

Exhibit to Agenda Item #1

Approve Contract Change No. 1 to Contract No. 4500140795 with **Mars Transformers, LLC** to increase the contract not-to-exceed amount for power transformers by \$5 million, from \$1,847,848 to \$6,847,848 plus applicable sales tax.

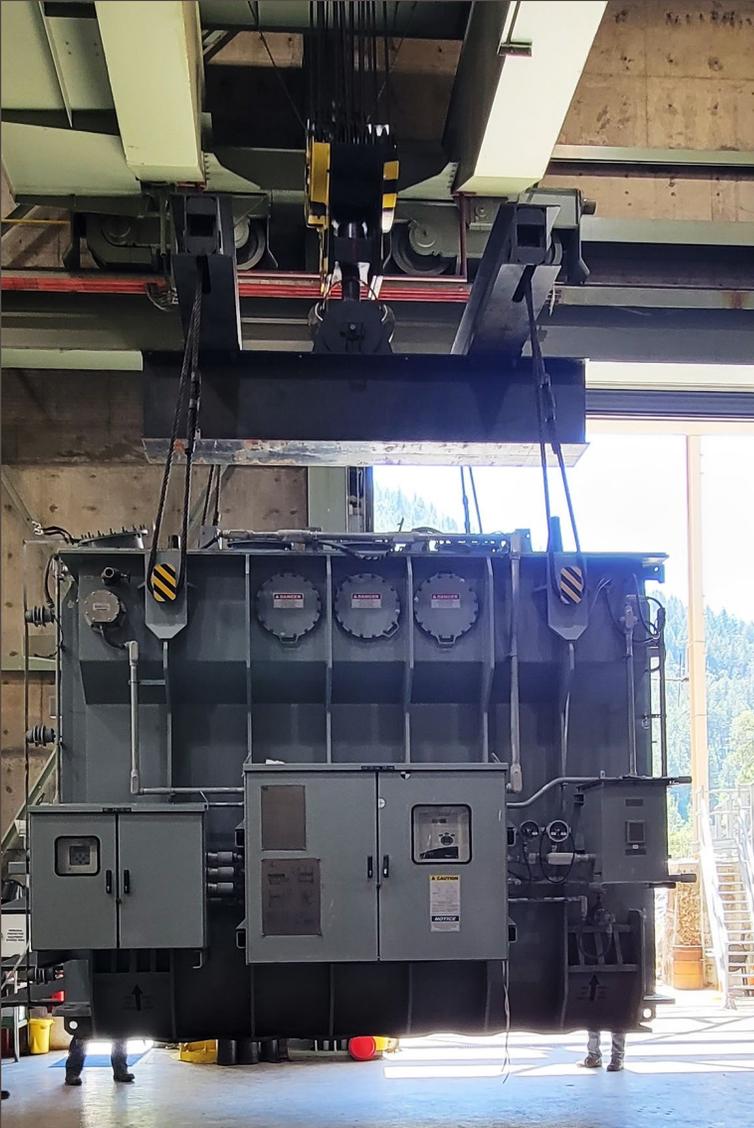
Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, October 17, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Camino Powerhouse Background

- Hydro generation facility capacity is 156MW
- The Powerhouse has two transformer units, Camino 1 & 2
- Camino 1 unit failed in May 2023
- Expected \$1 million per month future revenue loss from undersized transformer (75MVA temporary vs. 100MVA)
- If approved, the action request will serve to procure a second right sized unit





Large power transformers

Procurement strategy

- Transformer lead time in open market is two-three years
- August 2023, a 75MVA 230kV transformer sourced from Mars: delivery November 2023
- 75MVA unit for temporary use (will become a spare) to replace a failed unit; permanent unit requires a 100MVA transformer
- Finalizing the terms and conditions for the 100MVA transformers from Mars

Mars Transformers, LLC

Company information

- Mars Transformers, LLC is a veteran owned and operated company
- Providing innovative services and equipment solutions to the energy industry worldwide
- Mars' facility, inventory, and partnerships allow for swift collaboration, rapid turnaround times, and competitive pricing
- Headquartered in Houston, TX near the Port of Houston and BNSF Railways
- Efficient, single-source solution for the supply, delivery, assembly, and testing of large power transformers

