

Exhibit to Agenda Item #2

Authorize the Chief Executive Officer and General Manager to award a contract to **Novinium, Inc.** for Cable Injection Services for a period from January 24, 2022, to December 31, 2022, with an optional one-year extension for an amount not-to-exceed \$2.35 million.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, January 18, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Why cable injection

- Cable injection is a proactive rejuvenation process in which successfully injected cable may have its useful life extended for up to an additional 25 years.
- After 15 years of injection, 91% of the successfully injected cable has not sustained a failure, which allows for deferral of replacement of those segments.



Contract scope

- Inject approximately 200,000 cable feet over 2 years (2022-2023)
 - \$ 2.4M
- Work generally includes:
 - Performing cable testing
 - Analysis
 - Preparation
 - Silicone injection
 - Warranty of injected cable segments



Cost considerations

- SMUD began injecting cable in 2002
- To date, SMUD has injected over 1.5M ft (280 miles) of light wire cable with a failure rate of approximately 9%
- Cable injection is about ¼ of the cost of cable replacement



Disadvantages

- Some cable sections cannot be injected due to deteriorated concentric neutral or a splice blocking the flow of injection
- 38% of circuits identify as injection candidates are unsuccessful and require future cable replacement
- Not a permanent alternative to cable replacement



Sole Source Justification

- In 2012 SMUD went to market for this category of work.
 - SMUD received bids from two suppliers: **UtilX** and **Novinium**.
- Novinium has acquired UtilX and effectively removed the only other supplier in this market.
- The materials and processes required to successfully complete this scope of work are proprietary and based on patented technology owned solely by Novinium.
- Every Cable Injection project we have identified across the country has utilized the proprietary technology and processes owned by Novinium.
- Request to award \$2.4M to Novinium as a Sole Source Procurement.