

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Central Power Plant  
13,200 Volt Switchgear Upgrade

Action Requested: Approval to Proceed with Project

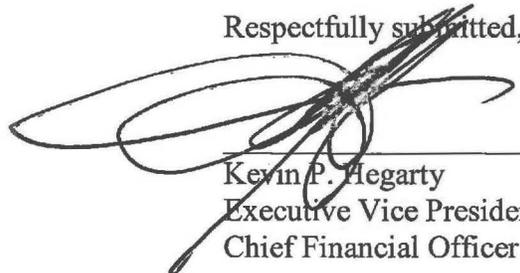
Background:

The Central Power Plant is a highly efficient natural gas co-generation facility providing heat and electrical power to most central and medical campus buildings. The co-generation system provides steam for heating buildings and to generate electricity. The electricity is generated from steam that otherwise would be wasted, resulting in an overall efficiency of 80 percent compared with purchased electricity from a regional power plant and on-site boilers for heat that would operate at a combined efficiency of approximately 50 percent. The existing 13,200 volt electrical switchgear equipment is on average 40 years old and at or beyond its predicted useful life. This project will replace the switchgear components with an integrated ring system utilizing the latest technology, increasing reliability and system safety and improving worker safety. A power preservation system will benefit critical hospital and research operations with the capability to maintain generated electric and steam supply during a disruption or loss of external utility provided electricity. The scope of this project includes the architectural, electrical, and mechanical work necessary to accomplish these improvements. There will be no impact on parking from this project.

The estimated cost of the project is \$23,000,000. Funding will be provided from Utility resources in accordance with the long-term capital plan. The construction cash flow may be provided, all or in part, by bond proceeds or increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Board of Regents. The architectural firm of Black & Veatch will design the project. The project is expected to provide an average of 53 on-site construction jobs. Construction is scheduled to be completed in the winter of 2019.

We recommend that the Board of Regents approve the Central Power Plant 13,200 Volt Switchgear Upgrade project as described, and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,



Kevin P. Hegarty  
Executive Vice President and  
Chief Financial Officer