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Auctions Statistics July & August 2003

Total Auctions Conducted: 121

Total Auction Volume: \$208million

Total Reported Customer Savings: \$35.8 million

Average Customer-Reported Savings: 19%

The Online Auctions Front – Full Steam Ahead

It has become a standard practice among utilities to use an online auctions process as a primary method to source both goods and services. Auctions are now becoming more common in sourcing categories that were not considered in the past, such as boiler outage projects, substation construction and meter reading services. Many Pantellos customers are indeed broadening their auction programs to help with more complex, highly engineered construction projects and services. These types of spend categories produce competitive bidding with significant opportunities for price compression. For example, a recent generation operation auctioned their scaffolding requirements across all of their generation facilities and saved 8% on a sizable spend. As you consider growing auction adoption in your supply chains, think about these areas that traditionally have been sourced through other means. In all probability, using an auction process will produce better and faster results.

Recent Auction Activity July- August 2003

Corporate	T&D	Generation
Janitorial Supplies	Gas Control Room	Coal Sample Analysis
Guard Services	Breaker Station Repair	Electrical Package
IT and PC Hardware	Gas Main	Filters
Service Awards	Sub Station Electrical Project	Absorbents
QC Services	Boxes & Bags	Traveling Water Screens
Elevator Service	Pipe	Primary Site Work
Hotel Rates	Cable URD,EPR	Electronic Products
HVAC Maintenance	12" ERW Pipe	Heavy Haul
Elevator Maintenance	Capacitors	Water Outsourcing
Janitorial Services	Overhead Line Construction	Steam Blow and Chemical Cleaning
	Meter Reading	Tools
	Vegetation Management	Feed water Heater Replacement
	Transmission Line Construction	Scaffolding and Insulation
	Composite Insulators	Boiler Work
		Replacement of Platforms
		Mechanical/Piping Contracts
		Unit Outage
		Polar Crane
		Electrical Motor Refurb
		Boiler Tube & Burner Replacement
Average Customer-Reported Savings: 29%	Average Customer-Reported Savings: 17%	Average Customer-Reported Savings: 23%

Best Practices Discussion – Working with Suppliers

Here are some suggestions to keep in mind when reaching out to suppliers to ensure a successful outcome of your sourcing event

1. Communicate your intent to use auctions to your most common suppliers
2. Use methods to get the bidders on a level playing field (i.e., thorough, clear specifications)
3. Properly communicate the process to valued incumbent suppliers to ensure participation and your intent to include switching costs and value drivers in auction
4. Utilize real-time bidder weighting so that considerations other than price are accounted for
5. Set clear expectations for the evaluation criteria and timeline to award
6. Follow-up and communicate with all bidders post-auction

