

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the Regents

June 16, 2006

ACTION REQUEST

Subject: Central Power Plant  
Replacement Steam Turbine

Action  
Requested: Approval to Proceed with Project


Background:

The Central Power Plant (CPP) provides electrical power to the Central and Medical campus through purchased electricity and on-site generation of electricity. Steam is produced in the CPP boilers and routed through steam turbines connected to electric generators. This co-generation allows for a very efficient operation and the University received an award from the United States Environmental Protection Agency in 2002 recognizing the efficient operation of the CPP. Steam turbines have a normal life expectancy of thirty years with regular five-year major maintenance overhaul and minor yearly maintenance. At the February 2005 meeting, the Regents approved a project to replace two of the three steam turbines with updated turbines that will operate more efficiently. We now propose to replace the third turbine that will be nearly thirty years old at replacement. The three new steam turbines are estimated to reduce purchased energy by \$900,000 per year and reduce carbon dioxide emissions by 1,200 tons per year. There will be no impact on parking from this project.

The estimated cost of the project is \$2,000,000. 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 University of Michigan Department of Architecture, Engineering and Construction will design the project. Construction is scheduled to be completed in Fall 2009.

We recommend that the Regents approve the Central Power Plant Replacement Steam Turbine project as described, and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

June 2006