

## Legislation Text

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File #: 2018-908, Version: 1

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### Authorization to Pay DTE for Emergency On-site Generator Usage

Agenda of: September 26, 2018

Item No.: **2018-908**

Amount: \$2,138,326.28

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

**FROM:** Sue F. McCormick  
Chief Executive Officer  
Great Lakes Water Authority

**DATE:** September 18, 2018

**RE: Authorization to Pay DTE for Emergency On-site Generator Usage**

### MOTION

Upon recommendation of Suzanne Coffey, Chief Planning Officer/ Interim Chief Operating Officer - Wastewater Operations and William M. Wolfson, Chief Administrative and Compliance Officer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA) **authorizes and ratifies payment to DTE in the amount of Two Million, One Hundred Thirty-eight Thousand, Three Hundred Twenty-six and 28/100 Dollars (\$2,138,326.28) for emergency on-site generator usage** ; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

### BACKGROUND

GLWA's National Pollutant Discharge Elimination System (NPDES) Permit requires it to maintain a redundant power feed at its Water Resource Recovery Facility (WRRF).

During the summer of 2017, a feed from DTE's Maxwell Substation to the WRRF failed. When the Maxwell feed from DTE failed, an emergency situation occurred. To address this situation, DTE provided GLWA with on-site generators so that GLWA would remain fully in compliance with its

NPDES permit. The Board was advised of this emergency.

When DTE completed the repairs to its line supplying power to the WRRF and GLWA powered up its electrical system at WRRF, GLWA had a transformer failure. When the transformer could not be immediately repaired to maintain the redundant electrical service required under its NPDES Permit, GLWA requested that DTE keep the generators in place until it completed the necessary system repairs. The generators remained on site for approximately 3 additional months while these repairs were completed.

The total cost for the generators was \$4,276,652.26. (See attached spreadsheet.) However, under the circumstances DTE has agreed to compromise the amount due to \$2,138,326.28 (See attached DTE invoice.)

### **JUSTIFICATION**

DTE has agreed to reduce the amount of its original invoice for the generators by 50%. Under the circumstances, this compromise is a reasonable business accommodation as illustrated below:

1) Although the Michigan Department of Environmental Quality (MDEQ) requires GLWA to maintain a redundant power feed at the WRRF as a part of its NPDES Permit, the electrical tariffs approved by the Michigan Public Services Commission (MPSC) under which GLWA is served allow DTE to charge GLWA (as with other similarly situated customers) for providing redundant connections and service.

2) While there remain questions regarding the cause of the GLWA generator's failure (it worked prior to DTE's Maxwell substation power failure and powered down without incident), GLWA's inability to successfully restart the transformer after DTE restored the second electrical feed to the WRRF extended the duration of time in which the generators were required to remain at the WRRF.

### **FINANCIAL PLAN IMPACT**

**Summary:** Although an emergency procurement, the expense of the emergency generator rentals is within the FY 2018 budget. A budget amendment was processed in FY 2018 for this cost moving budget from other Water Resource Recovery Facility processing areas.

**Funding Source:** Operations & Maintenance (O&M) Budget.

**Cost Center:** Wastewater Operations.....Sewage Disposal Cost Center 892221

**Expense Type:** Contractual Operating Services (5960-892221.000-617900-SD9020)

**Estimated Cost by Year and Related Forecasted Variance:** This cost was fully recognized in FY 2018.

**COMMITTEE REVIEW**

This emergency procurement was most recently discussed with the Operations and Resources Committee. The Committee agreed that this matter could be presented to the full GLWA Board.

**SHARED SERVICES IMPACT**

This item does not impact the shared services agreement between GLWA and DWSD.