr. Rausch. Following is the contact information for Mr. Rausch:

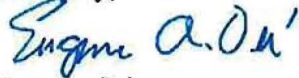
Mailing Address: Municipal Light & Power
8700 Starview Drive
Anchorage, AK 99504
Attn: Griff Rausch, Sr. Construction Manager

Contact Info: Wk Phone: (503) 863-2733
Cell Phone: (831)-901-7251
E-mail: grausch@icc-corporation.com

In closing, we look forward to working with you and the Quanta team in meeting our new generation requirements.

If you should need any further information, please feel free to contact my office or Griff Rausch directly.

Sincerely,



Eugene Ori
ML&P Generation Manager/
Plant 2A Project Manager
Ph: (907) 263-5339 wk
Ph: (907) 317-7225 cell

Cc: Owner: Plant 2A Contracts Administrator

Contractor: General Counsel
Quanta Services, Inc.
2800 Post Oak Boulevard, Suite 2600
Houston, Texas 77056

Exhibit
A to
Engineering, Procurement and Construction Contract No. 20134234

FORM OF FULL NOTICE TO PROCEED

December 12, 2013 (NTP Date)

Quanta Power Generation, Inc.
5445 DTC Parkway, Suite 1200
Greenwood Village, CO. 80111

December 12, 2103

Attn: Mr. Mark Green
Sr. Project Manager

Mr. Green:

This Full Notice to Proceed is delivered pursuant to that certain Engineering, Procurement and Construction Contract, made and entered into as of December 10, 2013 (as further amended, restated, supplemented or otherwise modified from time to time, the "Contract"), by and between the Municipality of Anchorage, d/b/a Anchorage Municipal Light & Power ("Owner"), and Quanta Power Generation, Inc., a corporation formed under the laws of the State of Delaware ("Contractor"). Capitalized terms used herein but not otherwise defined herein shall have the respective meanings set forth in the Contract.

1. Owner hereby acknowledges that each of the conditions precedent set forth in Section 2.1.4 of the Contract has been satisfied or waived.
2. Pursuant to, and in accordance with, Section 2.1.1 of the Contract, Owner hereby issues this Full Notice to Proceed to Contractor.

Very truly yours,

Anchorage Municipal Light & Power

By: Eugene Ori

Name: Eugene Ori

Title: Generation Manager

Cc: Owner: Plant 2A Contracts Administrator
Contractor: General Counsel
Quanta Services, Inc.
2800 Post Oak Boulevard, Suite 2600
Houston, Texas 77056

~~XXXXXXXXXX~~ ORDER U-16-094(4)/U-17-008(8)
MLP5544

MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

CLERK'S OFFICE

No. AM 576-2013

APPROVED

Meeting Date: October 8, 2013

Date: 10-22-13

From: Mayor

Subject: Recommendation of Award to Quanta Power Generation, Inc. to Provide Engineering, Procurement, and Construction Services to Build and Commission the New Plant 2A Power Plant Expansion Project for the Municipality of Anchorage, Municipal Light & Power (ML&P) (RFP 2013-P003) (\$200,125,169)

Award of this contract to Quanta Power Generation, Inc. (QPI) will provide ML&P with a contractor to provide full Engineering, Procurement, and Construction (EPC) services for the new Plant 2A power generation plant to be built adjacent to the existing George M. Sullivan Plant 2 located at 8670 Glenn Highway. The Project is to construct a nominal 120 megawatt (MW) electrical power generation plant utilizing two natural gas fired combustion turbine generator units that have been pre-purchased from General Electric (GE) by ML&P. The two GE LM8000 Combustion Turbine Generators (CTG) will be supplied to QPI as owner furnished equipment for the contractor to install, test, and commission within the new power plant complex. These CTG units, in conjunction with a single steam turbine generator (a two-on-one (2x1) combined cycle configuration), are the major generating components that effectively produce the electrical output rating for the 120 MW combined cycle power plant project.

Under the contract terms, QPI will provide all plant design/engineering services; procurement and installation of all plant and facilities equipment; to provide and construct all civil improvements; building and structural elements; electrical and distribution equipment; automated controls and monitoring systems; fire protection, mechanical piping, structures and steam generation equipment; and all services required for check-out, testing, commissioning and related services.

As part of this project, waste heat generated during the steam turbine cycle (in the form of hot water) will be connected via large bore piping to the Eklutna Recovery Station that is located across the street from the new power plant project. The waste heat will then be thermally transferred through a heat exchanger increasing the water temperature of the Eklutna Water Line some 10 to 20 degrees depending on the time of year. This heat transfer to the main Eklutna Water Line reduces winter freezing and maintenance costs for AWWU, and provides significant cost reductions to residential users in heating their domestic water supply.

The selection of QPI was achieved through a formal Request for Proposal (RFP) that was issued by the Municipal Purchasing Department in early January of this year. A six member evaluation team reviewed the five proposals that responded to the solicitation. Two firms were short-listed and oral interviews were conducted with

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both firms in mid July. Upon completion of the interviews, a best and final offer was presented from each firm. A final ranking was performed between the two short-listed firms and the proposal offering from QPI received the highest ranking by the evaluation committee. QPI is bringing together a well qualified team to perform the various functions required by the EPC contract, and also provided the lowest cost proposal based upon the 30 year net present value calculations.

The time schedule for completion of the contract is thirty (30) months following issuance of formal notice to proceed (estimated 2nd Quarter 2016). The contract amount for performing all requirements and obligations under the contract, including a one-year warranty on the completed plant, is \$199,835,032. In addition to this contract amount, ML&P has the option of extending the warranty period on the plant for one additional one-year period for a fixed amount of \$290,137. This option is open and available for six months following issuance of formal notice to proceed under the contract. Exercising this option will be determined after an assessment can be performed by the Owner's engineer following receipt of the engineered drawings and confirmed equipment lists from the EPC's design engineer. If the option is exercised, the final contract award amount shall not exceed \$200,125,169.

As required under AMC Title 7.20.080 A.4., ML&P is requesting change order authority be established in the amount of \$9,900,000 under the contract. This represents approximately 4.9 percent of the total contract value and will only be utilized if unforeseen site conditions or other owner required changes are necessitated during construction of the project.

Separately, but incidental to this award, the RFP provided for a stipend to be paid to the unsuccessful proposer participating in the conduct of oral interviews with the evaluation committee. Conditions for payment of the stipend required:

- a. The unsuccessful proposer to fully participate in providing supplemental information as requested by the evaluation committee and to fully participate in the conduct of oral interviews;
- b. A final contract award to be approved and executed with a successful proposer resulting from the RFP; and
- c. The unsuccessful proposer has not filed a protest, suit for damages or injunction related to the proposal process or construction of the power plant project, or commenced any other administrative or legal action which may have as a direct or indirect consequence challenging or delaying award of the contract for construction of the power plant project.

The single participating proposer eligible for this stipend payment is Haskell Davis JV. The stipulated amount of the stipend payment is \$100,000 and will be payable upon award approval of this Assembly Memorandum and subsequent execution of the contract with Quanta Power Generation, Inc.

Based upon the above information and attached Department Memorandum, it is recommended that award for the Engineering, Procurement, and Construction of the New Plant 2A Power Plant Expansion Project for Municipal Light & Power be awarded to Quanta Power Generation, Inc. in the total amount not to exceed

1 \$200,125,169. Additionally, it is recommended that approval for payment of the
2 stipend to HaskellDavis JV be approved in the amount of \$100,000.

3
4 Prepared by: Ronald S. Hadden, Purchasing Officer

5
6 Fund Concurrence: Lucinda Mahoney, CFO
7 531-M3120-1071-M10217-BP2013 - \$200,125,169
8 (2013 Capital)
9 531-M3120-1071-M10217-BP2013 - \$100,000
10 (2013 Capital)

11
12 Concur: George J. Vakalis, Municipal Manager

13
14 Respectfully submitted: Daniel A. Sullivan, Mayor



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MUNICIPAL
LIGHT & POWER

Date: September 23, 2013

To: Ron Hadden Purchasing Officer

Thru: James M. Posey General Manager, ML&P

From: Eugene Ori Acting Generation Manager, ML&P

Subj: Recommendation of Award to Quanta Power Generation, Inc to Provide Engineering, Procurement, and Construction (EPC) Services to Build and Commission the New Plant 2A Power Plant Expansion Project for Municipal Light & Power (ML&P), Request for Proposal No. (RFP) 2013-P003, \$200,125,169.

The subject RFP was issued on January 9, 2013 for the design, procurement, supply, erection, check-out, testing and commissioning of a nominal 120 Mega-Watt (MW) combined cycle power generation plant adjacent to ML&P's existing George M. Sullivan Plant 2 located at 8670 Glenn Highway. This is a "turnkey" project requiring the Contractor to provide all plant design/engineering services; procurement and installation of all plant and facilities equipment; to provide and construct all civil improvements, building and structural elements, electrical and distribution equipment, automated controls and monitoring systems, fire protection, mechanical piping, structures and steam generation equipment; and all services required for check-out, testing, commissioning and related services. Additionally, through a separate purchase agreement, ML&P is providing two (2) General Electric LM6000 Combustion Turbine Generation (CTG) units to the Contractor as owner furnished equipment. The CTG units were approved and pre-purchased by ML&P last year in order to secure advanced production/manufacturing of the CTG units, and to enable the follow-on design and engineering of the remaining plant and infrastructure by the selected EPC Contractor (Quanta Power Generation).

Background: ML&P is currently operating an aging and inefficient fleet of gas turbine units to meet its electrical generation requirements. To address the most economical way to repower the utility's electrical generation fleet, an Integrated Resource Plan (IRP) was completed and approved by ML&P's Board of Directors in 2009. An update to this plan was subsequently reviewed and confirmed by ML&P's Commission in August of 2012. The IRP evaluated a broad range of repowering options and recommended an approach to repowering and updating ML&P's thermo generation capabilities with efficient and highly reliable aeroderivative CTG units. To implement the IRP recommendations, ML&P will procure and build a new facility at its existing Plant 2 that will house two aeroderivative CTG units. These new units will provide

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highly efficient power while consuming nearly 30% less natural gas. Exhaust emissions (in the form of Nitrogen Oxide (NOx) and Carbon Monoxide (CO)) will be reduced by 97% and 80% respectively, as the new units will be equipped with industry leading combustion dry low-emission (DLE) systems. Providing new generation will also reduce operating and maintenance costs that have been steadily increasing due to the age of ML&P's existing units.

The new plant will have a rated output capacity of approximately 120 megawatts in combined cycle operation (i.e. equipped with a waste heat steam turbine generator for additional electrical output).

Upon completion, the new plant, along with its 54 MW share of the new South Central Power Project, will replace ML&P's current base load electrical generation requirements. Existing units at Plant 1 and ML&P's share in Eklutna and Bradley Lake hydro projects will supplement electrical load swings during the day and will provide for the increased load requirements that occur during the winter months. The current base load units at Plant 2 (Units 5, 6 & 7) will be kept in standby to provide power during scheduled and unscheduled maintenance of the new plant, trips that may occur on the grid, and to maintain dual fuel capabilities (natural gas and diesel) in case of an emergency or any disruption of natural gas deliveries.

Additional Requirements: The new plant will also provide waste heat recovery at AWWU's Energy Recovery Station which is located across the street from the new Plant 2A site. Waste heat generated by ML&P will be thermally transferred through a heat exchanger increasing the water temperature of the Eklutna Water Line some 10 to 20 degrees depending on the time of year. This heat transfer to the AWWU water system reduces winter freezing and maintenance costs for the Utility, and provides significant cost reductions to residential users in heating their domestic water supply.

RFP Requirements: The subject RFP was advertised and issued by the Municipal Purchasing Department in early January of this year for the new Plant 2A generation facility. The RFP was structured to allow either fully integrated EPC contractors or joint venture entities to respond to the RFP requirements. The RFP and evaluation criteria looked at the individual qualifications and experience of the design/engineering team; the proposed construction firm; key project personnel and technical support; the Proposer's project execution plan; project and business considerations; compliance with technical and commercial contract requirements; and an evaluated cost proposal submission. The cost proposal was evaluated utilizing a 30 year net present value cost per MW of electricity produced. The formula is based upon the fully loaded construction cost, fuel consumption, and the Proposer's guarantee for net electrical output of the plant upon completion.

Five (5) qualified firms responded to the RFP solicitation on April 30, 2013. In July, the two top ranked firms were invited to oral interviews with the evaluation committee for further discussion and details of their individual proposals. Both firms were provided equal time and opportunity to openly review and discuss their proposed offering. Upon conclusion of oral interviews, both firms subsequently provided their best and final offer.

As detailed in the RFP, the evaluation committee re-ranked the two best and final proposal offerings utilizing the criteria as published in the original RFP. The proposal offering from Quanta Power Generation received the highest ranking by the evaluation committee. Quanta

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Power Generation is bringing together a well qualified team to perform the various functions required by the EPC contract, and also provided the lowest cost based upon the 30 year net present value calculations.

As the top ranked proposer, ML&P entered into contract negotiations with Quanta Power Generation and successfully concluded conforming contract documents, terms and conditions, and other contractual deliverables of mutual interest to the parties. The time for completion of the contract is thirty (30) months following issuance of formal notice to proceed. The final amount for performing all requirements and obligations under the contract, including a one-year warranty on the completed plant, is \$199,835,032. In addition to this contract amount, ML&P has the option of extending the warranty period on the plant for one additional one-year period for a fixed amount of \$290,137. This option is open and available for six (6) months following issuance of formal notice to proceed under the contract. Exercising this option will be determined after an assessment can be performed by the Owner's Engineer following receipt of the engineered drawings and confirmed equipment lists from the EPC's design engineer. If the option is exercised, the final contract award amount shall not exceed \$200,125,169.

As required under AMC Title 7.20.080 A.4., ML&P is requesting that change order authority be established in the amount of \$9,900,000. under the contract. This represents approximately 4.9 percent of the total contract value and will only be utilized if unforeseen site conditions or other owner required changes are necessitated during construction of the project.

Recommendation: Based upon the above information, award for the Engineering, Procurement, and Construction of the New Plant 2A Power Plant Expansion Project for Municipal Light & Power is recommended to **Quanta Power Generation, Inc.** in the total amount not to exceed **\$200,125,169.**

Funds are available in PSFIS

531-M3120-1071-M10217-BP2013 Not to Exceed - **\$200,125,169**
(2013 Capital)

 9.23-13

Richard E. Miller, Chief Financial Officer &
Assistant General Manager