

**MINUTES OF THE REGULAR MEETING
OF
POWER AUTHORITY OF THE STATE OF NEW YORK**

June 27, 1995

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the St. Lawrence/FDR Power Project at 10:00 a.m.

Present: Thomas R. Frey, Vice Chairman
Linda P. Duch, Trustee
Hyman M. Miller, Trustee
Robert T. Waldbauer, Trustee

S. David Freeman	President & CEO
Robert G. Schoenberger	Chief Operating Officer
William J. Cahill	Chief Nuclear Officer
Charles M. Pratt	General Counsel
John F. English	Senior Vice President - Transmission
Louise M. Morman	Senior Vice President - Marketing and Economic Development
Arnold M. Bellis	Vice President and Controller
Woodrow W. Crouch	Vice President - Project Management - Power Generation
Deborah Perry Estrin	Vice President - Human Resources
H. Kenneth Haase	Vice President - System Planning
John M. Hoff	Vice President - Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer - System Operations
Philip J. Pellegrino	Vice President - Power Sales and Rates
Stephen P. Shoenholz	Vice President - Public Affairs
Ronald W. Ciamaga	Regional Manager - Northern New York
Richard E. Kuntz	Regional Manager - Southeast New York
James J. McCarthy	Regional Manager - Central New York
Arthur Austerweil	Director - Financial Planning
John W. Blake	Director - Environmental Programs
Joseph J. Brennan	Director - Internal Audit
Frederick E. Chase	Director - Community Relations
Jules G. Franko	Director - Nuclear Operations
John L. Murphy	Director - Public Relations
Mark D. O'Connor	Director - Real Estate
Anne Wagner-Findeisen	Corporate Secretary
Laura M. Badamo	Assistant Secretary - Legal Affairs

Acting Chairman Frey presided over the meeting. Secretary Wagner-Findeisen kept the Minutes.

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1. Approval of the Minutes

The minutes of the Regular Meeting of May 23, 1995 were approved.

2. Report from the President and Chief Executive Officer

At the President's request, Mr. English, the Senior Vice President - Transmission Business Unit, introduced Ms. Zazzera, Program Manager, who summarized the status of the Competitive Opportunities Proceeding currently being conducted by the Public Service Commission ("PSC") and described Authority staff's activities in the proceedings. In response to questions from Acting Chairman Frey, Ms. Zazzera explained that the models submitted vary widely; for example, some are geared to wholesale access as opposed to retail, and bilateral power sales as opposed to pool transactions at market clearing prices. In response to questions from Trustee Miller, Ms. Zazzera explained that the 13 models submitted to the PSC would be narrowed down to commonalities by the parties' "working groups" and that she anticipates that the Authority staff's single transmission operator model would be a platform for any of those models which will be recommended by the working groups for submittal to the Administrative Law Judge by mid-August. The parties will then start a 3-month evaluation of the models based on attributes and criteria developed earlier in the proceeding. The ALJ's report to the Commission is due by year end.

3. Financial Reports for the Five Months Ended May 31, 1995

President Freeman reported that each additional day of the IP3 outage represents a loss to the Authority of some \$500,000, which arises in large part from the Authority's "safety first" policy; however, implementation of various cost reduction measures such as the elimination of contractors should enable the projected budget to be met by year-end. The Acting Chairman expressed the Trustees' satisfaction with the continuing "safety first" approach as well as the imminent restart of the IP3 plant. In response to questions from Trustee Waldbauer, President Freeman further reported that all other Authority operations are performing as forecast.

**4. NYPA Participation in Public Service
Commission Competitive Opportunities Proceeding**

The President submitted the following report:

SUMMARY

"The Authority Staff is participating in a New York Public Service Commission ('PSC') proceeding regarding the transition to a more competitive electric industry in New York State. A proposed model for wholesale competition was submitted by the Authority Staff to the PSC for discussion purposes by the participants to the proceeding.

BACKGROUND

"The current phase (Phase II) of the Competitive Opportunities Proceeding was initiated in August 1994. Phase I involved the establishment of flexible rates by the investor-owned utilities ('IOUs') applicable to expanding and contestable loads.

"In Phase II, the PSC is considering competitive alternatives to the regulated monopoly structure. According to the PSC, competition is expected to result in lower electricity prices, expanded customer choice and more rapid technological advances.

"There are currently about 80 parties to the proceeding. In addition to the Authority, the parties include, among others, the Energy Association of the State of New York (representing the seven IOUs), the Municipal Electric Utilities Association ('MEUA'), Multiple Intervenors ('MI') -representing large industrial customers, including certain Authority customers Public Interest Intervenors ('PII') - the Natural Resources Defense Council and Pace Energy Project, the Consumer Protection Board ('CPB') and Independent Power Producers of New York ('IPPNY'). The parties have been working collaboratively to identify comprehensive principles to guide the transition to competition. Such principles were recently adopted by the PSC.

"While the Authority is not regulated by the PSC, decisions by that agency can have substantial impacts on the Authority, e.g., a PSC disallowance of IOU cost recovery associated with power purchased from the Authority can result in the IOU terminating the Authority purchase. As such, recognizing the instant proceeding's potential to ultimately impact the Authority, the Transmission Business Unit and the Law Department have jointly been representing the Authority in the proceeding.

"In addition to developing principles to guide the transition, the parties have sponsored presentations by recognized industry experts on the subject of competition. Such experts included Dr. Alfred E. Kahn and Dr. Paul Joskow. In response to an invitation, I made a presentation on behalf of the Authority.

DISCUSSION

"At the current stage of the proceeding, the parties are being encouraged to 'float' models for a competitive industry. To date, models have been suggested by the Energy Association (five alternative models), MEUA, MI, CPB, the PSC Staff, PII, IPPNY and the Authority Staff. A copy of the staff's model is attached hereto as Exhibit '4-A'.

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"Unlike certain other models which bring competition down to the retail level, the staff's model focuses on the wholesale market. According to the staff's model, the key to a fully efficient wholesale electricity market resides in the transmission system, particularly in the implementation of uniform transmission rates for the State.

"An independent transmission system operator ('TSO') in conjunction with a regional transmission group ('RTG') comprises the framework of the staff's model. As suggested by the staff, the TSO would preferably be a public agency that owns and operates all the transmission facilities in the State. While single ownership represents the staff's preferred approach, as an alternative, the staff offers for consideration a consortium arrangement under which existing transmission owners would cede their facilities to a single operating entity through a lease or other contractual arrangement.

"The TSO would be charged with providing open access and comparable service in terms of both reliability and rates, which would be regulated by the Federal Energy Regulatory Commission. The model suggests that the Authority, as a public agency that owns and operates 1,400 circuit miles of high voltage transmission, would be well suited to assume the role of the TSO.

"In addition to contributing to a fully efficient wholesale market, the staff's model offers an opportunity to mitigate the continuing IOU retail rate increases attributable to the excessive prices paid to non-utility generators ('NUGS') or the high cost of many of the nuclear power plants in New York. Utility rates in New York are approximately 55% higher than the national average. Under the staff's model with a single transmission owner, the TSO would purchase the transmission facilities at embedded costs plus a premium that would in turn allow the IOUs to reduce their above market costs. The TSO would recover its costs for the purchase of the transmission facilities through rates that amortize such costs, including the premium over the remaining life of the transmission facilities.

"The staff's model can also be used as a vehicle for recovering costs associated with energy efficiency, research and development and the promotion of electric transportation and renewable energy technologies. By incorporating such costs in the TSO's uniform transmission rates, all the users of the transmission system would contribute to maintaining the viability of these valuable programs. It is the view of the staff that submission of a model in the PSC proceeding was in the interest of the Authority. One item on the agenda of the proceeding involves 'the role of the Authority' in any new market structure. Clearly, it is appropriate for the Authority to take an active posture in determining its ultimate role rather than passively letting others in the proceeding make such a determination.

"It should be noted that the filing with the PSC makes clear that the model is a suggested approach of the staff for discussion purposes and in no way has the model been presented as representing the position of the Authority Trustees.

FISCAL INFORMATION

"There is no immediate fiscal impact.

RECOMMENDATION

"The Senior Vice President - Transmission Services recommends that the Trustees authorize the staff to continue to explore industry restructuring opportunities consistent with staff's model.

"The General Counsel, the Chief Operating Officer, and I concur in the recommendation."

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Acting Chairman Frey stated that the Trustees encourage staff to continue to explore possible future roles for the Authority along the lines discussed in the memorandum from the President.

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That the Trustees have reviewed the report submitted by staff on June 6, 1995 in the Public Service Commission's Competitive Opportunities Proceeding, Case 94-E-0952 and authorize staff to continue to explore industry restructuring opportunities consistent with the model set forth in that report; and be it further

RESOLVED, That any commitment to restructuring which has, or could have, an impact on the Authority shall be made only upon specific approval by the Board at a future meeting.

**5. Proposed Contract for the Sale of Firm Power to
New York State Urban Development Corporation
- Transmittal to the Governor**

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the transmittal to the Governor for approval a proposed contract (Exhibit `5-A') for the sale of firm power to New York State Urban Development Corporation (`UDC').

BACKGROUND

"At their meeting of April 25, 1995, the Trustees authorized the holding of a public hearing pursuant to Section 1009 of the Public Authorities Law on a proposed contract for the sale of firm power and energy to UDC. As a public corporation in the metropolitan area of the City of New York, UDC is eligible for Authority service.

"Under the proposed contract, the Authority may meet the existing and future electricity requirements of the UDC and any of its subsidiaries and affiliates within New York City and Westchester County. Initially, service is expected to commence at two low-income apartment buildings in Brooklyn after the proposed contract is approved by the Governor. The total initial load and annual production revenue of this new customer is approximately 1,500 kW and \$345,000, respectively. Projected annual savings to UDC for this load are about \$195,000.

"Copies of the proposed contract were transmitted to the Governor; the Speaker of the Assembly; the Minority Leader of the Assembly; the Chairman of the Assembly Committee on Ways and Means; the Temporary President of the Senate; the Minority Leader of the Senate, and the Chairman of the Senate Finance Committee. Copies of the proposed contract were also made available for public inspection, and notice of public hearing was given as required by Section 1009.

DISCUSSION

"The public hearing was held on June 13, 1995, in the Authority's New York Office. At the hearing, a representative of UDC spoke in favor of the proposed contract, citing the support of Charles A. Gargano, Chief Executive Officer of UDC and Commissioner of the New York State Department of Economic Development.

"Prior to the hearing, Consolidated Edison Company of New York, Inc., (`Con Edison') submitted a statement in opposition to the proposed contract which has been incorporated into the record of the hearing and submitted to the Trustees. Con Edison contends that UDC's corporate subsidiaries and consolidated headquarters office are not eligible to receive Authority electric service alleging they are not `public corporations' under the New York Public Authorities Law. In addition, Con Edison also contends that the proposed sale of economical power by the Authority to UDC would damage Con Edison's customer base by permitting the Authority to serve Con Edison's non-governmental customers.

"The Public Authorities Law authorizes the Authority to provide electricity for `public corporations' operating within the metropolitan area of the City of New York within the State of New York. The UDC was established by its enabling legislation as a public corporation and is therefore eligible to receive electric service from the Authority.

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Moreover, UDC is empowered to create subsidiary corporations, which shall have all the privileges, immunities, tax exemptions and other exemptions of UDC. The Authority is legally authorized to provide electric service to UDC, its facilities and those entities created by UDC in furtherance of its lawful public functions.

RECOMMENDATION

"The Director - Major Accounts Group - Governmental recommends that the Trustees approve transmittal of the proposed contract with New York State Urban Development Corporation to the Governor with their recommendation that it be approved.

"The Senior Vice President - Marketing and Economic Development, the General Counsel, the Chief Operating Officer, and I concur in the recommendation."

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That the Authority hereby authorizes the transmittal of the proposed contract with New York State Urban Development Corporation, substantially in the form set forth in Exhibit "5-A" hereto, together with the record of the public hearing held on such contract to: the Governor, the Speaker of the Assembly, the Chairman of the Assembly Committee Ways and Means, the Temporary President of the Senate and the Senate Finance Committee, with the recommendation to the Governor that such contract be approved.

**6. Disposal of Surplus Material -
Proposed Revisions to Procedures**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the revised procedures governing the disposal of surplus material, i.e., materials, tools or equipment which is not expected to be of use to the Authority at any time in the future. These procedures shall not apply to any transactions involving the sale of surplus land or other real property.

BACKGROUND

"At their meeting of November 20, 1972, the Trustees approved procedures governing the disposal of surplus material, as defined above. All such approvals required either the Chairman's or President's approval, based on original prices.

"At their meeting of November 27, 1984, the Trustees approved procedures modifying those of November 20, 1972. This modification essentially delegated some authority to approve sales of surplus materials to the Headquarters' contract administration executives. This was based on whether one bid or more than one bid was received.

"On February 14, 1992, upon direction from the Chairman and the President, Exhibit `A', Rev. 1, dated February 14, 1992, was issued to replace Exhibit `7-A' to the Trustee Resolution of November 27, 1984. Pursuant to the Chairman's directive, the February 14, 1992 action and subsequent minor modifications (per memorandum of May 28, 1992) provided specificity to the bid solicitation process and made procedural changes to make the policy governing the disposal of surplus material more efficient. The Chairman also authorized certain changes to emphasize that relatives of Authority employees should not benefit from the sale of surplus material.

DISCUSSION

"The existing Procedures have been in effect since 1984, with some interim modification in February 1992. In implementing the 1994 Restructuring and Cost Reduction Study, the Authority decided to reduce facility inventories in 1995-1996. The amount of inventory determined to be surplus is too extensive to be handled efficiently under the existing procedures, which address disposal of surplus material at the local (facility) level. In addition, facility personnel have requested more flexibility. Accordingly, staff recommends the attached revised procedures, set forth in Exhibit `6-A'. The revised procedure allows for both `centralized' and `decentralized' approaches for the disposal of surplus material. The `centralized' approach involves accumulating the Authority's surplus material at a central location, either an Authority facility or an offsite warehouse. The `decentralized' approach will continue to deal with disposal of surplus material at the local (facility) level.

"The following major changes apply to the new `centralized' approach to the disposal of surplus material:

- Centralization of surplus material at an Authority facility or an offsite warehouse for disposal at Authority-conducted sales, possibly in conjunction with a third party to manage and assist in the sale;

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- Outsourcing of surplus material to a third-party contractor(s) for sale at their facilities;
- Sales as described above would be in accordance with the terms and conditions specified in the contracts for such sales;
- For 'centralized' sales, the prior approval of the President or Chief Operating Officer will be required.

"The following major changes apply to the 'decentralized' approach to the disposal of surplus material:

- The two separate authorization tables, one for single bidder response (sole bids) and the other for multiple bids, have been streamlined and combined into one table;
- The Resident/Regional Managers may approve the sale of surplus material with a fair market value of \$5,000 or less;
- The following authorization table sets forth approval levels for the 'decentralized' sale of surplus material:

<u>In Cases Where the Original Price or Fair Market Value Is Greater Than:</u>	<u>But Is Not Greater Than:</u>	<u>Approval By:</u>
\$1,000,000	N/A	The Trustees
\$ 500,000	\$1,000,000	The President Officer
\$ 250,000	\$ 500,000	The Senior Vice Services
\$ 50,000	\$ 250,000	The Vice-President - Procurement and Real Estate
\$ 5,000	\$ 50,000	The Director of Nuclear Procurement
0	\$ 5,000	The Resident/ for HQ

"Authority employees and their relatives remain precluded from bidding on or subsequently acquiring surplus material.

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RECOMMENDATION

"The Vice President - Procurement and Real Estate recommends that the proposed revisions, as set forth in Exhibit `6-A', be approved by the Trustees for immediate implementation.

"The General Counsel, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

In response to questions from Trustees Miller and Waldbauer, Mr. Hoff explained that staff plans to locate the centralized warehouse in the Peekskill area, from where the surplus material, which is comprised largely of obsolete equipment, will be sold and shipped in palletized form to surplus specialists. In response to questions from Trustee Duch, Mr. Hoff explained that cost analyses performed by staff indicate that the sale of the material will cover the costs of leasing a warehouse and may even generate additional revenue in excess of such costs.

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That the revisions to the Procedures for the Disposal of Surplus Material be, and hereby are, approved substantially in the form attached hereto, as recommended in the foregoing report of the President.

PROCEDURES FOR THE DISPOSAL OF SURPLUS MATERIAL

I. Subject

Procedures for the disposal of surplus material owned by the Authority.

II. Scope

These procedures govern the disposal of all surplus material owned by the Authority. For the purposes of these procedures the term "surplus material" means materials, tools or equipment which is not expected to be of any future use to the Authority ~~at any time in the future~~. These procedures shall not apply to ~~improvements and fixtures on real property acquired by the Authority~~ any transactions involving the sale of surplus land or other real property.

III. Purpose

~~Consistent with the Authority's public responsibilities,~~ The purpose of these procedures is ~~to establish the procedures for the disposal of surplus material owned by the Authority,~~ to identify those Authority personnel responsible for authorizing ~~such~~ the disposal of surplus material owned by the Authority and to insure that the Authority receives fair and reasonable ~~return on~~ value for surplus ~~property~~ material ~~to be~~ that is sold. The transfer or sale of surplus material ~~and equipment~~ shall be accounted for in accordance with the Authority's ~~accounting policies and procedures~~ "Accounting for Materials and Supplies Policy No. 86-01, Section 5.6 - Control Procedures - Surplus Materials and Supplies".

IV. Designation of Property Disposal Coordinators and Disposal Options

- A. Each Resident or ~~Project~~ Regional Manager shall designate an individual from the facility's Finance and Administration group to function as the local Property Disposal Coordinator for his or her ~~respective~~ facility or location ("Facility PDC").

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3. The Vice-President ~~and Director of Contract Administration~~ - Procurement and Real Estate shall designate an individual from the ~~Department of Procurement and Administration~~ White Plains Office's Procurement Division to function as the Property Disposal Coordinator for the White Plains and New York corporate offices ("WPO-PDC").

C. For the purposes of these procedures, disposal options include, but are not limited to: sale (direct or through a third-party contractor, or to another utility); return to the original equipment manufacturer or to the source; auctions; barter and consignment arrangements; reclamation of parts; sale as scrap or scrap for salvage; transfer/re-deployment; trade-ins; exchange; or pay for disposal. The Authority's Environmental Division shall be consulted, on a case-by-case basis, regarding disposal of those items that may be potentially considered to be hazardous waste.

D. The Facility PDC shall confer with the WPO-PDC to determine if a "centralized" sale of surplus material, as outlined in Section V, is being planned. If agreed, the Facility PDC shall arrange for shipment to the location of the sale. If no sale is being planned, the Facility PDC shall proceed in accordance with the "decentralized" procedures, as outlined in Section VI.

V. Centralized Coordination and Disposal of Surplus Property Procedures

A. Subject to the approval of the Vice President of Procurement and Real Estate, surplus material may be disposed of using any of the following methods:

(1) Shipment of the material to a third-party contractor(s) who will market the material for

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sale.

2) Consolidation of surplus material at one of the Authority's facilities or an offsite warehouse for the purpose of conducting a sale to be managed by Authority staff, possibly with the assistance of an outside contractor.

(3) Participation in auctions at other utility company facilities (e.g., Con Edison, Niagara Mohawk, NYSEG).

(4) Use of Indian Point 3 as the investment recovery clearinghouse for the Authority and processing of all surplus material through it, in accordance with these procedures.

NOTE: Approval of all sales by the above-described methods shall be in accordance with the terms and conditions specified in the contracts for such sales. When an outsourcing firm is used, contractual arrangements shall be established with such firms for disposal of surplus material. All such contractual arrangements must be coordinated and approved by the Vice President - Procurement and Real Estate.

B. Prior to conducting a "centralized" sale, pursuant to any of the above-described options, the approval of the President or Chief Operating Officer will be required.

VI. Decentralized Coordination and Disposal of Surplus Material Procedures

A. Preliminary Action

(1) The Resident/Regional Manager, Project Manager, or head of a Department or

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Division requiring disposal of material or equipment which he or she believes to be surplus, ~~property~~ shall submit to the appropriate PDC a written description of the material, with the original price (if known), and estimate of the material's fair market value. For the purposes of these procedures, the term "fair market value" means the estimated dollar amount that a willing buyer would pay to a willing seller for the material in an arms-length transaction in the appropriate marketplace. If practical, a photograph of the material or equipment in question ~~and an explanation of why it should be treated as surplus property~~ should be provided. Such submission shall be made to the PDC designated at the location at which the surplus ~~property~~ material is located, the responsible PDC.

(2) The responsible PDC shall ~~inform~~ make a determination whether or not to notify in writing all Resident/Regional Managers, ~~Project~~ Finance and Administration Managers and such other Authority personnel as the responsible PDC deems appropriate of the availability of the material or equipment in question. ~~and shall request such personnel to inform the Responsible PDC of their interest in such material or equipment.~~ The following shall provide guidelines for making such determinations:

(a) If the material is considered rubbish or unlikely to have use at any other facility, the responsible PDC at his/her discretion, may elect not to notify other PDCs of the material's availability. Facility PDCs shall confer with the WPO-PDC in making such determinations.

(b) If the responsible PDC, in conference with the WPO-PDC, determines that other facilities may have an interest in the material, a notice shall be sent to them advising them of its availability and requesting a response within a specified time frame. A

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record of the notice shall be maintained by the responsible PDC.

(c) ~~If no one has informed the Responsible PDC of an interest in the material or equipment in question, then the material or equipment shall be deemed to be surplus material, and~~ response to the notice is received, the responsible PDC shall arrange for the solicitation of bids for the purchase of the surplus material in accordance with the procedures described in Sections (B) and (C) below.

B. Bidding Procedures

(1) The responsible PDC shall ~~arrange and supervise~~ cause the solicitation of proposals from at least 5 ~~bids~~ bidders, where practicable, for the purchase of the surplus material to be sold, whatever its ~~residual~~ estimated fair market value. ~~The Responsible PDC, and~~ shall maintain records of his or her solicitations. Telephone notices and/or mailings may be used where the estimated fair market value is equal to or less than \$5,000. Appended as Attachment A is a copy of a Notice soliciting bids to be used in all cases where the ~~residual~~ fair market value of the surplus ~~property~~ material is ~~over~~ estimated to exceed \$5,000. Such notice shall be published in a local periodical or trade journal, which circulates in the area where the surplus ~~property~~ material is located, to give notice to potential bidders. All bids must be submitted in writing on the forms and in the manner prescribed by this procedure. Appended as Attachment B is a copy of the Bid Sheet to be utilized in soliciting bids.

(2) All current and former employees of the Power Authority and relatives of such employees or third parties ~~bidding~~ acting on behalf of such employees shall not be eligible to bid for the purchase of surplus material and are prohibited from subsequently ~~in any manner~~ acquiring said surplus material it in any manner. Each bidder will be required as part of his or her bid to

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certify, by signing Attachment "B", that he or she is not a current or former employee of the Authority, is not related to any current or former employee of the Authority and is not ~~bidding~~ acting on behalf of a current or former employee of the Authority or a relative of any such employee. No bid will be accepted unless accompanied by such certification.

(3) The term "related to" as used in paragraph (2) above means the relationship of ~~grandmother, grandfather, mother, father, uncle, aunt, mother in law, father in law, sister, brother, sister in law, brother in law, son, daughter, stepfather, stepmother, stepdaughter, stepson, stepbrother or stepsister~~ spouse, child, parent, sister, brother, grandparent, grandchild, aunt, uncle, cousin, niece, nephew, stepchild, stepparent, stepsister, stepbrother, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law or son-in-law.

C. Sale of Surplus Material

(1) Following the receipt of bids for the surplus material ~~to be sold~~, the responsible PDC shall evaluate the bids submitted and determine whether the highest of such bids is reasonable, given the ~~Responsible PDC's~~ estimate of the fair market value of the surplus material.

(2) If the responsible PDC estimates the surplus material's fair market value at over \$5,000, such estimate shall be submitted to the WPO-PDC for review. In cases where the WPO-PDC is the responsible PDC, the review shall be conducted by his/her direct supervisor. This review is to be conducted prior to the acceptance of any bid.

(3) If the responsible PDC determines that the highest of such bids is reasonable, the responsible PDC shall recommend to the Responsible Officer(s), as hereinafter defined, that such bid be accepted, and upon the written approval of the Responsible Officer(s) the sale shall

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be made to the person offering such bid. Appended as Attachment C is a Sales Agreement which must be executed by the responsible PDC and the successful bidder prior to completion of the transaction.

(4) (a) If (i) the responsible PDC determines that the highest of such bids is not reasonable or (ii) the Responsible Officer(s) decline(s) to authorize the sale, the surplus material shall, except as provided in paragraph (b) below, be retained for future disposal in accordance with these procedures. Factors to be considered in determining whether a bid is reasonable include, but are not limited to: adequacy of the estimate, anticipated improved future market conditions, potential for other means of disposal or redeployment, and condition of surplus material.

(b) Notwithstanding any determination by the responsible PDC, the Responsible Officer(s) may direct the sale of the surplus material to the person submitting the highest bid.

(5) For the purposes of these procedures the Responsible Officer(s) shall ~~be determined~~ in each case review the appropriateness of the fair market value. Responsible Officers are designated as follows:

~~(a) In cases where the bid solicitation results in more than one bidder, the Responsible Officer(s) shall be:~~

(i) The Trustees, if either the original ~~cost~~ price or the ~~estimated~~ fair market value, ~~as determined by the WPO PDC,~~ of the surplus material is greater than \$1,000,000; or

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- (ii) The ~~Chairman or the President~~ or the Chief Operating Officer, if either the original ~~cost~~ price or the ~~estimated~~ fair market value, ~~as determined by the WPO-PDC,~~ of the surplus material is greater than \$500,000 but ~~neither is~~ not greater than \$1,000,000; ~~or~~
- (iii) The Senior Vice President - Business Services, if either the original price or the fair market value of the surplus material is greater than \$250,000 but not greater than \$500,000; or
- (iv) The Vice President ~~and Director of Contract Administration - Procurement and Real Estate~~, if either the original ~~cost~~ price or the ~~estimated~~ fair market value, ~~as determined by the WPO-PDC,~~ of the surplus material is greater than \$50,000 but ~~neither is~~ not greater than \$250,000; ~~and~~ or
- (v) The Director of Nuclear Procurement - WPO, if either the original price or the fair market value of the surplus material is greater than \$5,000 but not greater than \$50,000;
- (vi) In all other cases, the ~~Contract Administration Manager,~~ Resident/Regional Manager at the location where the surplus material is located or the Director of Nuclear Procurement - WPO. ~~, who prior to taking any action shall review the appropriateness of the assigned residual value.~~

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~~(b) In cases where the bid solicitation results in a sole bidder, the Responsible Officer(s) shall be:~~

~~(i) The Trustees, if either the original cost or the estimated value, as determined by the WPO PDC, of the surplus material is greater than \$500,000;~~

~~(ii) The Chairman or the President, if either the original cost or the estimated value, as determined by the WPO PDC, of the surplus material is greater than \$250,000 but neither is greater than \$500,000;~~

~~(iii) The Executive Vice President of Finance and Administration Services, if either the original cost or the estimated value, as determined by the WPO PDC, of the surplus material is greater than \$100,000 but neither is greater than \$250,000; and~~

~~(iv) In all other cases, the Vice President and Director of Contract Administration, who prior to taking any action shall review the appropriateness of the assigned residual value.~~

VII. Other Methods for Disposal of Surplus Material

A. Negotiated Sale to a Single Source

The above-described procedures are not intended to restrict the Authority's facilities from using

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online industry computer services (such as RAPID) to list surplus material for sale. The approval for disposal in this manner shall be with the Vice President - Procurement and Real Estate.

B. Trade-Ins

This procedure is not intended to restrict the trade-in of equipment (i.e., computer or office equipment), materials, and/or vehicles for replacements from ~~authorized~~ furnishing replacement equipment, materials, and/or vehicles, where reasonable value can be obtained for the trade-in. Any such proposed trade-in must be included as part of the solicitation of bids for the surplus ~~property~~ material replacement and the trade-in value must be stated in the proposals from solicited bidders.

VIII. Method of Payment

The proceeds from the sale of surplus material in the form of cash or a certified check made payable to the Authority shall be forwarded to the Treasurer by the Facility PDCs and to the Controller's Office by the WPO-PDC.

NOTICE

The following described surplus equipment, vehicles, and/or material (the "material"), shall be sold "AS IS, WHERE IS" by the New York Power Authority ("the Authority").

1. Sealed bids are invited for the above, which will be available for inspection by inquiry at the _____
(Location/Building) at the _____ (Project and Address) between the hours of _ a.m. to _ p.m. on
____ (Date/s) . Bids must be submitted on the Authority's bid form, which can be obtained by calling (Telephone
no.). No bid will be accepted unless it is on such form. Bids shall be accepted on or before _ p.m. on (Date).
2. Current and former employees of the Authority or relatives of such employees or third parties seeking to act on behalf of such employees or relatives shall be ineligible to bid.
3. Successful bidders, on notice from the Authority, shall be required to pay by certified check and shall promptly remove the material from the Authority's property.
4. The Authority reserves the right to reject any and all bids.

BID SHEET

The following material is available for sale "AS IS, WHERE IS" and the Power Authority gives no warranty whatsoever as to its condition.

LUMP SUM BID AMOUNT* \$ _____

Subject to all terms and conditions set forth on the reverse hereof, the undersigned offers and agrees to purchase the above described material at the bid amount indicated.

Signature

Company Name

Name (Printed)

Street Address

Date

City, State, Zip Code

FAX number

Telephone number

* All sales are subject to New York State Sales Tax and Compensating Use Tax unless the Purchaser furnishes the Authority with an exemption certificate.

SURPLUS MATERIAL SALE
SALE NO. __
NEW YORK POWER AUTHORITY
(ADDRESS OF
PROJECT)
Telephone: (###) ###-####
FAX: (###) ###-####

Subject to the terms and conditions stated below, bids will be received on the surplus material, either by mail, fax or hand delivery at the (Location) _____ no later than (Date) _____.

The material is available for inspection, by appointment, at the (Project) _____. For an appointment, please contact the Property Disposal Coordinator, (Name) _____ at (Telephone no.) _____.

Successful bidders will be required to pay by certified check, on notice from the Authority that the bid has been accepted, and remove the material from the Authority's premises within ten (10) calendar days after receipt of notice of award.

Envelopes containing bids submitted by mail should be marked on the outside to indicate that a bid on Sale No. __ is enclosed.

Current and former employees of the Power Authority or relatives of such employees or third parties acting on behalf of such employees or relatives are ineligible to bid and are prohibited from subsequently acquiring such surplus material in any manner.

1. **INSPECTION.** Bidders are invited, urged and cautioned to inspect the material being sold prior to submitting a bid. The material will be available for inspection at the time and place specified above. In no case will failure to inspect constitute grounds for the withdrawal of a bid after opening.
2. **CONDITION OF PROPERTY.** All material listed is offered for sale "AS IS, WHERE IS". The Authority does not in any way warrant the fitness of the material for any particular use or its merchantability and disclaims any other representations or warranties, express or implied, including, but not limited to, quality, character, performance or condition of the material or any of its component parts, assemblies, or accessories.
3. **CONSIDERATION OF BIDS.** Bids must be submitted in writing on the form provided by the Authority (see reverse side) and shall be submitted on all items listed. The Authority reserves the right to reject any and all bids, to waive technical defects in bids and to award sale of the items as may be in the best interest of the Authority.
4. **PAYMENT.** The Purchaser agrees to pay for the awarded material in accordance with the prices quoted in his/her bid. Payment of the full purchase price must be made within the time allowed for removal, and prior to the release of any material to the Purchaser.
5. **NEW YORK STATE SALES AND COMPENSATING USE TAX.** All sales will be subject to New York State Sales and Compensating Use Tax unless the Purchaser furnishes the Authority with an exemption certificate.

**SURPLUS MATERIAL
SALES AGREEMENT**

_____, the Buyer, and the Power Authority of the State of New York ("the Authority"), agree as follows:

- 1) The material identified herein is sold by the Authority and purchased by Buyer "AS IS, WHERE IS" at the price(s) shown, plus any applicable sales tax.
- 2) **THE AUTHORITY DOES NOT IN ANY WAY WARRANT THE FITNESS OF THE MATERIAL FOR ANY PARTICULAR USE OR ITS MERCHANTABILITY AND DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED INCLUDING, BUT NOT LIMITED TO, THE QUALITY, CHARACTER, PERFORMANCE, OR CONDITION OF THE MATERIAL OR ANY OF ITS COMPONENT PARTS, ASSEMBLIES, OR ACCESSORIES.**
- 3) The Bidder warrants that he/she/it is not a current or former Authority employee, is not related to an Authority employee and did not bid on behalf of an Authority employee. Bidder is aware that Authority employees and their family members are precluded from subsequently receiving, or acquiring, in whole or in part, by any manner including gift, sale, loan or lease, the equipment and/or materials acquired by the Bidder pursuant to this sale. The term "related to" as used in this paragraph means the relationships of spouse, child, parent, sister, brother, grandparent, grandchild, aunt, uncle, cousin, niece, nephew, stepchild, stepparent, stepsister, stepbrother, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, or son-in-law. The Authority reserves the right to invoke any available legal or equitable remedy in the event of a breach by the Bidder of his or her warranty under this paragraph, including but not limited to, rescinding the sale and recovering the property sold and all costs associated with the sale and the rescission of said sale.
- 4) The Buyer shall indemnify and hold harmless the Authority and all of its officers, agents and employees from any loss, damage, remedial or response cost, liability or expense, on account of damage or contamination to property and injuries, including death, to all persons, including Buyer's employees, or any third parties, arising or in any manner growing out of the sale of any equipment and/or materials or the performance of any work under this agreement and shall defend at its own expense any suits or other proceedings brought against the Authority and its officers, agents and employees, or any of them, on account thereof, and pay all expenses and satisfy all judgements which may be incurred by or rendered against them or any of them in connection therewith.
- 5) The Buyer shall remove the material from the Authority's premises by _____ at Buyer's expense. The Buyer shall make payment upon delivery by certified check payable to the New York Power Authority.

Description of Material:

Selling Price: _____

Executed this _____ day of _____, 19____.

Buyer (Print or Type):

Seller:

Power Authority of the State of New York
123 Main Street
White Plains, New York 10601

Authorized Signature

Authorized Signature

Full Name (Printed)

Title

Title

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EXHIBIT `B' UNDER SEPARATE COVER

7. Consideration of Integrated Resource Planning and Three Other Ratemaking Standards - Energy Policy Act of 1992

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the adoption by the Authority of four federal ratemaking standards which are included in the Federal Energy Policy Act of 1992 (`1992 Act'). (Exhibit (`7-A')) The Trustees are also requested to approve the Authority's 1995 Integrated Resource Plan (`IRP') for submittal to the New York State Energy Planning Board by July 1, 1995. (Exhibit `7-B')

BACKGROUND

"The 1992 Act requires that nonregulated electric utilities and state regulatory authorities consider and determine whether the adoption of certain ratemaking standards advances the purposes of the Public Utility Regulatory Policies Act of 1978 (`PURPA'). PURPA seeks to encourage: (1) conservation of energy; (2) increased efficiency in the use of facilities and resources by electric utilities; and (3) equitable retail rates to electric consumers.

"The 1992 Act requires the Authority to consider whether to adopt four ratemaking standards pertaining to: (1) integrated resource planning; (2) investments in conservation and demand management; (3) energy efficiency investments in power generation and supply; and (4) the effects of wholesale power purchases on utility cost of capital, etc.

"In addition, the Authority is required by Section 6-106 of the State Energy Law to submit an IRP to the State Energy Planning Board biennially. The Authority's first IRP was submitted on July 1, 1993. The IRP represents an important component of the Authority's strategic planning. The IRP does not, however, commit the Authority to a particular course of action. It is a strategy which assesses the resource needs of the Authority's customers, presents and evaluates Authority's current plans, and investigates the potential benefits of various long-term strategies to provide management with options for future consideration.

DISCUSSION

"Pursuant to the authorization of the Trustees given at their meeting of September 29, 1994, the President directed staff to place a public notice in the State Register regarding a hearing on the four ratemaking standards, prepare an integrated resource plan and hold public meetings on the draft IRP at various locations throughout the State. A public hearing notice was published on April 26, 1995. A public hearing on the four standards was held at the Authority's New York City office on May 26, 1995. At the hearing, the Authority presented for the record its preliminary Staff Report recommending adoption of all four standards.

"The record of the public hearing is submitted herewith, including the final Staff Report concerning the standards which is incorporated into the final record. (Exhibit `7-C') No public comments were received on any of the four standards.

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"Staff has also prepared an integrated resource plan, and an executive summary of the draft IRP was sent to more than 700 Authority customers, State Agencies, citizens and interested groups. Public meetings were held in Buffalo and Watertown on May 19, 1995; in Albany on May 22, 1995; and in New York City on May 26, 1995. At these meetings, Authority staff presented the content of the draft IRP and received oral comments from participants and held question-and-answer sessions. Opportunity for written comments was also provided. All comments received were considered and some modifications were made in the final IRP.

"Almost all of the comments supported the plans outlined in the IRP and applauded the Authority's efforts promoting energy conservation, renewable resources and electric transportation.

"Of the comments received, only three expressed reservations with some aspect of the plan. These three raised safety and economic concerns related to the continued operation of Indian Point 3 ('IP3') and James A. FitzPatrick ('JAF') Nuclear Power Plants. One of these comments also indicated that the Authority was not doing enough energy conservation and renewable resources and that the Authority's economic development programs are inappropriate because such subsidies do not benefit the businesses not receiving them. The comment went on to say that the continued reliance on JAF, IP3 and Charles Poletti Power Project ('Poletti') will hold back the Authority's initiatives in advancing and promoting renewable energy sources.

"Other comments included:

- a suggestion that the final IRP should emphasize the Authority's commitment to continue to sell to the wholesale market, particularly with respect to the hydro projects;
- that the Authority should support legislation to remove the tax exemption for IP3;
- that the Authority should consider a closed cycle cooling system if Poletti is repowered;
- that the Authority consider wood-fired generation in the Adirondack Park; and
- that the Authority should act quickly to play a lead role in forming a northeast Regional Transmission Group ('RTG').

All comments were also summarized and included in the final IRP. A copy of the final IRP is attached as Exhibit '7-B'.

FISCAL INFORMATION

"There is no fiscal impact.

RECOMMENDATION

"The Vice President - System Planning, the Senior Vice President - Marketing and Economic Development, and the Senior Vice President - Transmission recommend that the Trustees authorize the adoption of the four federal standards discussed above.

"The Vice President - System Planning, and the Senior Vice President - Transmission further recommend that the Trustees approve the Integrated Resource Plan attached hereto as Exhibit '7-B', and that the President and Chief Executive Officer be authorized to submit the 1995 Integrated Resource Plan to the New York State Energy Planning Board by July 1, 1995.

"The General Counsel, the Chief Operating Officer, and I concur in the recommendation."

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In response to questions from Trustee Miller, President Freeman and Mr. Haase explained that the requirement that all utilities file an IRP biennially is to ensure that utilities are cognizant of future load growth and are developing resource plans to meet such growth; the Authority's IRP itself, however, does not constitute Trustee approval of the proposed specific projects. In response to questions from Trustee Duch, Mr. English explained that FERC strongly supports the formation of Regional Transmission Groups ("RTGs") and has already formally approved one such RTG. Mr. English further explained that the model submitted by the Authority in the PSC proceeding includes an RTG for New York State. Trustee Waldbauer commended staff on the preparation of the current IRP.

The following resolution, as recommended by the President, was unanimously adopted:

WHEREAS, by October 25, 1995, the Authority must make a final determination concerning the adoption of certain electric ratemaking standards under the Energy Policy Act of 1992; and

WHEREAS, by July 1, 1995, the Authority is required to submit its final Integrated Resource Plan with the State Energy Planning Board pursuant to the requirements of the State Energy Law;

NOW THEREFORE BE IT RESOLVED, That the Authority adopts the four ratemaking standards, as attached hereto as Exhibit "7-A", including the integrated resource planning standard; the investments in conservation and demand management standard; the energy efficiency investments in power generation and supply standard; and the effects of wholesale power purchases on utility cost of capital, etc. standard; and be it further

RESOLVED, That the 1995 Integrated Resource Plan be approved in substantially the form attached hereto as Exhibit "7-B", and that the President and Chief Executive Officer, or his designee be, and hereby is, authorized to submit the 1995 Plan to the New York State Energy Planning Board by July 1, 1995.

**Integrated Resource Planning
16 U.S.C.A. 2621(d)(7)**

Each electric utility shall employ integrated resource planning. All plans or filings before a state regulatory authority to meet the requirements of this paragraph must be updated on a regular basis, must provide the opportunity for public participation and comment, and contain a requirement that the plan be implemented.

**Investments in conservation and demand management
16 U.S.C. 2621(d)(8)**

The rates allowed to be charged by a State regulated electric utility shall be such that the utility's investment in and expenditures for energy conservation, energy efficiency resources and other demand side management measures are as least as profitable, giving appropriate consideration to income lost from reduced sales due to investments in and expenditures for conservation and efficiency, as its investments in and expenditure for the construction of new generation, transmission, and distribution equipment. Such energy conservation, energy efficiency resources and other demand side management measures shall be appropriately monitored and evaluated.

**Energy efficiency investments in
power generation and supply
16 U.S.C. 2621(d)(9)**

The rates charged by any electric utility shall be such that the utility is encouraged to make investments in, and expenditures for, cost-effective improvements in the energy efficiency of power generation, transmission and distribution. In considering regulatory changes to achieve the objectives of this paragraph, State regulatory authorities and nonregulated electric utilities shall consider the disincentives caused by existing ratemaking policies, and practices, and consider incentives that would encourage better maintenance, and investment in more efficient power generation, transmission and distribution equipment.

**Consideration of the effects of wholesale power purchases on utility cost of capital; effects of leveraged capital structures on the reliability of wholesale power sellers; and assurance of adequate fuel supplies
16 U.S.C. 2621(d)(10)**

(A) To the extent that a State regulatory authority requires or allows electric utilities for which it has ratemaking authority to consider the purchase of long-term wholesale power supplies as a means of meeting electric demand, such authority shall perform a general evaluation of:

- (i) the potential for increases or decreases in the costs of capital for such utilities, and any resulting increases or decreases in the retail rates paid by electric consumers, that may result from purchases of long-term wholesale power supplies in lieu of the construction of new generation facilities by such utilities;
- (ii) whether the use by exempt wholesale generators (as defined in section 79z-5a of Title 15) of capital structures which employ proportionately greater amounts of debt than the capital structures of such utilities threatens reliability or provides an unfair advantage for exempt wholesale generators over such utilities;
- (iii) whether to implement procedures for the advance approval or disapproval of the purchase of a particular long-term wholesale power supply; and

(iv) whether to require as a condition of approval of the purchase of power that there be reasonable assurances of fuel supply adequacy.

**8. Procurement (Services) Contracts - Miscellaneous
Regional Surveying and Mapping Services - Awards**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award of (i) five multi-year procurement contracts to perform regional surveying services to Dana L. Drake, L.S., P.L.L.C. ('Drake'); TVGA Engineering, Land Surveying, P.C. ('TVGA'); Rowe, Woodin, and Parsons ('RW&P'); and Welsh Engineering and Land Surveying ('Welsh'), as well as the award of (ii) one multi-year contract to perform photogrammetric services to Photo Science, Inc. ('PSI'), to support statewide real estate, environmental, operations and relicensing activities.

BACKGROUND

"Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year.

"The Authority's Real Estate Division routinely performs surveying and mapping services in connection with ongoing operation of the Authority's power generation facilities and ancillary transmission lines. Further, the Authority frequently has the need for photogrammetric services requiring aerial photography and associated analysis. Aerial photography of the Authority facilities is necessary in particular to identify problems along the Authority's 1,000 miles of transmission line right-of-way.

DISCUSSION

"The Authority's Real Estate Division has heretofore provided survey support to the various facilities through a combination of an in-house survey crew and outsourcing survey work where cost-effective. One of the findings of the recent 'NYPA Restructuring and Cost Reduction Review' was that savings could be achieved by outsourcing all survey requirements.

"In order to continue to provide ongoing survey and mapping support on an as-needed basis and to implement the cost reduction effort, Authority staff requested bids by advertising in the Contract Reporter for the performance of as-needed routine land surveying and engineering surveying services, to be supplied on a regional basis to support the Authority's various facilities. Competitive bids were solicited from 50 firms, including those responding through the Contract Reporter. Of these, 32 firms responded with formal proposals.

"The proposals submitted were reviewed for relevant experience and capabilities. All respondents were judged at least adequately qualified and experienced. Because the proposed contracts are for the provision of typical surveying services on an as-needed basis, the unit rates submitted were applied to estimates of the manhours spent on a typical engineering type survey and a typical property survey based on recent Authority experience. While any specific task can vary significantly from these in scope, they provide an accurate estimate of relative costs. The responding firms and estimated costs for each 'typical' survey are set forth below for the regions to be served. The recommended bidder for each award is the low qualified bidder in all cases.

"All expenditures pursuant to these contracts will be within the approved budgets of the business units and divisions requesting the services. The Authority entities which have historically required surveying and mapping services which will now be provided through these contracts are the Real Estate and Environmental Divisions, the Legal Department, and the Transmission and Power Generation Business Units. Estimated expenditures are expected to total \$300,000 for 1995, and \$275,000 for 1996.

A. Surveying Services

1. St. Lawrence/FDR Power Project: Counties of St. Lawrence, Jefferson, Franklin and Clinton

Nine proposals were received to provide land surveying and engineering surveying services in this region and were evaluated as shown below:

	<u>Name of Bidder</u>	<u>Estimated Costs</u>	
		Typical Engineering Survey	Typical Property Survey
(1)	Dana L. Drake, L.S., P.L.L.C., Malone, NY	\$15,620.00	\$2,770.00
(2)	Welsh Engineering & Land Surveying, Syosset, NY	17,330.40	3,947.90
(3)	Lafave, White, & McGivern, L.S., P.C., Theresa, NY	17,678.00	3,783.50
(4)	Larsen Engineers, P.C., Rochester, NY	19,952.00	4,333.00
(5)	Modi Engineering & Land Surveying, P.C., Cicero, NY	21,184.00	4,531.00
(6)	Joanne Darcy Crum, L.S., Cobleskill, NY	21,308.00	4,649.00
(7)	McIntosh & McIntosh, P.C., Lockport, NY	22,316.80	4,794.80
(8)	RU-SH GPS Consultants & Land Surveyors, Fishers, NY	23,020.00	4,762.50
(9)	Konski Engineers, P.C., Syracuse, NY	23,312.00	4,939.55

Dana L. Drake, L.S., P.L.L.C. is the lowest evaluated and technically acceptable bidder. The award of the contract to Drake is recommended based on its technical proposal, geographic proximity, and estimated costs.

2. Niagara Power Project: Counties of Ontario, Niagara, Orleans, Genesee, and Monroe

Ten proposals were received to provide land surveying and engineering surveying support in this region and were evaluated as shown below:

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	<u>Name of Bidder</u>	<u>Estimated Costs</u>	
		Typical Engineering Survey	Typical Property Survey
(1)	TVGA Engineering, Land Surveying, P.C., Orchard Park, NY	\$14,312.00	\$2,453.00
(2)	Niagara Boundary & Mapping Services, L.S., P.C., Niagara Falls, NY	16,044.00	3,442.50
(3)	Welsh Engineering & Land Surveying, Syosset, NY	17,330.40	3,947.90
(4)	Deborah A. Naybor, PLS, PC, Alden, NY	18,680.00	3,547.50
(5)	McIntosh & McIntosh, P.C., Lockport, NY	19,216.80	4,096.00
(6)	Wendel, Lockport, NY	19,912.00	3,468.00
(7)	Larsen Engineers, P.C., Rochester, NY	19,512.00	4,219.50
(8)	D. J. Parrone & Associates, P.C., Penfield, NY	19,840.00	3,967.50
(9)	RU-SH GPS Consultants & Land Surveyors, Fishers, NY	20,020.00	4,087.50
(10)	Nussbaumer & Clarke, Inc., Buffalo, NY	21,772.00	4,530.50

TVGA Engineering, Land Surveying, P.C. is the lowest evaluated and technically acceptable bidder. The award of the contract to TVGA is recommended based on its technical proposal, geographic proximity, and estimated costs.

3. Blenheim-Gilboa Pumped Storage Power Project: Counties of Schoharie, Delaware, Greene, Sullivan, Orange, Dutchess, Albany, Schenectady, Saratoga, and Otsego.

Twenty proposals were received to provide land surveying and engineering surveying support in this region and were evaluated as shown below:

	<u>Name of Bidder</u>	<u>Estimated Costs</u>	
		Typical Engineering Survey	Typical Property Survey
(1)	Rowe, Woodin, and Parsons, Oneonta, NY	\$16,364.00	\$3,105.00
(2)	Welsh Engineering & Land Surveying, Syosset, NY	17,330.40	3,947.90

(3)	David A. Flanders Associates	18,388.00	3,834.50
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(3)	Joanne Darcy Crum, L.S., Cobleskill, NY	18,676.00	4,062.50
(5)	Shah Associates Engineering & Land Surveying, Merrick, NY	18,520.00	4,454.50
(6)	Chas. H. Sells, Inc., Bedford Hills, NY	19,420.00	4,104.50
(7)	TVGA Engineering, Land Surveying, P.C., Orchard Park, NY	20,224.00	3,662.50
(8)	Larsen Engineers, P.C., Rochester, NY	20,064.00	4,354.50
(9)	S. Y. Kim Surveyor, P.C., Latham, NY	20,752.00	4,389.00
(10)	Boswell Engineering, Albany, NY	20,280.00	4,915.00
(11)	Harza Northeast, Utica, NY	20,906.64	4,393.50
(12)	GEOD Corp., Newfoundland, NJ	21,140.00	4,698.50
(13)	Shah Trans/Environ Engineering & Land Surveying, P.C., Freeport, NY	21,108.00	4,932.00
(14)	C. T. Male Associates, P.C., Latham, NY	21,544.00	4,580.00
(15)	Atzl, Scatassa, & Zigler, P.C., New City, NY	21,990.00	4,935.00
(16)	McIntosh & McIntosh, P.C., Lockport, NY	22,316.80	4,794.80
(17)	RU-SH GPS Consultants & Land Surveyors, Fishers, NY	23,020.00	4,762.50
(18)	Konski Engineers, P.C., Syracuse, NY	23,312.00	4,939.55
(19)	Clough, Harbour, and Associates, Albany, NY	24,744.00	5,268.00
(20)	Shumaker Consulting Engineering & Land Surveying, P.C., Vestal, NY	25,560.00	5,037.50

Rowe, Woodin, and Parsons is the lowest evaluated and technically acceptable bidder. The award of the contract to RW&P is recommended based on its technical proposal, geographic proximity, and estimated costs.

4. Clark Energy Center: Counties of Wayne, Cayuga, Ontario, Onondaga, Oswego, Oneida, Lewis, Herkimer and Madison

Fourteen proposals were received to provide land surveying and engineering surveying support in this region and were evaluated as shown below:

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	<u>Name of Bidder</u>	<u>Estimated Costs</u>	
		Typical Engineering Survey	Typical Property Survey
(1)	Lafave, White, & McGivern, L.S., P.C., Theresa, NY	\$16,082.00	\$3,351.25
(2)	Rowe, Woodin, & Parsons, Oneonta, NY	16,364.00	3,105.00
(3)	Welsh Engineering & Land Surveying, Syosset, NY	17,330.40	3,947.90
(4)	D. J. Parrone and Associates, P.C., Penfield, NY	19,840.00	3,967.50
(5)	Larsen Engineers, P.C., Rochester, NY	19,600.00	4,241.00
(6)	RU-SH GPS Consultants & Land Surveyors, Fishers, NY	20,020.00	4,087.50
(7)	Harza Northeast, Utica, NY	20,594.64	4,356.50
(8)	C. T. Male Associates, P.C., Latham, NY	21,040.00	4,580.00
(9)	Modi Engineering & Land Surveying, P.C., Cicero, NY	21,184.00	4,531.00
(10)	Joanne Darcy Crum, L.S., Cobleskill, NY	21,308.00	4,649.00
(11)	McIntosh & McIntosh, P.C., Lockport, NY	22,316.80	4,794.80
(12)	Konski Engineering, P.C., Syracuse, NY	22,432.00	4,774.00
(13)	Nussbaumer & Clarke, Inc., Buffalo, NY	23,820.00	4,960.50
(14)	Shumaker Consulting Engineering & Land Surveying, P.C., Vestal, NY	25,560.00	5,037.50

The award of the contract to Rowe, Woodin, and Parsons is recommended based on its technical proposal, geographic proximity, and estimated costs. Although its estimated engineering survey costs are slightly higher than those of Lafave, White, and McGivern, its estimated property survey costs are slightly lower. The bulk of the work for this region in the foreseeable future will consist of property survey work. RW&P is therefore the lowest evaluated and technically acceptable bidder.

5. Headquarters/Poletti Power Project: Counties of Westchester, Nassau, Suffolk, Queens, and New York

Eleven proposals were received to provide land surveying and engineering surveying support in this region and were evaluated as shown below:

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	<u>Name of Bidder</u>	<u>Estimated Costs</u>	
		Typical Engineering Survey	Typical Property Survey
(1)	Welsh Engineering & Land Surveying, Syosset, NY	\$15,820.00	\$3,658.25
(2)	Shah Associates Engineering & Land Surveying, Merrick, NY	16,080.00	3,907.00
(3)	GEOD Corp., Newfoundland, NJ	17,468.00	4,698.50
(4)	Shah Trans/Environ Engineering & Land Surveying, P.C., Freeport, NY	18,232.00	4,350.00
(5)	Carmen-Dunne, P.C., Lynbrook, NY	19,740.00	4,800.00
(6)	Boswell Engineering, Albany, NY	20,280.00	4,915.00
(7)	Munoz Engineering, P.C., New York, NY	20,357.00	4,909.23
(8)	Chas. H. Sells, Inc., Bedford Hills, NY	21,324.00	4,512.75
(9)	Larsen Engineers, P.C., Rochester, NY	21,728.00	4,740.00
(10)	L. K. McLean Associates, Brookhaven, NY	22,760.00	5,146.50
(11)	N. Massand, P.C., Bayside, NY	23,768.60	5,781.10

Welsh Engineering and Land Surveying is the lowest evaluated and technically acceptable bidder. The award of the contract is Welsh is recommended based on their technical proposal, geographic proximity, and estimated costs.

B. Aerial Photography and Mapping Support

The bid document was issued to 16 firms. Five firms responded with formal proposals. The proposals submitted were reviewed for relevant experience and capabilities, with particular attention to the cost items relevant to the services contemplated. The responding firms are as follows:

- (1) Photo Science, Inc., Gaithersburg, MD
- (2) Atlantic Technologies, Ltd., Huntsville, AL
- (3) Lafave, White, and McGivern, Theresa, NY
- (4) Kucera International, Inc., Willoughby, OH
- (5) TVGA Engineering, Surveying, P.C., Orchard Park, NY

It is recommended that the award of the contract be made to Photo Science, Inc. on its technical proposal,

experience, and unit price quotations. PSI submitted the lowest unit rates for every category of personnel, and for every other relevant cost category. Attached hereto is Exhibit `8-A' which sets out a comparison of the major cost categories.

"Of the five respondents, TVGA was judged unresponsive as it did not submit experience records or unit price proposals for the environmental analyses required by the issued Request for Proposal (`RFP'), and has no in-house digital orthophotographic capabilities. In addition, TVGA is 39% higher than PSI in aggregate personnel costs, and averaged 31% higher in data processing costs, and 48% higher in air photo acquisition costs.

"The only other New York-based bidder, Lafave, White, and McGivern, was responsive in all required categories, but submitted unit price quotes that are 61% higher than PSI in aggregate personnel costs; averaged 30% higher in data processing costs; and 69% higher in air photo acquisition costs.

FISCAL INFORMATION

"Estimated expenditures for 1995 have been included in the 1995 Approved O&M Budget. Estimated expenditures for 1996 and 1997 will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Director - Real Estate, the Vice President and Chief Engineer - Engineering - Power Generation, and the Vice President - Procurement and Real Estate recommend that the Trustees approve the award of the following contracts for surveying services to Dana L. Drake, L.S., P.L.L.C.; TVGA Engineering, Land Surveying, P.C.; Rowe, Woodin, and Parsons; and Welsh Engineering and Land Surveying; and to Photo Science, Inc. for aerial photography and mapping support services.

"The General Counsel, the Senior Vice President - Power Generation, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award of multi-year procurement contracts for miscellaneous surveying and mapping and photogrammetric services is hereby approved, as recommended in the foregoing report of the President, in the amount and for the purposes listed below:

<u>O&M</u>	<u>Projected Closing Date</u>	<u>Contract Approval</u>
Miscellaneous Surveying and Mapping Services		
- Dana L. Drake, L.S., P.L.L.C.}		
- TVGA Engineering, Land Surveying, P.C.}		
- Rowe, Woodin, and Parsons}		
- Welsh Engineering and Land Surveying}	06/31/97	Total Award of <u>\$575,000</u>

Aerial Photography Services
- **Photo Science, Inc.**

06/31/97

\$275,000

**AERIAL PHOTOGRAPHY AND MAPPING SUPPORT
RELEVANT COST CATEGORY COMPARISONS**

FIRMS

<u>Cost Categories</u>	<u>Photo Science</u>	<u>Atlantic Tech.</u>	<u>White,</u>	<u>LaFave, McGivern</u>	<u>Kucera</u>	<u>TVGA</u>
<u>Aggregate Personnel Costs (Per Hour)</u>						
Totals of All Personnel Rates	\$410.60	\$984.88	\$663.65	\$709.00	\$569.70	
<u>Data Processing Costs (Per Hour)</u>						
Analytical Triangulation Equip. w/Operator	\$ 34.04	\$ 71.36		\$ 51.73	\$ 46.50	\$ 43.85
Stereo Plotter w/Operator	\$ 42.40	\$ 75.68		\$ 45.65	\$ 46.50	\$ 48.50
Softcopy Stereo Workstation w/Operator	\$ 42.50	\$ 67.30		\$ 51.73	\$ 65.00	\$ 50.00
Digital Orthophoto Equip. w/Operator	\$ 32.60	\$ 62.29		\$ 45.37	\$ 55.00	\$ 53.00
<u>Air Photo Acquisition Costs</u>						
Fixed Wing Aircraft (per hour)	\$287.04	\$436.44	\$475.00	\$425.00	\$475.00	
Airborne GPS Control (per exposure)	\$ 11.50	\$ 18.25		\$ 20.00	\$ 50.00	\$ 15.00

9. Procurement (Services) Contracts - James A. FitzPatrick, Indian Point 3 Nuclear Power Plants; St. Lawrence/FDR Power Project; and Headquarters - Awards

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award and funding of the multi-year procurement contracts listed in Exhibit '9-A' for the James A. FitzPatrick ('JAF') and Indian Point 3 ('IP3') Nuclear Power Plants; the St. Lawrence/FDR Power Project and Headquarters. A detailed explanation of the nature of such services, the basis for the new awards, and the intended duration of such contracts are listed in the discussion below.

BACKGROUND

"Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year.

"In accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts in excess of \$3,000,000, as well as personal services in excess of \$1,000,000 if low bidder, or \$500,000 if sole source or non-low bidder, require Trustees' approval.

DISCUSSION

"While the Authority's policy is to use its own staff to perform necessary engineering and craft labor work, there are cases where it is necessary to utilize external contractors or consultants to supplement our own staff during peak working periods in support of refueling and other outages, or if special expertise is required that is not available within the Authority.

"The terms of these contracts will be more than one year, therefore the Trustees' approval is required. In order to commence services pursuant to these contracts, two have already been awarded for terms limited to less than one year, with the understanding that extension for subsequent years is subject to approval by the Authority's Trustees. All of these contracts contain provisions allowing the Authority to terminate the services at will, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all 15 contracts, ranging in estimated value from \$9,000 to \$14,000,000 and totaling \$17,504,100.

"These contract awards do not obligate the Authority to a specific level of personnel resources or expenditures. The 1995 O & M Budget for Nuclear Generation included significant reduction of expenditures for external contractor personnel and services. Over the last year, the number of filled positions in support of Nuclear Operations has been reduced by approximately 170 full-time equivalent positions ('FTEs'). As the Authority performs more work in-house over the next several years, funding allocated for services performed pursuant to these contract awards will be correspondingly reduced.

"The issuance of multi-year contracts is recommended from both a cost and efficiency standpoint. In many cases, reduced prices can be negotiated for these longer term contracts. Since these services are typically required on a continuous basis, it is more efficient to award longer term contracts than to rebid these services annually.

HQ AWARDS IN SUPPORT OF IP3:

General Maintenance Services - Q-02-1340 (PO # TBA):

"Peak work periods during refueling and other outages, and the need to perform major modification work during non-outage periods to minimize outage duration, require the use of craft labor and supervision to supplement the Authority's permanent work force. Since this work is cyclical, it would not be prudent to hire an additional cadre of craft personnel full-time, since there would be insufficient work to occupy them during non-peak periods.

"The contract with **NPS Energy Services, Inc.**, which will commence on July 1, 1995, would provide the mechanism for supplying these additional craft and supervision on an 'as required' basis. The purpose of this contract is to provide general maintenance services for IP3. The scope of this contract consists of performing modification, maintenance, and repair work, which cannot be performed by Authority in-house personnel, during normal operations, scheduled outages, and forced outages. The following work will be performed on an 'as required' basis: facility maintenance; plant modification installation; corrective and preventive maintenance; outage support activities; and work package planning.

"On March 28, 1995, seven proposals were received (of 31 solicited) and opened for general maintenance services from the following companies:

	<u>BIDDER</u>	<u>EVALUATED COST</u>
1.	Burns & Roe Construction Group, Inc. Oradell, NJ	\$13,391,815.60
2.	NPS Energy Services, Inc. Radnor, PA	\$13,693,230.00
3.	Raytheon Engineers & Constructors, Inc. Philadelphia, PA	\$13,795,049.40
4.	Stone & Webster Engineering Corp. Boston, MA	\$13,799,263.80
5.	Williams Power Corp. Stone Mountain, GA	\$13,805,639.60
6.	Valco Piping Services, Inc. New London, CT	\$14,740,127.00
7.	Fischbach Power Services, Inc. Brockton, MA	\$15,121,839.00

"As part of their proposals, bidders provided factors for Federal and State Unemployment Taxes, Social Security Taxes, Workers' Compensation and Liability Insurance. These factors were then applied to the base craft wage rates, plus a firm overhead and fee percentage quoted by the bidders, resulting in evaluated straight time and overtime hourly rates for craft personnel. The bidders also submitted firm straight time and overtime hourly rates, inclusive of all expenses and/or per diems, for non-manual personnel to be provided under this contract. For purposes of the bid comparison, the Authority assumed staffing levels required for non-manual and manual maintenance support required for one Refueling Outage, one Maintenance Outage, and non-outage support required during the term of the contract. The Evaluated Cost is an estimate only, and only those funds approved by the Trustees for O & M and capital work will be allocated for services performed by NPS.

"The bidders' proposals were evaluated against the requirements of the bidding document, the submittal of information required by the bidding document, pricing, and the bidders' written exceptions and clarifications. The four lowest, commercially acceptable bids were then chosen for further technical evaluation. The bidders were

invited to a meeting with the Bid Evaluation Committee to discuss details of their respective proposals. Each bidder was requested to attend the interview with their firm's proposed Corporate Manager, Site Manager, Site Superintendent, Project Engineer, and Project Controls Supervisor, so each site team could be technically evaluated and ranked. The following criteria were considered for the technical evaluation: safety, nuclear industry experience, experience at Authority site(s), innovation, teamwork/outage experience, key site staff, project controls, and experience in managing labor agreements. The overall results of the technical evaluation scoring are as follows:

<u>Company</u>	<u>Technical Evaluation</u>	<u>Technical Rating</u>
NPS	2.39 (Adequate)	1
Stone & Webster	2.24 "	2
Raytheon	1.95 "	3
Burns & Roe	1.39 (Inadequate)	Technically Disqualified

"The technical evaluation resulted in NPS as the lowest most technically qualified bidder.

"Although Burns & Roe submitted a total estimated cost for the services that was approximately \$300,000 lower than that of NPS, the following technical inadequacies resulted in Burns & Roe not being recommended for the contract:

- Minimal depth of qualified nuclear maintenance personnel to support this contract on a company-wide basis;
- Limited full service experience as a nuclear maintenance/modification contractor;
- Innovation or a proactive attitude was not displayed by proposed site team;
- Lack of attention to procedure adherence;
- Limited work package planning experience;
- Lack of training experience; and
- Lack of understanding of IP3's continuous improvement objectives.

"The intended term of this contract is 18 months, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total combined amount expected to be expended for the term of the contract, \$14,000,000. NPS has also agreed to subcontract 20% of the staff and craft personnel to a New York State certified M/WBE firm.

QA/QC Services - Q-02-1352 (PO # TBA):

"As with the above-mentioned maintenance contractor, there is the need to supplement the Authority's QA/QC personnel with additional contractor personnel to support refueling and other outages when work is being performed on a 24 hour basis. During non-outage periods, there is no need for this additional staff and therefore it would not be prudent to hire additional permanent QA/QC personnel on a full-time basis.

"The primary contract with **The Atlantic Group** will commence on July 1, 1995, subject to the Trustees' approval. A backup contract to **Davy International** for a concurrent term is also submitted for approval. The purpose of this contract is to provide Quality Assurance/Quality Control Services for IP3. These services include: providing qualified and certified personnel (to industry standards and facility-specific requirements) to supplement the Authority's quality assurance/quality control ('QA/QC') staff during periods of increased work activities at IP3 and White Plains Headquarters Office ('WPO'). The work activities include, but are not limited to: refueling, outage modifications to existing systems and overhaul and repair of Mechanical, Electrical, and Instrumentation and Control systems. Staffing levels will be defined by the Authority's Plant QA Manager for assignments at IP3 and by the QA Director at WPO.

"A technical evaluation was performed after the bidders were ranked commercially. The commercial ranking of the bidders is as follows:

	<u>BIDDER</u>	<u>EVALUATED COST</u>
1.	Cataract, Inc., Smithtown, NY	\$1,962,290.50
2.	The Atlantic Group, Norfolk, VA	\$1,997,735.50
3.	Davy International, Pittsburgh, PA	\$2,013,195.00
4.	Spec Group, Trafford, PA	\$2,015,300.00
5.	National Inspection & Consultants, Inc. Fort Myers, FL	\$2,021,898.00
6.	GTS/Duratek, Columbia, MD	\$2,026,432.50
7.	Stone & Webster Eng. Corp., Boston, MA	\$2,030,198.50
8.	Volt Technical Services, Garden City, NY	\$2,056,141.00
9.	Raytheon Engineers & Constructors Norcross, GA	\$2,093,500.00
10.	NRT Technical, Metuchen, NJ	\$2,144,430.50
11.	Quality Inspection Services, Inc. Buffalo, NY	\$2,187,186.50
12.	SGS Industrial, Edison, NJ	\$2,355,777.50
13.	Fischbach Power Services, Inc., Brockton, MA	\$2,580,457.00
14.	G.D. Barri*, Glendale, AZ	N/A

* Bid Quality Assurance personnel only

"Bidders provided firm straight time and overtime hourly rates plus per diems (as applicable), based on Authority established minimum hourly rates for each type of QA/QC position identified in the bid document. For purposes of the bid comparison, the Authority assumed QA/QC staffing levels required for one Refueling Outage, one Maintenance Outage and long-term non-outage support, required for the duration of the contract. The Evaluated Cost is an estimate only, and only those funds approved by the Trustees in the O & M and capital budget will be allocated for these services.

"Cataract, Inc., the lowest bidder, was evaluated and did not meet all the requirements of the Request for Proposal ('RFP'). Its QA manual and procedures did not address general and specific written evaluations or procedures for examination, qualification and certification of personnel, as required by the RFP. Cataract did not meet the bid requirements for submittal of Level III certification packages, and it does not presently have a 'training program with lesson plans/outlines for certification/recertification', as required by INPO.

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"The Atlantic Group, the next lowest bidder, was reviewed and found to meet the RFP requirements. In addition, the firm was audited in 1994 by the Authority utilizing the Nuclear Utility Procurement Issues Committee ('NUPIC') checklist and was found acceptable. The Atlantic Group is currently listed on the Authority's vendor evaluation tracking system as an approved vendor to supply QA/QC Services.

"Davy International was reviewed and appears to meet all the requirements of the RFP, but will not be surveyed unless its services are required. Davy currently performs similar work at other nuclear facilities.

"The Atlantic Group was therefore the lowest most technically qualified bidder of the 14 bids received (36 solicited). The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined amount expected to be expended for the term of the contract, \$2,000,000. The Atlantic Group has also agreed to subcontract 20% of the staff and craft personnel to a New York State certified M/WBE firm.

IP3 AWARDS:

"The contract with **Bently Nevada Corp. (C95-I65##)** will commence on July 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide calibration and repair services and replacement parts/equipment, on an 'as required' basis, for Bently Nevada velocity seismological probes at IP3. The Authority does not have this expertise in-house. Bently Nevada Corp., the original equipment manufacturer, which provides services through direct sales only, was the only responding bidder of three bids solicited (in addition to notice in the Contract Reporter). The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$12,000.

"The contract with **Control Screening, (C95-I65##)** will commence on July 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide annual maintenance and emergency repairs for three security Philips X-ray machines at IP3. The Authority does not have this expertise in-house. This contract was awarded on a sole source basis because Control Screening, through a series of company mergers and acquisitions, acquired the Philips service business; Philips Electronics was the original equipment manufacturer. The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$42,000.

"The contract with **Elmsford Sheet Metal Works, Inc. (C95-I65##)** will commence on July 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide labor and materials for sheet metal fabrication, on an 'as required' basis, at IP3. Elmsford Sheet Metal was the low bidder of two bids received (five solicited). The vendor has specialized equipment, such as forming and joining machines, power brake, sheers, and other machining equipment, capable of fabricating sheet metal items that cannot be fabricated in-house by the Authority's fabrication shop. The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$39,600.

"The contract with **Foxboro Co. (C95-I65##)** will commence on July 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide repair and recertification of vendor equipment, on an 'as required' basis, at IP3. The Authority does not have this expertise in-house. Foxboro, the original equipment manufacturer, was the only bid received (this was also noticed in the Contract Reporter). The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$40,000.

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"The contract with **Geoenvironmental Consultants (C95-I6565)** commenced on May 15, 1995, subject to subsequent Trustees' approval. The purpose of this contract is to provide an advanced training course for 16 members of the IP3 hazardous materials response team. Geoenvironmental Consultants was the only responding bidder of five bids solicited (in addition to notice in the Contract Reporter). The intended term of this contract is approximately 15 months, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$21,500.

"The contract with **ITI Movats (C95-I65##)** will commence on July 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide a software maintenance agreement for the Motor-Operated Valve ('MOV') program at IP3. This contract was awarded on a sole source basis because ITI Movats is the original equipment manufacturer of the plant diagnostic equipment software installed at IP3. The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$9,000.

"The contract with **Wachs Technical Services (C95-I65##)** will commence on July 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide field service representatives and equipment to perform field machining services, on an 'as required' basis, at IP3. Wachs will provide specialized machining equipment, such as pipe cutting/beveling machines, flange facing machines, valve excising equipment and hydraulic power units and tapping equipment, with qualified technicians to perform on-site CAT I and non-CAT I work involving piping and valves. The Authority does not have the equipment or expertise to perform this work in-house. Wachs Technical Services was the low evaluated bidder of five bids received (eight solicited). The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$60,000.

CONTRACT IN SUPPORT OF ST. LAWRENCE/FDR PROJECT:

"The contract with **W.J. Castle & Associates, P.E. & Associates, P.C. (S95-71984)**, commenced on May 16, 1995, subject to subsequent Trustees' approval. The purpose of this contract is to provide underwater diving inspection services, on an 'as required' basis, of designated intake structures, discharge structures, concrete dams, embankments, spillways, outlet works, Barnhart Island Bridge substructure units, and appurtenant structures and equipment at the St. Lawrence/FDR Power Project. Since this work is required on a limited basis, it would not be cost-effective for the Authority to hire permanent staff on a full-time basis and purchase necessary equipment. W.J. Castle, with Marine Maintenance Inc. as the diving subcontractor, was the low bidder of eight bids received (20 solicited). The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. The initial award was for one year with an option to extend for one additional year. Approval is also requested for the total amount expected to be expended for the term of the contract, \$60,000.

HEADQUARTERS CONTRACTS:

Multiple Awards - Moving Services (Q-02-1331):

"The three contracts with **Clancy Moving Systems, Clark Moving & Storage, and Mapes Moving & Storage** (PO #'S TBA) will commence on July 1, 1995, subject to the Trustees' approval. The purpose of these contracts is to provide moving services in support of the Authority's relocation program for existing employees and new hires assigned to new work locations throughout the state. These three vendors were the low evaluated bidders of 23 bids received (35 solicited). The intended term of these contracts is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contracts, \$1,200,000. This is based upon an estimated 140 moves over the term of this contract, with an average cost of \$8,500 per move. This estimate takes into account the fact that some moves for new

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employees from longer distances across the country will be significantly more costly than for transferring employees from one facility to another within New York State. Actual expenditures will be based upon the number of personnel relocated over the term of this contract.

SOFTWARE MAINTENANCE SERVICES:

"The contract with **Sterling Software (PO # TBA)** will commence on July 27, 1995, subject to the Trustees' approval. The purpose of this contract is to provide a software maintenance agreement and Doculink communications software maintenance to support the Electronic Data Interchange ('EDI') software previously purchased for paperless electronic procurement transactions for frequently purchased stock equipment, parts, and materials. This contract was awarded on a sole source basis because Sterling Software is the original developer of the software and therefore is the only entity to offer these maintenance services. The intended term of this contract is approximately 18 months, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$20,000.

FISCAL INFORMATION

"Funding for JAF expenditures has been included in the 1995 Approved O & M Budget. A budget increase request is currently being prepared for IP3 and will be submitted to the Trustees for Transfer Approval this summer. Funding for contracts in excess of IP3's approved 1995 O & M budget will be included in that request. Contracts are subject to cancellation in the event sufficient funding is not made available. Funding for subsequent years for both JAF and IP3 will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects. Payment will be made from the appropriate Nuclear Improvement Fund.

"Funds required to support contract services for various headquarters and non-nuclear facility Power Generation Business Units have been included in the 1995 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Resident Manager - James A. FitzPatrick Nuclear Power Plant, the Resident Manager - Indian Point 3 Nuclear Power Plant, the Vice President - Nuclear Operations, the Vice President - Nuclear Engineering, the Vice President - Procurement and Real Estate, and the Vice President - Human Resources, and the Senior Vice President - Power Generation recommend the Trustees' approval of the award of multi-year procurement contracts to the companies listed in Exhibit '9-A' and in the Discussion.

"The Vice President - Corporate Finance, the General Counsel, the Chief Nuclear Officer, the Chief Operating Officer, and I concur in the recommendation."

President Freeman added that the Trustees would soon be provided with a report showing the number of contractor positions which have been eliminated at the nuclear power plants.

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The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of multi-year procurement contracts listed in Exhibit "9-A" are hereby approved for the period of time indicated, in the amounts and for the purposes listed, as recommended in the foregoing report of the President.

10. Procurement (Services) Contracts - James A. FitzPatrick, Indian Point 3 Nuclear Power Plants and Headquarters - Extensions, Approval of Additional Funding, and Increase in Compensation Ceiling

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the continuation and funding of the procurement (services) contracts listed in Exhibit `10-A' for the Indian Point 3 (`IP3') and James A. FitzPatrick (`JAF') Nuclear Power Plants, as well as for three Headquarters contracts. In addition, the Trustees are requested to approve an increase in the compensation ceiling of the procurement contract with Williams Power Corp., for general maintenance services at JAF, to \$23,277,000 from the previously approved ceiling of \$12,277,000. A detailed explanation of the nature of such services, the reasons for extension, and the projected expiration dates are listed below.

BACKGROUND

"Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year.

"The Authority's Expenditure Authorization Procedures require Trustees' approval when a personal services contract exceeds a cumulative change order value of \$500,000, or when a non-personal services contract exceeds a cumulative change order limit of \$3,000,000.

DISCUSSION

"While the Authority's policy is to use its own staff to perform necessary engineering and craft labor work, there are cases where it is necessary to utilize external contractors or consultants to supplement our own staff during peak working periods in support of refueling and other outages, or if special expertise is required that is not available within the Authority.

"Although the firms identified in Exhibit `10-A' have provided effective services, the issues or projects requiring these services have not been resolved or completed and the need exists for continuing these contracts. Trustees' approval is required because the terms of these contracts exceed one year and/or because the cumulative change order limits will exceed the levels authorized by the Expenditure Authorization Procedures in forthcoming change orders. All of the subject contracts contain provisions allowing the Authority to terminate the services at will, without liability other than paying for acceptable services rendered to the effective date of termination.

"These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures. The 1995 O & M Budget for Nuclear Generation included a significant reduction of expenditures for external contractor personnel and services. Over the last year, the number of filled positions in support of Nuclear Operations has been reduced by approximately 170 full-time equivalent positions (`FTEs'). As the Authority performs more work in-house over the next several years, funding allocated for services performed pursuant to these contract extensions will be correspondingly reduced.

"Extension of each of the contracts identified in Exhibit `10-A' is requested for one or more of the following reasons: 1) additional time is required to complete the current contractual work scope or additional

services related to the original work scope; 2) to accommodate an Authority or external regulatory agency schedule change, which has delayed, re-prioritized, or otherwise suspended required services; 3) the original consultant is

uniquely qualified to perform services and/or continue its presence, and rebidding would not be practical; 4) the contractor provides a proprietary technology or specialized equipment at reasonable negotiated rates, which the Authority needs to continue until a permanent system is put in place; or 5) issues are related to IP3 re-start.

Contracts in Support of the Nuclear Plants:

"The contract with **Cataract Inc.** (S92-40871), which provides for engineering and design services for radwaste improvement modifications at JAF, commenced on January 1, 1993. The Trustees approved extension of the subject contract, in the estimated amount of \$100,000, at their meeting of March 29, 1994. An extension through August 31, 1996 is requested to allow for the bidding of radiation monitoring equipment, which is necessary to complete the engineering installation portion of the contract requirements, as well as the operational/start-up testing requirements. An award for the procurement of this equipment is expected to be made later this year; additional time is required for approval of vendor drawings and a six-month lead time on manufacturing. The current contract amount is \$100,850. Trustees' approval is requested to extend this contract through August 31, 1996, at no anticipated additional cost.

"The contract with **Contract Construction Consultants, 'CCC'** (S94-61204), which provides for consulting services to support the Generic Letter 89-10 Motor-Operated Valve ('MOV') program at both JAF and IP3, commenced on June 20, 1994, for a term of one year. A two-month extension through August 31, 1995 is required to complete the current scope of work. The major work to be performed at IP3 consists of planning and scheduling of engineering tasks related to ROME Reporting (key to Engineering Department Workload management) and 'FINEST HOUR' Scheduling. A transition and training program will also be provided by the consultants to ensure that Authority personnel can become skilled in supporting both critical methodologies/work tasks by the close of the subject contract. The contracted individual at JAF will continue to perform work on the Generic Letter 89-10 MOV program to bring it to closure. The current contract amount is \$1,405,443; it is anticipated that an additional \$90,000 will be required for the extended term. Trustees' approval is requested to extend the subject contract through August 31, 1995, and to approve the additional funding.

"The contract with **Controlotron** (C94-I6283), which provides for repair and calibration services for Controlotron-manufactured flowmeters and transducers at IP3, commenced on April 1, 1994. Interim approval to extend services through June 30, 1995 was obtained from the Chief Operating Officer. An extension is requested to exercise the option to extend services for a second year. The current contract amount is \$10,000. Trustees' approval is requested to ratify the interim extension and to extend the subject contract through March 31, 1996, at no anticipated additional cost.

"The contract with **General Physics** (S94-62399), which originally provided for contractor services to perform effectiveness reviews of the Operating Experience Review process, commenced on July 27, 1994. An extension is requested to provide the services of one remaining contractor to assist in the identification, documentation, and verification of the functional requirements for the new Action Commitment Tracking System ('ACTS') for both nuclear plants and headquarters, as well as other design, development, training, testing, and data conversion tasks for this new application that will replace the existing applications at both sites. This individual is uniquely qualified due to his breadth of knowledge and expertise with the Commitment and Action Tracking Systems at both plants and the program language (Filepro) originally used to develop ACTS. Trustees' approval is requested to extend these services through December 31, 1995, in order to assist MIS in the design and development of this new ACTS application. The current contract amount is \$448,000; it is anticipated that an additional \$75,000 will be required for the extended term. Trustees' approval is requested to extend the subject contract through December 31, 1995, and to approve the additional funding.

"The contract with **General Physics** (C94-J1121), which provides for the services of operations procedure writers to support the reformatting stage of the operations procedure upgrade program at JAF, commenced on April 4, 1994. Over 1,100 operational procedures require revision and re-formatting over the next year and, due to this volume, this work cannot be performed by in-house staff. Interim approval to extend services through June 30, 1995 was obtained from the Chief Operating Officer for this INPO commitment. Since additional services are required, an extension of this contract is requested to exercise the option to extend services for one year. The current contract amount is \$400,000; it is anticipated that an additional \$400,000 will be required for the extended term. Rates will remain firm for the duration of the contract. Trustees' approval is requested to ratify the interim extension, to extend the subject contract through April 3, 1996, and to approve the additional funding.

"The contract with **Gregory E. Kane** (S94-61620), provides for advice and guidance to the IP3 Resident Manager as part of the Nuclear Mentoring Program, making recommendations as well as independent assessments to improve overall plant performance and assisting in preparing the plant for restart. It commenced on June 28, 1994. A six-month extension is requested to continue these services during the critical period following restart, when the plant must demonstrate its ability to maintain safe, consistent operations and implement the Continuous Improvement Program. The current contract amount is \$150,000; it is estimated that an additional \$80,000 will be required for the extended term. Trustees' approval is requested to extend this contract through December 31, 1995, and to approve the additional funding.

"The contract with **HEPCO** (S94-61148), which provides for engineering services in support of the Generic Letter 89-10 Motor Operated Valve ('MOV') Program at IP3, commenced on June 20, 1994. A two-month extension is requested to complete the resolution of issues associated with programmatic/administrative aspects of the MOV Generic Letter 89-10 program, which is an NRC commitment. Due to a shortage of experienced MOV engineers at IP3, the HEPCO consultant on site has recently been serving in a vacant Authority MOV engineering staff position rather than performing the necessary MOV engineering work to effectuate Generic Letter 89-10 program closure. Trustees' approval is requested to extend this contract through August 31, 1995, at no anticipated additional cost.

"The contract with **J. W. Stevens Co. Inc.** (C94-J0169), provides for factory-trained boiler service technicians, on an 'as required' basis, to maintain the Cleaver Brooks (the manufacturer) auxiliary boiler at JAF. The contractor is the only authorized service representative for the manufacturer in the JAF geographic area. It commenced on July 1, 1994 for an original term of one year with an option to extend for up to two additional years. An extension is requested to exercise the option to extend these services for 18 months; rates will remain firm for the duration of the contract. The current contract amount is \$20,000; it is estimated that an additional \$40,000 will be required for the extended term. Trustees' approval is requested to extend this contract through December 31, 1996, and to approve the additional funding.

Contracts in Support of Headquarters:

"The contract with **Rhema Services Inc.** (S94-60915), which provides for electric rate consulting services, commenced June 3, 1994. The original contract was awarded for a term of up to one year in the amount of \$380,000 to provide support to the Rate Analysis staff in its efforts to examine the appropriateness of the Con Edison rate increase request. Subsequent change orders, approved by the Chief Operating Officer or the President, authorized additional services related to the Con Edison electric rate case as well as new issues, such as the contract demand charge ('exit fee'), weather normalization efforts, evaluation of the Authority's recovery of SENY delivery service cost, and a Hydroelectric Project Preference Production Rate Study. A one-year extension is requested to incorporate the consultant's Hydroelectric Preference Rate recommendations in the calendar year 1995 hydroelectric cost of service study instead of 1994, at no anticipated additional cost. An additional task on behalf of the Transmission Business Unit, involving advice concerning rates, FERC, and technical matters in relation to developing and designing Authority transmission tariffs, has recently been approved by senior management. The

current contract amount is \$660,000; it is anticipated that an additional \$25,000 will be required to support the Transmission Business Unit's scope of work during the extended term. Trustees' approval is requested to extend the subject contract through June 2, 1996, and to approve the additional funding.

"The contract with **SICA Electrical and Maintenance, Inc.** (S94-61918), which provides for electrical contracting warranty labor and maintenance for the Authority's High Efficiency Lighting Program, commenced July 8, 1994. SICA, one of two successful bidders (of six bids received and eight solicited), was awarded a one-year contract. Although this contract covers all aspects of lighting warranty work, most of SICA's effort has been spent replacing a significant number of failed 4-lamp electronic ballasts at our HELP customers' facilities, due to design and manufacturing problems. The Authority's major ballast suppliers, Magnetek and Advance, have recognized this problem, have been supplying replacement ballasts and, in some cases, have even undertaken wholesale ballast replacements. They have often used SICA for such replacements. In addition, they have indicated that SICA can bill them directly even when the Authority directs SICA to undertake the ballast replacement. This allows the Authority to avoid accounting for costs for warranty labor and reimbursement.

"Although Magnetek and Advance have indicated that they have corrected the problems with newly-produced 4-lamp ballasts, the Authority may still need to replace ballasts at previous installations. This may continue for about another year. Because of their close working relationship with Advance and Magnetek, continuity of the Authority warranty contract with SICA is recommended. A one-year extension is therefore requested to extend this contract with SICA; prices will remain firm through the extended term. The Authority will seek competitive bids upon expiration of this contract.

"The current contract amount is \$45,000. It is anticipated that an additional \$90,000 will be required to support ordinary warranty services and for replacement of ballasts by manufacturers other than Advance and Magnetek during the extended term. In the latter case, the Authority will pay SICA directly and will obtain reimbursement from the manufacturer(s). Although reimbursement will offset the Authority's costs, the additional expenditure authorization is needed under this contract to cover payments to SICA and to allow SICA to continue performing warranty services directly billable to the Authority. Trustees' approval is requested to extend this contract through July 7, 1996, and to approve the additional funding.

"The contract with **Test Products Inc., TPI**, (S94-63145), which provides for inspection and testing of station batteries located in non-nuclear Authority power generating stations and switching stations, commenced on August 18, 1994. The facilities include the Blenheim-Gilboa, Flynn Project, Clark Energy Center, Niagara, Poletti, and St. Lawrence-FDR Power Projects. The original contract was awarded for a one-year term with the option to renew for an additional year. An extension is requested to exercise the option to extend services for one year. Rates will remain firm for the duration of the contract. The current contract amount is \$55,000; it is anticipated that an additional \$70,000 will be required to support services during the extended term. Trustees' approval is requested to extend this contract through August 17, 1996, and to approve the additional funding.

Extension/Increase in Compensation Ceiling:

"Peak work periods during refueling and other outages, and the need to perform major modification work during non-outage periods to minimize outage duration, require the use of craft labor and supervision to supplement the Authority's permanent work force. Since this work is cyclical, it would not be prudent to hire an additional cadre of craft personnel full-time, since there would be insufficient work to occupy them during non-peak periods.

"The contract with the **Williams Power Corp.** (C94-Z0015), which provides for General Maintenance Services for JAF, commenced on August 31, 1994. At their meeting of August 30, 1994, the Trustees approved an initial term of one year, in the amount of \$9,000,000 to cover payroll and administrative costs for providing craft labor to JAF, with the option to extend for up to two additional years. Craft labor provided under this contract

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work under the direction of Authority supervision and are used to support intermittent peak workloads, including maintenance and modification tasks, which are required during non-outage periods and which cannot be performed by Authority staff. There is NO mark-up added to the direct cost of these craft services pursuant to this contract. At their meeting of March 28, 1995, the Trustees approved an additional \$3,277,000 for additional work required due to the extension of the JAF 94-95 Refuel Outage and other maintenance and modification tasks.

"An extension is now requested to exercise the option to extend this contract for an additional 16 months in order to continue their services for similar work scope through December 31, 1996, releasing funding, as required, to support work efforts. The current amount committed for the contract is \$11,503,000; the total amount approved is \$12,277,000. It is anticipated that an additional \$11,000,000 will be required for the extended term. This will cover the next JAF Refueling Outage expected to begin in the fall of 1996. Compensation terms will remain firm for the duration of the contract. Trustees' approval is requested to extend this contract through December 31, 1996, and to approve the additional funding.

FISCAL INFORMATION

"Funding for JAF expenditures has been included in the 1995 Approved O&M Budget. A budget increase request is currently being prepared for IP3 and will be submitted to the Trustees for Transfer Approval this summer. Funding for contracts in excess of IP3's approved 1995 O&M budget will be included in the request. Contracts are subject to cancellation in the event sufficient funding is not made available. Funding for subsequent years for both JAF and IP3 will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects. Payment will be made from the appropriate Nuclear Improvement Fund.

"Funds required to support contract services for various non-nuclear Headquarters departments/Business Units have been included in the 1995 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Resident Manager - James A. FitzPatrick Nuclear Power Plant, the Resident Manager - Indian Point 3 Nuclear Power Plant, the Vice President - Nuclear Operations, the Vice President - Nuclear Engineering, the Senior Vice President - Power Generation, the Senior Vice President - Marketing and Economic Development, and the Senior Vice President - Energy Efficiency and Technology recommend the Trustees' approval of the extension and additional funding of procurement contracts with the companies listed in Exhibit `10-A' and of an extension and increase in compensation ceiling of the contract with Williams Power Corp.

"The Vice President - Procurement and Real Estate, the General Counsel, the Senior Vice President - Business Services, the Chief Nuclear Officer, the Chief Operating Officer, and I concur in the recommendation."

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, each of the contracts listed in Exhibit `10-A' is hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed below, as recommended in the foregoing report of the President; and be it further

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RESOLVED, That pursuant to the Authority's Expenditure Authorization Procedures, an increase in the compensation ceiling of the contract with Williams Power Corp. be, and hereby is, approved as recommended in the foregoing report of the President, in the amount and for the purpose listed below:

<u>O & M</u>	<u>Contract Approval (Increase in Compensation Ceiling</u>	<u>Projected Closing Date</u>
Provide General Maintenance Services for JAF		
Williams Power Corp. (C94-Z0015)	\$11,000,000	12/31/96
Previously Approved Compensation Ceiling	<u>12,277,000</u>	
TOTAL REVISED COMPENSATION CEILING	<u>\$23,277,000</u>	

11. Procurement (Services) Contracts - Advertising Services - G & G Advertising and Creative Media Agency - Awards

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award of contracts to two bidders for the placement of certain legal advertisements. One contract is with G & G Advertising ('G&G') and the other with Creative Media Agency ('Creative Media'), in a total amount not to exceed \$250,000, for advertising agency services needed to place legal advertisements in various newspapers throughout the State. Each of these contracts will be limited to \$125,000 and payment would be made only for services actually rendered.

BACKGROUND

"Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustees' approval of procurement contracts involving services to be rendered for a period in excess of one year.

DISCUSSION

"Pursuant to the Power Authority Act as well as internal procedures adopted by the Trustees, the Authority is required to publish notice of public hearings on proposed contracts for the sale of power (e.g., UDC, New Jersey Transit); public forums; certain prospective allocations of power; allocations of economic development power recommended by the Economic Development Power Allocation Board ('EDPAB'); and various events which affect communities, such as siren tests at the Indian Point 3 Nuclear Power Plant ('IP3'). The unique and specialized services which advertising firms provide ensure timely compliance with statutory mandates and internal procedures.

"It is cost effective and prudent to utilize the services of such firms for several reasons. The Authority advertises throughout the entire State and the practice has been to place advertisements in newspapers which are geographically proximate to the subject of the proposed Authority action. For example, in the case of prospective EDP recipients, which are usually small businesses situated in various upstate and downstate counties, Authority staff seeks to include publication of mandatory legal notices in local newspapers. Many newspapers require pre-established credit with organizations seeking to place ads. Using an agency obviates the need for opening numerous accounts and dispenses with what would otherwise be a time consuming task for a one-time series of ads. Second, advertising agencies routinely collect 'tear sheets' following publication as well as 'affidavits of publication' thereby allowing the Authority to ensure compliance with statutory notice requirements. Since the Authority does not subscribe to all small daily and weekly newspapers statewide that typically carry Authority advertisements, it is more cost effective for the agencies to collect such affidavits of publication and tear sheets. Third, advertisements must be properly type-set prior to publication. There is insufficient in-house production staff to accommodate the short turn-around times necessary to simultaneously accommodate various newspapers' differing type-setting requirements. The Authority's internal staff never assumed type-setting demands for these advertisements, and the 1994 Restructuring has resulted in a lack of internal ability to do so. Finally, advertising agencies receive a standard industry discount from the newspapers which serves as the agencies' commission. Varying portions of this discount are passed along by the agencies to clients such as the Authority in an effort to be competitive. Thus, most of the payment made to advertising agencies is remitted by the latter to the newspapers to cover the cost of the advertisements; the agency typically receives only between 3% and 4.1% commission of the contract amount. The media agency's commission therefore, is significantly less than a full-time staff member.

"The services of an advertising agency are necessary and cost effective to ensure proper placement of advertisements in newspapers throughout the State which are internally directed and statutorily mandated.

"In 1994, the competitive bidding process began in accordance with the Authority's contract administration procedures. The Authority solicited proposals for a new contract for a two-year period, with an option for an additional one-year extension. Six advertising agencies responded to the advertisement published in the State Contract Reporter. Specific requirements, such as the ability to properly ensure placement of legal advertisements throughout the State, the necessity of review and approval of advertising proofs, the ability to provide affidavits of publication, 'tear sheets', experience, and satisfactory references were criteria for evaluating bidders.

"The key criterion used in determining the successful bidders was the portion of the 15% commission the agencies share with customers such as the Authority in order to be more competitive. Listed below are the percentages of the total bill each agency would give back to the Authority as a discount:

	<u>Bidder</u>	<u>Agency Discount to the Authority</u>
1.	G & G Advertising Farmingdale, NY	12.0%
2.	Creative Media Agency New York, NY	10.9%
3.	Fanness Group Albany, NY	8.7%
4.	Furman-Roth Agency New York, NY	7.0%
5.	Northern Edge Associates Oswego, NY	6.0%
6.	En Espanol Advertising Inc. New York, NY	0%

"The request for proposals included a requirement that a portion of the work be subcontracted to a Minority/Women-Owned Business Enterprise ('M/WBE'). It has been staff's experience that subcontracting a portion of the work for this type of service to another agency has not proven to be efficient. Therefore, it is deemed more appropriate that two contracts be awarded and that one of the agencies selected be a certified M/WBE firm.

"It is staff's opinion that this arrangement will be of significant benefit to the Authority in that it will obtain the expertise of two well qualified firms, both having experience in the private and public sectors. At the same time, the Authority will be acting consistently with the policy goals express in Executive Law Article 15-A.

"The proposals were reviewed and evaluated by Contract Administration personnel and the Corporate Secretary's Office. Labor costs, technical competence and experience were considered in the bid evaluation. The bids have been reviewed and it is recommended that the contract be split and awarded to the two lowest bidders: G & G, a certified M/WBE firm, and Creative Media, in an amount not to exceed \$125,000 each. Payment will be made only for services actually rendered.

FISCAL INFORMATION

"Funds required for these purposes are included in the 1995 Approved O&M Budget. Funding in subsequent years will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The General Counsel recommends that the Trustees approve the award of a contract for advertising services to G & G Advertising and Creative Media Agency in amounts not to exceed \$125,000, each, for the period July 1, 1995 through July 1, 1997, with the option of a one-year extension, with the approval of the President, through July 1, 1998.

"The Vice President - Procurement and Real Estate, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award contracts to G & G Advertising and Creative Media Agency, for the period July 1, 1995 through July 1, 1997, with an option to extend for an additional year with the approval of the President, as recommended in the foregoing report of the President, in the amounts and for the purposes listed below:

<u>O&M</u>	<u>Contract Approval</u>	<u>Projected Closing Date</u>
Legal Advertisement Services		
G & G Advertising	Not to Exceed <u>\$125,000</u>	07/01/97
Creative Media Agency	Not to Exceed <u>\$125,000</u>	07/01/97
TOTAL AMOUNT AUTHORIZED	Not to Exceed <u>\$250,000</u>	

12. Resolution - Alvin I. Becker

WHEREAS, Alvin I. Becker, vice president and chief accounting officer since 1991, has retired from the New York Power Authority after 20 years of distinguished service; and

WHEREAS, Mr. Becker, a certified public accountant and member of the American Institute and the New York State Society of Certified Public Accountants, has been responsible for the accounting policies, procedures and practices of the Authority; and

WHEREAS, Mr. Becker formulated the Power Authority's position with respect to electric utility industry accounting issues and financial reporting; and

WHEREAS, he was a member of the New York State Government Finance Officers Association and represented the Power Authority on the American Public Power Association's General Accounting, Finance and Audit Committee; and

WHEREAS, he represented the Power Authority with loyalty and distinction in its interactions with outside auditors and regulators; and

WHEREAS, as a charter member of the Power Authority's Speaker's Bureau, he delivered our positive message to the public: be it therefore

RESOLVED, That the Trustees of the New York Power Authority thank Alvin I. Becker for his years of devoted and distinguished service and wish him and his wife, Louise, a productive and happy retirement.

13. Collective Bargaining Agreement Between the Power Authority and Local 456 (formerly 887), International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL-CIO - Extension

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve an Agreement for Contract Extension to the Collective Bargaining Agreement ('Agreement') between the Authority and Local Union 456 (formerly 887) of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL-CIO (Teamsters). This Agreement which increases the term of the existing Agreement by six years and expires on October 1, 2000, covers approximately 80 nuclear security officers at the Authority's Indian Point 3 Nuclear Power Plant ('IP3').

BACKGROUND

"The Authority and the Teamsters are parties to an Agreement that is effective from October 2, 1991 through October 1, 1994. Negotiations for a successor agreement began in the last quarter of 1994 and continued into the second quarter of 1995. During this period the terms of the prior contract remained in effect while negotiations proceeded.

"In December 1993, the Authority and the International Brotherhood of Electrical Workers ('IBEW'), representing employees at the Authority's five upstate facilities, reached an agreement for a two year extension to the collective bargaining agreement that was to expire in July 1994. In October 1994, the Authority and the Utility Workers Union of America ('UWUA') reached an extension of two years to the collective bargaining agreement covering production, maintenance, and clerical employees at Poletti and IP3. That agreement will now expire in January 1996. In May 1995, the Authority and the IBEW reached agreement for another contract extension, through June 30, 2000. Each of these extensions has received approval of the Trustees.

"During the initial negotiating sessions, the Authority and the Teamsters had agreed in principal to a two year contract extension similar to those achieved with the IBEW and UWUA. However, since the parties had implemented a 12-hour/14-day cycle work schedule on a trial basis in their prior agreement, a number of negotiating sessions were necessary to determine the feasibility and related details of using this schedule on a permanent basis. Those discussions were nearly concluded when announcement was made of the long term extension with the IBEW. The negotiating committees agreed that it would be mutually beneficial to have a similar agreement between the Authority and the Teamsters and concluded negotiations for such an extension on June 12, 1995.

DISCUSSION

"Attached is the Agreement for Contract Extension (Exhibit '13-A') entered into by the Authority and the Teamsters, subject to ratification of the union membership and approval by the Trustees. The union membership ratified the extension agreement on June 20, 1995, by a vote of 46 in favor to 18 opposed.

"The union members will receive a two percent general wage increase retroactive to October 1, 1994. In addition, they are entitled to a 1% signing bonus, based on base annual rates of pay, because they ratified the contract by the date established by the Authority. This will not increase the hourly rate of pay. The wage increase for the year beginning October 2, 1995 will be 2% with a 3% and 3.25% in October 1996 and 1997, respectively. They will be 3.5% in each of the following two years. The maintenance of benefits and limited job security

provisions that are in the IBEW agreement are mirrored in this agreement.

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"Since most of the work performed by the security force is mandated by the Nuclear Regulatory Commission, there are limited opportunities for productivity gains through collective bargaining. However, during the last contract negotiations, the Authority and the Teamsters agreed on a trial basis to a special schedule arrangement that enabled employees to work 12-hour shifts in return for more days off during the year. One of the projected advantages of this schedule to the Authority is that employees would work more total hours during the year thus reducing the total number of employees required to meet staffing levels. In fact, the authorized staffing when the contract was negotiated was 90 security officers -- there were actually 87 active employees at that time -- and through attrition, there are currently 79 employees. Because the Authority and the Teamster members believe this special schedule has met their respective needs, it is agreed to make this the regular operating mode. Therefore, the reduced staffing levels achieved during the trial basis will become permanent reductions. Additionally, the extension agreement contains language enabling the Authority to initiate review of work practices as necessary during the term of the extension, while the union is foreclosed from re-opening the agreement on wage and benefit issues during this period.

"The Vice President - Human Resources has consulted with a representative of the Governor's Office of Employee Relations regarding the terms of the contract extension.

FISCAL INFORMATION

"The wage increases for 1994 and 1995 were in the approved budget. The wage increases for the 1996-2000 period are less than that projected in the Authority's long-term financial forecast.

RECOMMENDATION

"I recommend with the concurrence of all of the Senior Vice President - Business Services, Chief Operating Officer, the Chief Nuclear Officer, the Vice President - Human Resources and the General Counsel that the agreement reached be approved by the Trustees."

In response to questions from Trustee Miller, Ms. Perry-Estrin explained that although management does not currently anticipate that layoffs would be necessary in the normal course of business, the "limited" nature of the job security clause means that in the event the Authority sells, conveys or consolidates the plant, the clause will not be applicable.

Acting Chairman Frey noted that the continuing trend of long term labor agreements represents a significant tool within an increasingly competitive electric industry and commended the President and staff on achieving the agreement.

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That the Director of Employee and Labor Relations, be and hereby is, authorized on behalf of the Authority to execute an Agreement for Contract Extension with Local 456 (formerly 887), International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL-CIO, covering specified nuclear security

employees at the Indian Point 3 Nuclear Power Plant with changes to the agreement that expired on October 1, 1994, as described in the foregoing report of the President.

14. Informational Item - St. Lawrence-FDR Power Project - Design of Visitors Center - Aquarium Complex

The President submitted the following report:

SUMMARY

"The Power Authority staff intends to invite bids for a world-class architect/engineer to design a new visitors center-aquarium complex at the St. Lawrence-FDR Power Project ('St. Lawrence'). The new visitors center would be located at Robinson Bay in Massena, adjacent to the site of the proposed St. Lawrence Aquarium and Ecological Center.

"The design/engineering work for the visitors center would be closely coordinated with planning for that facility. Announcement of our plan to build a new visitors center at Robinson Bay, designed in conjunction with the aquarium, will demonstrate the Authority's support for the aquarium without making any financial commitment. In fact, it should provide a major impetus to fund-raising for the project from other sources.

BACKGROUND

"The St. Lawrence-FDR Power Project Visitors Center has attracted more than 4,733,000 people since it opened in 1958. In 1994, more than 40,000 people visited the center.

"The last major exhibit renovation at the visitors center was completed in 1982 at a cost of about \$352,000.

"Currently, the center's exhibitry does not effectively convey the Authority's prevailing messages with respect to such key issues as relicensing of the St. Lawrence project, the environment, economic development, energy efficiency, renewable energy resources and electric transportation.

"Exhibit technology also has changed. The existing displays are static and, in many cases, the technology is out of date. The traveling public is much more sophisticated than ever before. It is likely that visitors have seen the state of the art in audio-visual presentations, interactive exhibitry and computers at such places as Disney World and Epcot Center. In order to build public interest in our facility and convey our messages to the greatest number of people, we must strive to make the visitors center an innovative and dynamic place to visit again and again.

"As a result of the center's dated information and exhibit technology, attendance has decreased over the past decade. The number of visitors peaked in the years following the 1982 renovation (102,000 visitors in 1983 and 124,000 in 1984) and has declined steadily ever since.

"Despite the decline, the visitors center is seen throughout the North Country as a major component of the area's travel and tourism industry. Based on State Department of Economic Development statistics, activities at the visitors center translate into more than \$3 million in annual spending by visitors from outside the area.

"The center is used as the site of special events, as an educational resource, and as a place for public officials, local organizations and our customers to meet.

DISCUSSION

"Construction of the St. Lawrence Aquarium and Ecological Center at Robinson Bay would provide the Authority with a unique opportunity to locate a new visitors center at the same site. Property for the aquarium has

been reserved by the Authority (80 acres) and the St. Lawrence Seaway Development Corporation (70 acres). Ample Authority land remains at the site for construction of a visitors center.

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"Construction of a new St. Lawrence project visitors center at the aquarium would enhance the Authority's ability to deliver its messages and would benefit the aquarium as well. A decision to build a new visitors center at Robinson Bay would be viewed positively by the community and aquarium proponents. It would emphasize the Authority's vital role in the region at a time when we are working to create local support for relicensing.

"According to a January 1995 Feasibility Study for the Aquarium and Ecological Center, prepared for the Authority by the Office of Thomas J. Martin, 'A decision to locate a new Power Authority Visitor Center adjacent to the Aquarium could also impact visitation to the Aquarium.' The study notes that the aquarium could also benefit from joint marketing efforts. Additionally, the study indicates that combining certain functions and physical arrangements with the Authority visitors center could lower operating expenses at the aquarium by permitting sharing of expenses for common facilities.

"An Economic Impact Analysis, prepared by Martin for the Authority and issued last week, states that the aquarium could work with an Authority visitors' center 'to develop new programs and market segments for both attractions, while enhancing the experience of their audiences.' The study finds that the aquarium 'is projected to produce multiple economic benefits to the community, County and State' during both construction and operation.

FISCAL INFORMATION

"There will be no fiscal impact at this time. We are today only advising the Trustees of our intention to solicit bids for designing the visitors center in conjunction with the aquarium. The Trustees will be reserving judgment whether to authorize subsequent expenditures as required.

CONCLUSION

"The construction of a St. Lawrence-FDR project visitors center at Robinson Bay would provide a boost to the aquarium and the Massena-area economy while satisfying the Authority's need for a new facility. This project would underscore the Authority's commitment to the area in general and tourism in particular, and would show that the Authority is a concerned and responsive corporate citizen."

President Freeman stressed that the Authority is currently seeking only to conceptualize a design and propose a desirable site for the complex, and that the Authority is not assuming the aquarium's expenses, nor would any work on the complex commence until it is clear that the aquarium project will obtain sufficient financing on its own.

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15. Next Meeting

The next Regular meeting of the Trustees will be held on **Tuesday, July 25, 1995, at the James A. FitzPatrick Power Project at 10:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

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Closing

Upon motion made and seconded, the meeting was closed at 11:35 am.

Anne Wagner-Findeisen
Corporate Secretary

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