

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

# Rock Island Powerhouse 2: Generating Unit Rehabilitation Project



CHELAN COUNTY

Board of Commissioners Update  
John Sagerser, RI PH2 PD Manager - Presenting  
June 17, 2024

# Why We're Here Today

- Information on future resolution(s):
  - Guaranteed Maximum Price (GMP) Amendment No. 4 for second unit rehabilitation - \$75.9M
  - Not-to-exceed contract amount increases to \$204.5M

***NO ACTION REQUESTED TODAY***

# Background



- July 2020 – Executed Design Build Agreement (DBA), began Preconstruction
- May 2021 – Executed Extended Correction Period (ECP) and long lead GMP
- July 2021 – Executed first unit GMP
- January 2023 – Began first unit rehab outage
- April 2023 – Executed long lead GMP for second unit



# Nature of the Work

- First in a generation
- Limited industry experience



# Phases of the Work

- Design
- Manufacturing
- Disassembly
- Refurbishment
- Reassembly
- Commissioning





# Unit U5 Progress

- Disassembly completed
- Refurbishment in process
- Reassembly begins in Q3
- Commissioning



# Lessons Learned



- Tooling
- Engineering
- Labor
- Shop availability
- Contingency planning



# Impacts to Second Unit



- GMP of \$75.9M
  - Higher allowances and contingencies
  - Similar cost to first unit
- Increased Work Scope
  - New components
  - Refurbishment like first unit
- 17.5 Month Outage Duration
  - Duration originally estimated for first unit
  - Less float than first unit



# Continuous Learning

- Refurbishment, reassembly, and commissioning phases remain on first unit
- Testing of new generator stator
- Operation of air-filled hub
- Other unknowns TBD



# Program Costs

- U1-U8 (Common) - \$15.6M
- Extended Correction Period (ECP),  
Preconstruction, Etc. - \$21.5M
- Unit U5 (first unit) - \$112.0M
- Unit U7 (second unit) - \$105.7M
- Subsequent units - TBD

# Finance

- Higher cost uncertainty and forecasts
- Increases long term cost of production
- Positive project Net Present Value (NPV)
- Strong PUD financial position
- Value of energy and capacity has increased



# Next steps

- Authorization to Execute GMP No. 4 in Q3 2024
  - Second unit rehabilitation - \$75.9M
  - 17.5 month duration
  - Outage start after first unit commissioning
  - Not-to-exceed contract amount increases to \$204.5M
  - Budget revision to Unit U7 capital project



