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## The Online Auctions Front – Busier than Ever

Pantellos recently announced that it has surpassed some major milestones in conducting online auctions for its utility customers. Over the past two years, utilities have conducted more than 650 online auctions and \$1 billion in auctions volume through Pantellos, with customer-reported savings of more than \$190 million. Customers also conducted a record 102 auctions in May, with a total spend volume of \$90 million. The heavy activity highlights the growth of auctions as a standard sourcing tool within the utility industry. More than 90 percent of active Pantellos utility customers are using auctions to source goods and services in more than 100 categories. Read further for an overview of recent and upcoming auctions activity and contact your Pantellos development manager with any questions or to plan an auction.

Welcome to the first edition of the Pantellos Dynamic Services Update. This publication is designed to keep customers of Pantellos' online auctions service informed of utility industry activity, product and service category successes, market information, best practices and other relevant information.

## Recent Categories Executed; May & June Reported Savings

Category	Percentage Savings	Category	Percentage Savings	Category	Percentage Savings
Distribution Regulators	4.32%	Remediation Design	55.00%	Power Transformer	27.00%
Medium Voltage Cable	7.83%	Vegetation Management	5.67%	Power Transmission	28.00%
Construction Debris Disposal	17.97%	Tank Erection	8.00%	SF6 Gas Auction	30.95%
Janitorial Supplies	18.75%	Relay Panels	45.45%	Instrumentation Installation	35.32%
Media Tape	13.82%	Water Softener System	30.00%	Isolated Phase Bus Insulator	50.00%
Gas Swivel	2.56%	Demolition Project	15.79%	Bulk Chemicals	21.25%
Balance of Plat Steam Piping	33.63%	Roof Repairs	14.00%	Chemicals	11.00%
V-belts / Conveyor Belts	47.31%	Coal Bunker	20.41%	Misc. Industrial Supplies	16.36%
Cement Work	61.00%	USV Bodies	9.52%	Envelopes	22.50%
Control Valves	58.00%	International Chassis	1.48%	Bill Forms	31.50%
Nuclear Bus UPS Equipment	69.23%	Aerial Equipment	2.81%	Elevator Renovation	9.0%
Software Consulting & Purchase	64.67%	Material Handling Equipment	27.65%	Disposal Project	23.10%
Metal Cross Arms	14.00%	Fuel Handling Systems	6.50%	Electrical Systems	7.19%
230kv Switchyard	37.50%	Boiler Tubing and Fabrication	44.57%	Heat Trace Contract	38.19%
Floor Demolition	20.00%	Landfill Excavation Project	12.50%	Urea	2.68%
Office Furniture	14.87%	Traveling Water screens	33.00%		

## Auctions Statistics May & June 2003

**Total Auctions Conducted: 133**

**Total Auction Volume: Approx. \$130 million**

**Total Reported Customer Savings: Approx. \$27 million**

## Best Practices Discussion

Pantellos utility trading parties have been executing auctions for more than two years and have built knowledge and key learnings into their processes. Following are a few best practices identified by customers:

1. Communicate your intent to use auctions to your most common suppliers
2. Utilize Pantellos' Auctions 101 training sessions for your supply chain staff and internal customers.
3. Invite the "C-suite," other key executives and internal customers to your auction events
4. Post news of your auctions successes in your supply chain and corporate websites and newsletters.
5. Use Pantellos' replay tool to replay your actual events for promotion to other business units.

## Upcoming Auctions

### July and August Scheduled Events

Below is a list of auction events that have been placed on the Pantellos auctions calendar over the next two months. Use this list as a guide for generating auction candidate ideas and for potential aggregation opportunities with other utilities. Please contact your Pantellos development manager if you would like further information about any of these specific categories.

Demolition	Scaffolding and Insulation	Pagers	Envelopes
Land Acquisition Services	Absorbents	Insulation	Feed water Heater Replacement
Hose & Fittings	Boiler Services	Waste Disposal	QA / QC Services
Telecom Forward and Reverse	Water Outsourcing	Nuclear Motor Refurbishment	Industrial Safety Items
Cool Towers	Traveling Water Screens	Noise Reduction Program	Arrestors
Leak Sealing Services	Steam Blow and Chemical Cleaning	Tools	Scaffolding and Insulation
Conduit	Electronic Products	Digital Feed water Controls	Janitorial Services
Gas Control Room	Chemical Lime	Drums, Containers, and Rags	Water Treatment Capacity Increase

## Portfolio Manager Perspective

A northeastern utility wanted to procure a two-year supply of 50 and 75 MVA power transformers totaling 12 units. Its goal was to reduce the number of suppliers, leverage the transformer demand and meet the lead-time criteria. The utility defined the requirements and submitted the RFP to 11 approved global suppliers. Once the auction had been completed, the buyer achieved 14 percent savings over its past sealed bid experiences for the same units. The outcome for the supplier and buyer was a two-year blanket agreement benefiting both the supplier and the buying organization.

The Power transformer market continues to be advantageous to buyers due to soft market demand, available manufacturing capacity and the influence of global supplier participation. Pantellos strongly recommends using online auctions to source power transformers for the foreseeable future.



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