

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Approved by the Regents

April 17, 2008

Subject: Central Power Plant
2.4kV Switchgear Upgrade

Action Requested: Approval of Revised Budget

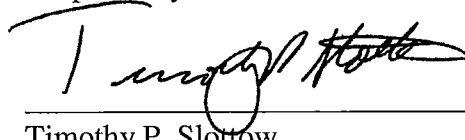
Background:

At the December 2007 meeting, the Regents approved the Central Power Plant 2.4kV Switchgear Upgrade project and awarding construction contracts provided that bids were within the approved budget. The project will replace the existing switchgear that had exceeded its useful service life with new equipment that incorporates the latest technological and safety features. Prior to the December 2007 action request, an independent cost estimator was hired by the engineering firm that designed the project and the University. Bids to perform the work were received from five companies. Unfortunately, the bids received exceeded the cost estimate, with nearly half of the additional cost due to equipment pricing.

We are seeking approval to revise the project budget from \$2,250,000 to \$2,550,000. Funding will be provided from Utility resources. The construction cash flow may be provided, all or in part, by increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Regents. The engineering firm of CDA Associates will design the project. A phased construction schedule is planned to ensure uninterrupted power plant operation, with construction scheduled to be completed in Summer 2009.

We recommend that the Regents approve the revised budget for the Central Power Plant 2.4kV Switchgear Upgrade project.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

April 2008