

Jim Huncovsky (left) and Dave Valer discuss surplus items for sale.



Dealing with surplus material in cost-effective ways

By Julie Slag

How you end a project is just as important as how you begin it. The truth of this statement can be seen in the collaborative efforts under way to dispose or repurpose surplus construction-related materials at Dry Fork Station, Basin Electric's newest coal-based plant near Gillette, WY.

Dry Fork Station was dedicated Aug. 11, 2011, and was put into commercial operation Nov. 1. However, Basin Electric's procurement division and Dry Fork project team members had already begun addressing the question of what to do with its surplus materials, housing units and equipment months before.

One responsibility of the procurement division is the disposal, sale, auction or repurposing of the cooperative's surplus materials. Their employees are leading the Dry Fork surplus disposal process. According to Jim Huncovsky, procurement manager, planning for post-construction processes was no accident. "Since the tenure of Bob McPhail

(Basin Electric's CEO and general manager from 1985-2000), procurement has been charged with overseeing disposal of surplus materials in order to recoup its fair market value."

He says the process has yielded cost savings, avoided some costs, and is supporting construction and operations at other Basin Electric and member facilities.

Dave Valer, supervisor of materials services, says work done on Dry Fork Station's post-construction materials is unique in Basin Electric's history. "You could say this is the first time a Basin Electric team has coordinated post-construction disposal of a major power plant's surplus materials in a systematic way." Dry Fork Station is the cooperative's first baseload power plant since Antelope Valley Station Unit 2 went commercial in 1986 before there was a centralized procurement function.

Joining forces with Huncovsky and his staff were other Basin Electric personnel who worked with procurement

throughout construction of Dry Fork Station: Curt Pearson, project representative; Dennis Thorfinnson, Dry Fork Station plant engineer; Tom Stalcup, Dry Fork Station plant manager; Doug Ramsey, former Dry Fork project construction manager; Mike Murray, property and right-of-way supervisor; Mark Nygard, manager of construction; and Bryan Keller, manager of Transmission System Maintenance.

Huncovsky says years of working closely with both construction and operations management are paying off as procurement staff find new homes for surplus materials, including the temporary office buildings and administrative housing units no longer needed for construction activity or operations.

Some of the larger surplus items include 20 mobile homes used by Sargent & Lundy engineers in Prospector Village, originally a defunct mobile home park north of Gillette, WY. According to Pearson, the village had not been used for 20 years and consisted mostly of fenced prairie and old street pavement and street lights, but no structures. "Use of Prospector Village came about after we did a study that indicated construction workers often brought their RVs with them," Pearson says. "So we leased the land, refurbished the water and electric systems and streets, and opened the park up to workers with RVs. We also brought in 20 new mobile homes for construction management and relocating operational workers." Pearson says at the beginning of Dry Fork construction Gillette was in the middle of a housing boom, and it was nearly impossible to find RV spaces locally. "Part of the cost savings to Basin Electric was that we did not have to purchase land for worker housing nor create new infrastructure," he says, "and now we are recovering some of the expense by selling and repurposing the mobile homes."

Other large ticket items were a five-plex and 16-plex trailer unit used as a construction office; a single- and double-wide trailer; and eight restroom trailers. Huncovsky says his staff talked with employees at other Basin Electric locations to see if the materials or units were needed there while continuing to work on fair market value determinations.

Of the eight air conditioned and heated restroom trailers, all but one were designated for use at Basin Electric facilities: one remained at Dry Fork Station, two went to

Deer Creek Station (Basin Electric's combined-cycle plant under construction near Brookings, SD), one to the Great Plains Synfuels Plant near Beulah, ND, three to Laramie River Station for use during outages, and one was donated to the Platte County Fair organization of Wheatland, WY.

Valer says even the most mundane items such as the guard shack were repurposed and will be put to good use at the Laramie River Station.

Huncovsky says Dry Fork Station surplus materials are being used to support transmission system build-out in the Bakken oil fields in North Dakota. Specifically, the 16-plex unit has been moved to

Williston, ND, and sold to Basin Electric Class C member Mountrail-Williams Electric Cooperative. It will provide Mountrail-Williams with additional necessary office space due to tremendous load growth related to oil drilling expansion in northwestern North Dakota.

Mountrail-Williams is working with Basin Electric to assist with office space and housing for Basin Electric engineering, right-of-way, construction and transmission system maintenance employees. Mountrail-Williams is also working with Basin Electric's Transmission System Maintenance to meet its requirements for warehouse space, a lay-down yard and vehicle/equipment storage. "We're working out the details with a lot of cooperation from all parties," Huncovsky says.



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Huncovsky said the 16-plex trailer sale required taking it apart in order to truck it to Williston.



Kevin Dissell, asset recovery coordinator, works from his office at Basin Electric's Leland Olds Station near Stanton, ND. Dissell is also in charge of Basin Electric auctions and online selling on eBay.

Valer says the double-wide trailer from the Dry Fork plant site will be used by Basin Electric's property and right-of-way employees as part of their work on transmission siting in the Bakken. Another single-wide trailer used as a safety office at Dry Fork has been repurposed to Basin Electric's Antelope Valley Station near Beulah, ND, as a contractor office. In order to sell the mobile homes, procurement staff sent out information and pricing packages to mobile home dealers in the Williston area and others in the region. Staff also checked back with the original sellers of the materials about possible buy-backs, Huncovsky says.

During Dry Fork construction, two 30x50-foot metal buildings were used as storage space. According to Valer, these units were disassembled and will now be used at Laramie River Station.

Valer says the process for handling surplus materials is 1) look internally, 2) repurpose the material, and 3) after deciding to sell, use bids or requests for proposals, or, for smaller items, auction off on eBay®. "Procuring materials required for construction of Dry Fork was our first responsibility. We knew successful completion of the project meant making the most advantageous use of these surplus assets by disposing of them efficiently."

Kevin Dissell, asset recovery coordinator, worked with Serv-Pro and Target Logistics in an attempt to draw interest in the office units and mobile homes as well as several other parties. "Both companies are involved in

activities in the Bakken area, and are in the business of setting up companies with the kind of properties we had available. We reviewed original purchase values and made contact with the office units and mobile home original suppliers to determine a fair market value for all items we were preparing to sell," he says.

Other Basin Electric facilities expressed interest in using surplus Dry Fork electrical equipment, and some of it went there, he says. Dissell is in charge of Basin Electric's auctions and on-line selling on eBay. He says four to five years ago eBay didn't offer a standard 'corporate view' on their website, but now "the word is out and we're getting a lot more exposure for our surplus items," he says.

Valer says a lot of Dry Fork office equipment was put to good use at Deer Creek Station. "Basin Electric has also donated some office items to local charities in the Gillette area," he says.

According to Huncovsky, disposing of surplus entails more than just getting fair market value, it also involves avoiding additional costs. He says part of the project team's game plan was to make sure Basin Electric did not have to heat all of the mobile homes and units over the winter months. "We wanted to be sure they were sold or off site before Nov. 1," he says. "We didn't want to pay lot rental and utilities on the Prospector Village units."

Basin Electric's lease on Prospector Village ended in August. Pearson says a third party is now managing the property. "Six mobile homes were deployed for transmission use in Watford City, ND; the other 14 homes were sold, and there's more cost savings because we are no longer leasing the property," he says.

Huncovsky and Valer attribute the success of the cooperative's surplus material disposal efforts at Dry Fork Station to excellent communication among Basin Electric project team members and departments. "A lot of ideas came from Curt Pearson, Mark Nygaard, Doug Ramsey, Dwight Barth, Dennis Thorfinnson and Tom Stalcup," Huncovsky says. "They saw what needed to be done and helped us get it ready to move." Huncovsky says these relationships were a key factor in making the process work. "We share a common goal: to recoup as many dollars as possible or repurpose surplus for other use within the cooperative."

For more information see http://www.basinelectric.com/Buy_and_Sell/index.html.



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