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

December 13, 2005

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the Albany Office at 11:00 a.m.:

Present: Joseph J. Seymour, Chairman
Frank S. McCullough, Jr., Vice Chairman
Michael J. Townsend, Trustee

Elise M. Cusack, Trustee – Excused

Eugene W. Zeltmann	President and Chief Executive Officer
Timothy S. Carey	Chief Operating Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Power Generation
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
Steven DeCarlo	Senior Vice President – Transmission
Joseph Del Sindaco	Senior Vice President and Chief Financial Officer
Angelo S. Esposito	Senior Vice President – Energy Services and Technology
Louise M. Morman	Senior Vice President – Marketing, Economic Development and Supply Planning
Carmine J. Clemente	Deputy Secretary and Deputy General Counsel
Joseph J. Carline	Assistant General Counsel – Power and Transmission
Thomas P. Antenucci	Vice President – Project Management
Arnold M. Bellis	Vice President – Controller
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer
Donald A. Russak	Vice President – Finance
Thomas A. Warmath	Vice President and Chief Risk Officer
James H. Yates	Vice President – Major Accounts Marketing and Economic Development
Dennis T. Eccleston	Chief Information Officer
Angela D. Graves	Deputy Secretary
Frederick E. Chase	Executive Director – Hydro Relicensing
John B. Hamor	Executive Director – State Governmental Relations
John L. Osinski	Executive Director – Regulatory Affairs
Jordan Brandeis	Director – Supply Planning, Pricing and Power Contracts
Arthur M. Brennan	Director – Internal Audit
Paul F. Finnegan	Director – Upstate Public and Governmental Affairs
Gerard R. Mullin	Director – Fuel Planning and Operations
James F. Pasquale	Director – Business Power Allocation, Regulation and Billing
Joan Tursi	Director – Budgets
Daniel Wiese	Director – Corporate Security and Inspector General
Albert Swansen	Deputy Inspector General – Security
Anthony C. Savino	Manager – Business Power Allocations & Compliance
Mary Jean Frank	Associate Secretary
Lorna M. Johnson	Assistant Secretary
Bonnie Fahey	Executive Administrative Assistant
Connie Cullen	Senior Information Specialist
Patricia Meehan	Senior Environmental Engineer
Edward A. Welz	Project Manager
Edward Gibbs	Executive Director, County of Westchester Public Utility Service Agency
Stewart Glass	Senior Assistant County Attorney, County of Westchester Public Utility Service Agency
Adam Hauptman	Consultant, Levitan & Associates, Inc.
Michael Delane	Vice President, New York City Economic Development Corp.
Jerry McLoughlin	Vice President – Energy Programs, New York City Economic Development Corp.
Barbara Brenner	Partner, Couch White LLP

Thais Triehy	Associate, Couch White LLP
Donny Duvall	Budget Examiner, New York State Division of the Budget
Michael Goodstein?	Assistant Secretary, County of Westchester Industrial Development Agency
Kristen Heath	Manufacturers Association of Central New York

Chairman Seymour presided over the meeting. Executive Vice President, Secretary and General Counsel Blabey kept the Minutes.

1. <u>Approval of the Minutes</u>

The minutes of the Regular Meeting of November 29, 2005 were unanimously adopted.

2. **Financial Reports for the Eleven Months Ended November 30, 2005**

Mr. Bellis presented an overview of the Financial Reports for the eleven months ended November 30, 2005.

3. Report from the President and Chief Executive Officer

President Zeltmann asked Mr. Hiney to give a report on the status of the 500 MW plant. Mr. Hiney said that the plant had met its Dependable Maximum Net Capability test by reaching a generation of 536 MW. Testing, tuning and calibration are now going on. This morning, a number of 3/8-inch-diameter water-filled tube froze because of the cold weather and absence of appropriate insulation, and while General Electric said this was a normal occurrence in a start-up situation, it still will require remediation.

Chairman Seymour said that he had toured the plant two weeks ago and was very impressed by it. Mr. Hiney said that the plant was going to give the Authority what the Authority had contracted for. In response to a question from Chairman Seymour, Mr. Hiney said that the plant should be ready for commercial operation by the end of the year. Chairman Seymour asked that another Trustees' meeting be scheduled at Poletti in 2006 so the other Trustees can tour the 500 MW plant.

President Zeltmann said that he wanted to thank Mr. Hiney publicly for all he'd done for the Authority throughout the past 35 years. Mr. Hiney replied that he would think of everyone there on the fourth Tuesday of every month and that he was grateful for the opportunity he'd had to work for President Zeltmann and his predecessors for the past three-and-a-half decades. Chairman Seymour said that Mr. Hiney had been an Authority icon for many years, that he had made tremendous contributions to its activities, that he was really going to miss him and that he wished Mr. Hiney the best.

4. 2006 Operation and Maintenance, Capital and Fuel Budgets

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the 2006 Budgets for Operation and Maintenance ('O&M'), Capital and Fuel Purchases as follows:

	2006 Budget ($ million)
O&M	260.0
Capital	283.2
Fuel	631.5

BACKGROUND

"The Authority is committed to providing reliable, affordable energy; retaining and creating jobs in New York State and promoting the development of energy-efficient technologies. The Authority continues to undertake and implement projects, strategically positioning itself to meet the challenges of a changing electric market. The 2006 budgets are intended to provide the Authority's operating facilities and support organizations with the resources needed to meet its overall mission and strategic objectives.

DISCUSSION

O&M

"The O&M budget of $260.0 million represents a decrease of $4.3 million, or 1.7%, from the 2005 budget of $264.3 million. The reduction is attributed to decreases in Headquarters Support ($1.6 million), Power Generation ($1.5 million), Transmission ($0.8 million) and Research and Development ($0.4 million). Payroll costs, which include salaries, overtime and fringe benefits, account for $154.3 million, or approximately 59%, of the budget. This represents a $4.2 million reduction from the 2005 budget of $158.5 million.

"Factors in the payroll decrease include staff reductions; trimming of overtime, provisional and temporary help; a reduction in pension costs reflecting a reduced Authority contribution rate to the New York State Retirement System and an accounting change from a cash basis to an accrual basis for retiree health benefits, in accordance with new GASB guidelines. Projected salary increases and reduced Authority labor charged to capital projects offset some of the payroll decreases. Non-payroll expenses of $105.7 million decreased slightly, $0.2 million, as efforts were made to control costs and keep budgets flat.

"Power Generation's 2006 budget is $1.5 million (1.2%) below the 2005 level, primarily due to lower personnel costs resulting from position eliminations, reduction in salary requirements for replacement employees and a decrease in fringe benefits expense. Major non-recurring projects include Niagara 480/508 Elevation Drain Remediation ($4.1 million), the continuation of the Niagara Dam Face and Concrete Repairs ($3.7 million), LPGP Overhaul ($1.2 million), High Pressure Turbine Mini Overhauls at the Small Clean Power Plants ('SCPP') ($1.1 million), the completion of the Niagara Upgrade Project ($0.6 million), Update of Record Prints at Niagara ($0.5 million) and Moses #9 and Moses #10 Transformer Oil Leak Repairs at St. Lawrence ($0.4 million).

"The 2006 Transmission budget is $0.8 million (1.6%) below the 2005 level due to a decrease in payroll and benefits, transmission line operations and maintenance support and energy management system consultant support. Major ongoing initiatives include continuation of the Right-of-Way Maintenance program ($2.7 million), Laser Profiling and Resagging of Transmission Conductors ($0.5 million) and Breaker and Insulator Maintenance ($0.4 million).

"Headquarters support departments are $1.6 million (2.1%) below the 2005 level, due primarily to an overall reduction in payroll and benefit costs ($0.4 million) and reductions in non-recurring consultant support for the IT, Marketing and Controller groups ($0.6 million), combined with a streamlining of office and travel expenses ($0.6 million).

"The R&D budget of $8.8 million is $0.4 million (5.0%) below the 2005 level, reflecting a slight reduction in the Mechanical Technology program.

Fuel

"The Fuel budget of $631.5 million is an increase of $284.7 million (82.1%) from 2005. This is a cash budget reflecting planned fossil-fuel purchases in 2006 for Poletti, Flynn, the SCPPs and the 500 MW plant. The budget assumes higher commodity prices, more generation and greater gas usage.

Capital

"The 2006 Capital budget totals $283.2 million, a decrease of $17.8 million (5.9%) from 2005. Included in this request are both new and ongoing capital projects, as well as general plant equipment purchases. The decrease reflects completion of the 500 MW Combined Cycle plant, partially offset by increased Energy Services programs for both SENY governmental and other public entity customers.

"The Energy Conservation/Renewable projects account for $102.8 million (36%) of the 2006 request. Other significant capital projects include $27.5 million and $19.4 million, respectively, for the B-G and St. Lawrence Life Extension projects, and $20.5 million for the completion of the Niagara upgrade. Hydro Relicensing and Compliance efforts have been budgeted at $13.7 million for St. Lawrence and $ 6.7 million for Niagara. The Static Var Compensator and Tri-Lakes Reliability project is budgeted for $18.8 million, while Headquarters Administrative support projects total $21.1 million, including the billing system replacement and numerous other IT initiatives.

FISCAL INFORMATION

"Payment will be made from the Operating Fund for Operation and Maintenance and Fuel Purchases.

"Payment will be made from the Capital Fund or Energy Conservation Effectuation Fund for capital expenditures.

RECOMMENDATION

"The Senior Vice President and Chief Financial Officer and the Vice President and Controller recommend approval of the 2006 Operation and Maintenance, Fuel and Capital budgets as discussed herein.

"The Chief Operating Officer, the Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration and I concur in the recommendation."

Ms. Tursi presented the highlights of staff's recommendations to the Trustees. Vice Chairman McCullough complimented staff, saying that each year the budget gets better by being more accurate and more focused. Chairman Seymour said that the Power Authority is the only authority that is decreasing its budget by 1.7%. President Zeltmann added that Mr. Del Sindaco, Mr. Bellis, Ms. Tursi and their whole team had done a

terrific job again this year. He also thanked the Business Unit and department directors for their candor and willingness to debate the issues during the budget process.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the 2006 budgets for Operation and Maintenance, Fuel and Capital expenditures, as discussed in the foregoing report of the President and Chief Executive Officer, are hereby approved; and be it further

RESOLVED, That up to $94 million of monies in the Operating Fund are hereby authorized to be withdrawn from such Fund and deposited in the Capital Fund, provided that at the time of withdrawal of such amount or portions of such amount, the monies withdrawn are not then needed for any of the purposes specified in Subsections (1) (a)-(c) of Section 503 of the General Resolution Authorizing Revenue Obligations adopted on February 24, 1998, with the satisfaction of such condition being evidenced by a certificate of the Vice President – Finance, the Treasurer, or the Deputy Treasurer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

O&M AND FUEL
2006 BUDGET
($MILLIONS)

DEPARTMENT	2005	2006	% CHANGE
EXECUTIVE OFFICES	**12.7**	**13.1**	**3.4%**
BUSINESS SERVICES	**23.9**	**23.7**	**(1.0%)**
MARKETING	**9.3**	**7.9**	**(15.3%)**
HUMAN RESOURCES AND CORP SUPPORT	**23.3**	**23.1**	**(0.7%)**
TRANSMISSION			
ENERGY CONTROL CENTER	5.5	5.0	(8.2%)
HEADQUARTERS SUPPORT	4.5	4.1	(8.3%)
CLARK ENERGY CENTER	10.7	10.1	(6.0%)
TRANSMISSION FACILITIES	28.0	28.7	2.5%
TOTAL TRANSMISSION	**48.7**	**47.9**	**(1.6%)**
ENERGY EFFICIENCY	**3.0**	**2.8**	**4.6%**
POWER GENERATION			
POWER GENERATION – HQ	10.1	10.6	4.2%
BLENHEIM-GILBOA	17.1	14.9	(12.5%)
CHARLES POLETTI	21.0	16.5	(21.7%)
NIAGARA	47.8	45.5	(4.7%)
ST. LAWRENCE	18.4	17.6	(4.5%)
R.M. FLYNN	5.9	5.2	(11.7%)
SCPP	9.7	10.4	7.4%
SMALL HYDRO	4.2	3.8	(11.7%)
500 MW	0.0	8.2	100.0%
TOTAL POWER GENERATION	**134.2**	**132.7**	**(1.2%)**
R&D AND INSTITUTIONAL FUNDING	**9.2**	**8.8**	**(5.0%)**
TOTAL O&M BUDGET	**264.3**	**260.0**	**(1.7%)**
FUEL			
OIL	73.2	91.1	24.5%
GAS	270.7	539.4	99.3%
HEDGING	2.9	1.0	(65.5%)
TOTAL FUEL BUDGET	**346.8**	**631.5**	**82.1%**

CAPITAL
2006 BUDGET
($ MILLIONS)

	2005	2006	% CHANGE
NEW GENERATION			
500 MW COMBINED CYCLE	*86.5*	*9.9*	
	86.5	***9.9***	**(88.6%)**
ENERGY CONSERVATION			
SENY CUSTOMER PROGRAMS	*32.2*	*52.0*	
OTHER NYPA FUNDED PROGRAMS	*18.2*	*35.1*	
DISTRIBUTED GENERATION PROGRAMS	*5.5*	*0.2*	
PETROLEUM OVERCHARGE RESTITUTION PROGRAMS	*2.5*	*2.5*	
ENVIRONMENTAL BOND ACT AND BOE PROGRAMS	*6.4*	*10.0*	
OFFSET EMISSIONS PROJECTS	*1.9*	*3.0*	
	66.7	***102.8***	**54.1%**
TRANSMISSION	***10.3***	***26.9***	**161.2%**
POWER GENERATION			
BLENHEIM-GILBOA	*17.0*	*30.6*	
CHARLES POLETTI / R.M. FLYNN	*0.8*	*0.4*	
NIAGARA	*51.7*	*40.7*	
ST. LAWRENCE	*45.1*	*37.0*	
500 MW	*0.0*	*8.4*	
SCPP PROJECT	*10.3*	*5.4*	
	124.9	***122.5***	**(1.9%)**
ADMINISTRATION SUPPORT	***12.6***	***21.1***	**67.5%**
TOTAL CAPITAL BUDGET	***301.0***	***283.2***	**(5.9%)**

5. Power for Jobs Program – Extended Benefits

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve extended benefits for 26 Power for Jobs ('PFJ') customers as listed in Exhibits '5-A' and '5-B.' These customers have been recommended to receive such extended benefits by the Economic Development Power Allocation Board ('EDPAB').

BACKGROUND

"In July 1997, the New York State Legislature and Governor George E. Pataki approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants receive three-year contracts for PFJ electricity.

"The PFJ program originally made 400 megawatts ('MW') of power available. The program was to be phased in over three years, with approximately 133 MW made available each year. In July 1998, as a result of the initial success of the program, the Legislature and Governor Pataki amended the PFJ statute to accelerate the distribution of the power, making a total of 267 MW available in Year One. The 1998 amendments also increased the size of the program to 450 MW, with 50 MW to become available in Year Three.

"In May 2000, legislation was enacted that authorized another 300 MW of power to be allocated under the PFJ program. The additional MW were described in the statute as 'phase four' of the program. Customers that received allocations in Year One were authorized to apply for reallocations; more than 95% reapplied. The balance of the power was awarded to new applicants.

"In July 2002, legislation was signed into law by Governor Pataki that authorized another 183 MW of power to be allocated under the program. The additional MW were described in the statute as 'phase five' of the program. Customers that received allocations in Year Two or Year Three were given priority to reapply for the program. Any remaining power was made available to new applicants.

"In 2004, provisions of the approved State budget extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an 'electricity savings reimbursement' rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

"PFJ customers whose contracts expired on or prior to November 30, 2004 were eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005. As an alternative, such customers could choose to receive a rebate to the extent funded by the Authority from the date their contract expired as a bridge to a new contract extension, with the contract extension commencing December 1, 2004. The new contract would be in effect from a period no earlier than December 1, 2004 through the end of the PFJ program on December 31, 2005.

"PFJ customers whose contracts expired after November 30, 2004 were eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expired through December 31, 2005.

"Approved contract extensions entitled customers to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer's local utility. Separate allocation contracts between customers and the Authority contained job commitments enforceable by the Authority.

"In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006, the program's new sunset date.

DISCUSSION

"At its meeting on December 12, 2005, EDPAB recommended that the Authority's Trustees approve the allocations and/or electricity savings reimbursement rebates to the 26 businesses listed in Exhibits '5-A' and '5-B.' Exhibit '5-A' lists businesses that have requested and are being recommended for contract extensions, while Exhibit '5-B' lists those businesses that have requested and are being recommended for electricity savings reimbursements. Collectively, these organizations have agreed to retain more than 27,000 jobs in New York State in exchange for the contract extensions or rebates. The contracts will be extended and the rebate program will be in effect until December 31, 2006, the program's sunset. The power will be wheeled by the investor-owned utilities as indicated in the Exhibits.

"The Trustees are requested to approve contract extensions for the companies listed in Exhibit '5-A,' and the payment and funding of rebates for the companies listed in Exhibit '5-B' in a total amount currently not expected to exceed $1,400,000. Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of such amount, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. Staff expects to present the Trustees with requests for additional funding for rebates for the companies listed in the Exhibits in the future.

FISCAL INFORMATION

"Funding of rebates for the companies listed on Exhibit '5-B' is not expected to exceed $1,400,000. Payments will be made from the Operating Fund. To date, the Trustees have approved $26.3 million in rebates.

RECOMMENDATION

"The Senior Vice President and Chief Financial Officer and the Director – Business Power Allocations, Regulation and Billing recommend that the Trustees approve the contract extensions for, and the payment of electricity savings reimbursements to, the Power for Jobs customers listed in Exhibits '5-A' and '5-B.'

"The Chief Operating Officer, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President – Public and Governmental Affairs, the Vice President – Major Account Marketing and Economic Development and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve contract extensions and electricity savings reimbursements for the Power for Jobs customers listed in Exhibits "5-A" and "5-B," respectively;

NOW THEREFORE BE IT RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves contract extensions for those companies listed in Exhibit "5-A," and the payment of electricity savings reimbursements to the companies listed in Exhibit "5-B," as submitted to this meeting, and that the Authority finds that such extensions and payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the Power for Jobs program and in the public interest; and be it further

RESOLVED, That based on staff's recommendation, it is hereby authorized that payments be made for electricity savings reimbursements

as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to $1,400,000, and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further

RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Vice President – Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503 (1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee be, and hereby is, authorized to negotiate and execute any and all documents necessary or desirable to effectuate the foregoing subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolutions, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

New York Power Authority
Power for Jobs Extended Benefits
Recommendation for Contract Extensions
Companies In Job Compliance

Exhibit "5-A1"
December 13, 2005

Line	Company	City	County	IOU	Original KW	Prior Job Committed	Jobs in Application 2005	Over (under)	% Over (under)	Compliance	Recommended KW	Jobs/MW	Type	Service
1	Comco Plastics, Inc.	Richmond Hill	Queens	Con Ed	500	93	83	-10	-11%	Yes	500	166	Large	Makes precision plastic parts
2	Urban Glass	Brooklyn	Kings	Con Ed	60	20	22	2	10%	Yes	60	367	Small	Art space dedicated to new art design made with glass
	Con Ed		**Subtotal**	**2**	**560**	**113**	**105**				**560**	**188**		
3	Jasco Tools, Inc	Rochester	Monroe	RGE	500	98	98	0	0%	Yes	500	196	Large	Produces metal cutting tools
	RGE		**Subtotal**	**1**	**500**	**98**	**98**				**500**	196		
			Total	**3**	**1,060**	**211**	**203**				**1,060**	**192**		

New York Power Authority
Power for Jobs Extended Benefits
Recommendation for Contract Extensions
Companies Not In Job Compliance

Exhibit "5-A2"
December 13, 2005

Line	Company	City	County	IOU	Original KW	Prior Job Committed	Jobs in Application 2005	Over (under)	% Over (under)	Compliance	Recommended KW 2	Jobs/MW	Type	Service
1	Alvin J. Bart & Sons	Brooklyn	Kings	Con Ed	700	171	120	-51	-30%	No	500	240	Large	Commercial printing
2	Haleakala dba The Kitchen	New York	New York	Con Ed	35	16	13	-3	-19%	No	30	433	NFP	Theaters
3	New York Blood Center	New York	New York	Con Ed	600	343	278	-65	-19%	No	500	557	NFP	Transfusion medicine research, special blood donor services
	Con Ed		**Subtotal**	**3**	**1,335**	**530**	**411**				**1,030**	**399**		
4	Dayton T. Brown	Bohemia	Suffolk	LIPA	1,000	331	197	-134	-40%	No	600	328	Large	Test systems for industrial, commercial and military requirements
	LIPA		**Subtotal**	**1**	**1,000**	**331**	**197**				**600**	**328**		
5	IPAC, Inc.	Niagara Falls	Niagara	NIMO	325	54	33	-21	-39%	No	200	165	Small	Manufactures and sells compressed air products
	NG		**Subtotal**	**1**	**325**	**54**	**33**				**200**	**165**		
			Total	**5**	**2,660**	**915**	**641**				**1,830**	**350**		

New York Power Authority **Exhibit "5-B"**

Power for Jobs Extended Benefits **December 13, 2005**

Recommendation for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Jobs in Application	Jobs/MW	Type	Service
1	92nd Street YM-YWHA	New York	New York	CONED	200	516	2,580	NFP	Community/cultural center
2	Asia Society	New York	New York	CONED	225	107	476	NFP	Manufactures precision hydraulic & fuel system components
3	Charmer Industries, Inc.	Astoria	Queens	CONED	750	732	976	Large	Distributors of wines and spirits
4	Continental Food Products, Inc.	Flushing	Queens	CONED	300	88	293	Small	Frozen pizza manufacturer and distributor
5	Edison Price Lighting, Inc.	New York	New York	CONED	400	160	400	Large	Manufacture and sales of lighting fixtures
6	International Business Machines Cor	White Plains	Westchester	CONED	4,400	1,989	452	Large	Computer manufacturer
7	Kingsbrook Jewish Medical Center	Brooklyn	Kings	CONED	1,200	2,091	1,743	NFP	Medical and research institution
8	Lincoln Center for the Performing Arts	New York	New York	CONED	3,000	2,312	771	NFP	Performing arts center
9	Long Island Jewish Medical Center	Manhasset	Nassau	CONED	2,000	6,143	3,072	NFP	Healthcare center
10	New York University	New York	New York	CONED	1,700	9,817	5,775	NFP	Institution of higher education
11	South Street Seaport Museum	New York	New York	CONED	175	95	543	NFP	Museum of historic ships, maritime art and artifacts
12	The Museum of Modern Art	New York	New York	CONED	1,000	741	741	NFP	Museum
	Con Ed		**Subtotal**	**12**	**15,350**	**24,791**	**1,615**		
13	Commercial Envelope Manufacturing Corp.	Deer Park	Suffolk	LIPA	700	188	269	Large	Manufacturer of envelopes
14	EDO/AIL, Inc.	Bohemia	Suffolk	LIPA	2,700	589	218	Large	Produce electronics for the aerospace industry
15	Kozy Shack, Inc.	Hicksville	Nassau	LIPA	1,000	209	209	Large	Mfr. of puddings & snacks
	LIPA		**Subtotal**	**3**	**4,400**	**986**	**224**		
16	Hebeler Corporation	Tonawanda	Erie	NIMO	350	149	426	Small	Large scale process equipment for various industries
17	Queensboro Farm Products, Inc. - Canastota	Canastota	Madison	NIMO	500	79	158	Large	Milk manufacturing and processing plant
18	Robison & Smith, Inc.	Gloversville	Fulton	NIMO	384	176	458	Small	Linen & Laundry Supply
	NIMO		**Subtotal**	**3**	**1,234**	**404**	**327**		

Total	**18**	**20,984**	**26,181**	**1,248**

6. Request to Approve Extension to the Term of Service for <u>Existing Economic Development Power Program Customer</u>

The President and Chief Executive Officer submitted the following report:

<u>SUMMARY</u>

"The Trustees are requested to approve an extension to the term of service to December 31, 2006 for one existing economic development power program customer, as listed in Exhibit '6-A.'

"The Authority sells electricity to businesses under several State-authorized economic development programs. These power sales are made through the Economic Development Power Program, High Load Factor Manufacturer Program, Municipal Distribution Agency Industrial Power Program and other power sales programs. The capacity and energy for these sales are provided by market purchases and supported by other Authority sources as needed. In some instances these customers are served directly by the Authority and in other cases the customers receive Authority power through resale arrangements with municipal distribution agencies or investor-owned utilities. Contracts range in length from five to more than 20 years.

<u>DISCUSSION</u>

"Chapter 313 of the Laws of 2005 was signed into law by Governor George E. Pataki on July 26, 2005. The new law allows certain Authority power program customers that would be exposed to price increases before December 31, 2006 to apply for an Energy Cost Savings Benefit ('ECSB'). Under the new law, businesses eligible to receive ECSBs are limited to Authority customers currently supplied power under the Economic Development Power, Municipal Distribution Agency and High Load Factor programs. The ECSB will be available for the period November 1, 2005 through December 31, 2006.

"The customer detailed in Exhibit '6-A' has an allocation contract previously approved by the Trustees that expires prior to December 31, 2006. Staff is requesting the Trustees to extend this agreement until December 31, 2006 so the customer may receive the benefits associated with the recently passed law. The extension will help maintain costs and enable this customer to compete more effectively. In addition, it will further secure employment levels in New York State.

"The Economic Development Power Allocation Board recommended that the contract be extended at their meeting on December 13, 2005.

<u>RECOMMENDATION</u>

"The Director – Business Power Allocations, Regulation and Billing recommends that the Trustees approve an extension to the term of service to December 31, 2006 for one existing economic development power program customer, listed in Exhibit '6-A.'

"The Chief Operating Officer, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Accounts Marketing and Economic Development and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Trustees find that staff's review supports an extension of an allocation from Authority economic development power programs for one existing customer until December 31, 2006 and that such extension be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

New York Power Authority **Exhibit "6-A"**
EDP Allocations - Economic Development Power Program **December 13, 2005**
Request to Extend Contract Until December 31, 2006

Line	Company	City	County	Program	IOU	Current Allocation Contract End Date	kW Allocation	Service
1	Griffiss Local Developmet Corp	Rome	Oneida	EDP	NG	11/30/2006	2,000	Community resource center

7. Transfers of Industrial Power

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the transfer of power allocations for six existing customers that have been acquired or changed names for various business reasons. As part of the allocation transfers, five of the six transferees will honor the associated job commitments. The Trustees are also requested to authorize the reduction in job commitments for one company that is unable to honor its existing job commitment.

BACKGROUND

"Six companies have requested that the Authority grant approval of their requests for the continued delivery of Authority power allocations to facilities that have all gained prior approval for an allocation with pre-existing company names and ownership. The present owners of these same facilities are now requesting that the Authority authorize the continuation of the power allocations granted to the previous company names and ownership associated with these facilities.

"The Trustees have approved transfers of this nature at past meetings.

DISCUSSION

"The proposed transferees are as follows:

"**Viking Industries, LLC,** a division of **PAR Industries, Inc**. ('PAR'), was a custom injection molding and tooling shop producing automotive parts in Amherst. In March 2002, PAR acquired through bankruptcy proceedings the business assets of Renaissance Plastics, Inc., which had previously bought the assets of Ultra Tool and Plastics, Inc. ('Ultra Tool') located at the same facility. Ultra Tool was approved for a 1,000 kW Replacement Power ('RP') allocation for 60 jobs by the Trustees at their July 31, 1986 meeting, a 500 kW Expansion Power ('EP') allocation for 124 jobs by the Trustees at their May 30, 1999 meeting and a 150 kW Power for Jobs ('PFJ') allocation for 463 jobs by the Trustees at their April 27, 1999 meeting. At their September 23, 2003 meeting, the Trustees approved the transfer of the power allocation contracts to PAR (Viking Industries, LLC).

"**Delphi Automotive Systems** ('Delphi') was a major customer of PAR's Amherst production facility that supplied component parts critical to Delphi's supply operations. Delphi extended a secured loan to PAR after PAR experienced severe financial and operational problems threatening its viability. Eventually, despite the loan and other accommodations, PAR determined it was no longer able to uphold its supply obligations, and ceased operating as a going concern in 2004. Delphi exercised its rights with respect to the collateral provided in connection with the secured loan, and thereby obtained ownership of certain equipment and inventory and began its own operations at the facility in December 2004.

"As a critical cost component of maintaining operations at the Amherst facility, Delphi requests a transfer of the power allocations formerly contracted to PAR. Delphi is producing the same automotive component parts previously produced at the facility. The company has a current employment level of 180 jobs. Therefore, the company requests a reduction of the PFJ allocation job commitment from 463 to 180 jobs. Delphi agrees to honor the RP and EP allocation job commitments and all other terms of the contracts.

"The **Museum of American Folk Art** (the 'Museum') in New York City features 18^{th-} and 19^{th-} century paintings, quilts and sculptures and the work of contemporary self-taught artists. At their May 25, 1999 meeting, the Trustees approved the Museum for a 50 kW PFJ allocation in return for 33 jobs. The Museum changed its name to the **American Folk Art Museum**. This was strictly a name change and therefore there will be no change in operation. The company is in job compliance and was approved for a PFJ extended benefits contract extension at the September 20, 2005 Trustees meeting. The American Folk Art Museum will honor all contract terms and conditions, including job commitments.

"**Osmose, Inc.** ('Osmose') of Buffalo deals in agricultural chemicals. At their February 24, 1999 meeting, the Trustees approved Osmose for a 300 kW PFJ allocation in return for 147 jobs. **Osmose Realty Corp.** was a previously established corporate entity wholly owned within Osmose. It was incorporated in the State of New York. The change was made to place the management of all real property holdings under Osmose Realty Corp. There was neither a financial transaction nor asset acquisition; rather it was a management change to properly align control of the company's real property assets. All aspects of the company's operations will remain the same. The company is in job compliance and was approved for a PFJ extended benefits contract extension at the September 20, 2005 Trustees meeting. Osmose Realty Corp. will honor all contract terms and conditions, including job commitments.

"**Floral Glass and Mirror Inc.** ('Floral Glass') of Hauppauge manufactures insulated and architectural glass products. At their November 24, 1998 meeting, the Trustees approved Floral Glass for a 300 kW PFJ allocation in return for 176 jobs. Floral Glass was purchased by **Oldcastle Glass** in an asset-only acquisition. The company will continue to do business at the old site and has no plans of relocating. Capital investments have already transpired and are planned to continue into 2006. However, there will be no change in operation. Because the company is not meeting its job commitment, its PFJ extended benefits will be reduced accordingly at the time of Trustees approval. Oldcastle Glass will honor all contract terms and conditions, including job commitments.

"**Bonded Insulation Company, Inc.** ('Bonded') is a manufacturer of cellulose insulation and fire retardant in Hagaman. At their October 27, 1998 meeting, the Trustees approved Bonded for a 300 kW PFJ allocation in return for 31 jobs. The name of the company was recently changed to **GreenFiber Albany, Inc.** ('GreenFiber') to reflect a change in ownership of Bonded common stock. All aspects of the manufacturing operation remain the same. The company is in job compliance and was approved for a PFJ extended benefits contract extension at the September 20, 2005 Trustees Meeting. GreenFiber will honor all contract terms and conditions, including job commitments.

"**Wilson Greatbatch LTD** ('Wilson Greatbatch'), of Clarence, manufactures batteries for implantable medical devices, as well as for commercial and industrial applications. At their January 25, 2000 meeting, the Trustees approved Wilson Greatbatch for a 1,200 kW PFJ allocation in return for 559 jobs and a 1,500 kW EP allocation for 325 jobs on April 27, 2004. The company's name has recently been changed to **Greatbatch, Inc.** ('Greatbatch') for business marketing purposes. The company is in job compliance and was approved for a PFJ extended benefits contract extension at the October 19, 2005 Trustees meeting. Greatbatch will honor all contract terms and conditions, including job commitments.

<u>RECOMMENDATION</u>

"The Director – Business Power Allocations, Regulation and Billing recommends that the Trustees approve the transfers of Authority power allocations to the six companies described herein.

"The Chief Operating Officer, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Account Marketing and Economic Development and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

> **RESOLVED, That the Trustees hereby authorize the transfers of industrial power allocations in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further**

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

8. Replacement Power Contract Extensions

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve an extension to the term of service for 62 customers with 101 contracts of Replacement Power ('RP') as detailed on Exhibit '8-A.' The contracts would be extended until January 1, 2013. In addition, the Trustees are authorized to extend the current three-party agreements effecting these allocations among the customers, National Grid and the Authority through August 31, 2007, the end of the current Niagara Project license and the RP sale-for-resale agreement between the Authority and National Grid.

BACKGROUND

"RP constitutes up to 445,000 kW of firm hydro power generated by the Authority at its Niagara Power Project that has been made available to Niagara Mohawk, pursuant to the federal Niagara Redevelopment Act (through December 2005) and Chapter 313 of the Laws of 2005 of the State of New York. All RP is sold on a sale-for-resale basis to National Grid (formerly Niagara Mohawk Power Corporation) through Contract NS-1, which has been amended and restated to be effective through August 31, 2007.

"In 1994, the Authority entered into agreements with 43 RP customers in connection with the settlement of rate litigation. As part of that settlement, the Authority agreed to offer contract extensions for the period January 1, 2006, the date the federal RP Program was slated to end, until January 1, 2013, if consistent with applicable laws and regulations, including a new license for the Niagara Project.

"Forty-Two of the 101 RP contracts mentioned above were not part of the 1994 rate settlement. All of these allocations are detailed in Exhibit '8-A.'

DISCUSSION

"Chapter 313 of the Laws of 2005 of the State of New York states that 'the Authority shall negotiate contracts on reasonable terms and conditions to renew or extend for a period of at least five years every permanent contract allocation of replacement power in effect on the effective date of the chapter of the laws of two thousand five' and 'that would expire by its terms on or before the end of the initial federal energy regulatory commission license for the Niagara project . . .' The law also states that in negotiating the terms and conditions of such contracts, the Authority may consider 'a business' compliance with all current contractual obligations, including employment and power usage commitments.'

"The Authority must implement the Chapter 313 requirement that staff negotiate contract extensions of at least five years on reasonable terms and conditions for those RP recipients whose allocations were in effect on July 26, 2005, the date Chapter 313 became law. The current sale-for-resale arrangement for RP with National Grid expires on August 31, 2007, and the arrangements for sale of the power after that date are unresolved. Two basic approaches are under consideration. The first would extend the sale-for-resale relationship with National Grid and possibly create a similar arrangement with New York State Electric and Gas Corporation, in whose service area RP may also be sold under Chapter 313. The second approach would have the Authority sell the power directly to allottees with delivery by the two utilities. Until this is resolved, staff is requesting approval to extend these allocations to January 1, 2013, subject to: (1) the renewal or extension by the Federal Energy Regulatory Commission of the Authority's 50-year Niagara Project license currently set to expire on August 31, 2007, on terms allowing continued RP allocations, (2) the terms and conditions set forth in the extended contract (including job and usage commitments) and (3) negotiation of mutually agreeable procedures for sale and delivery of power after August 31, 2007, when the Authority's RP delivery arrangement with National Grid expires.

"RP recipients not in compliance with job and usage commitments will be addressed on a case-by-case basis, with any decisions regarding reductions in allocations or changes in contractual commitments made by the Trustees in the normal compliance cycle. In the meantime, contract extensions will include current jobs and usage commitments. Additionally, any extensions of allocations beyond January 1, 2013 will be subject to the criteria in the Public Authorities Law and any additional criteria that might be adopted by the Authority in the future in accordance with statutory requirements. Staff is currently evaluating criteria for future extensions of existing business hydro allocations and all new business hydro allocations. Staff will present proposed criteria to the Trustees for their consideration and approval at their February 2006 meeting.

"Lastly, the Trustees are requested to extend the current three-party agreements among the Authority, National Grid and the individual customers until August 31, 2007. This agreement provides for the allocation, sale, resale and, as applicable, transmission and delivery of RP.

RECOMMENDATION

"The Director – Business Power Allocations, Regulation and Billing and the Manager – Business Marketing and Economic Development recommend that the Trustees approve extensions to the term of service to January 1, 2013 for 62 customers with 101 contracts of Replacement Power as detailed in Exhibit '8-A.' In addition, the Trustees are authorized to extend the current three-party agreement through the end of the current license.

"The Chief Operating Officer, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Accounts Marketing and Economic Development and I concur in the recommendation."

Mr. Pasquale presented the highlights of staff's recommendations to the Trustees. In response to a question from Chairman Seymour, Mr. Pasquale said that 43 Replacement Power customers had locked in pricing by their contracts. Responding to a follow-up question from Chairman Seymour, Mr. Huvane said that escalating administrative costs through 2013 would be recovered through an index pricing mechanism.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Trustees approve extensions to the term of service to January 1, 2013 for 62 customers with 101 contracts of Replacement Power ("RP") as detailed in Exhibit "8-A"; and be it further

RESOLVED, That the Trustees also approve an extension to the current three-party agreements among the Authority, National Grid and the respective RP customers through the end of the current Niagara Project license; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer, all other officers of the Authority and the Senior Vice President – Marketing Economic Development and Supply Planning are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolutions, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

Line	Company	City	County	kW Allocation	Total Jobs	
1	ADM Milling Co.	Buffalo	Erie	1,900	70	
2	American Axle & Manufacturing, Inc.	Tonawanda	Erie	1,300	680	
3	American Axle & Manufacturing, Inc.	Tonawanda	Erie	2,600	680	*
4	American Axle/Buffalo Gear & Axle Facility	Buffalo	Erie	3,200	1,720	*
5	American Pharmaceutical Partners	Grand Island	Niagara	1,000	481	*
6	American Pharmaceutical Partners	Grand Island	Niagara	1,000	25	*
7	American Pharmaceutical Partners	Grand Island	Niagara	1,000	506	*
8	Avery Dennison Information Systems	Buffalo	Erie	250	82	
9	BMP America, Inc	Medina	Orleans	120	130	*
10	Brunner, Inc.	Medina	Orleans	1,200	291	*
11	Buffalo Color Corporation	Buffalo	Erie	700	28	
12	Buffalo Tungsten Incorporated	Depew	Erie	1,250	40	
13	Buffalo Tungsten Incorporated	Depew	Erie	800	62	*
14	Ceres Crystal Industries Inc.	Niagara Falls	Niagara	1,600	65	
15	Ceres Crystal Industries Inc.	Niagara Falls	Niagara	1,300	82	*
16	Ceres Crystal Industries Inc.	Niagara Falls	Niagara	1,700	82	*
17	Confer Plastics Inc.	North Tonawanda	Erie	300	91	*
18	Contract Pharmaceuticals Limited Niagara	Buffalo	Erie	250	329	
19	Curtis Screw Co., Inc.	Buffalo	Erie	300	209	
20	Curtis Screw Co., Inc.	Buffalo	Erie	350	264	*
21	Curtis Screw Co., Inc.	Buffalo	Erie	1,450	276	*
22	E.I. du Pont de Nemours & Co., Inc.	Buffalo	Erie	675	605	
23	E.I. du Pont de Nemours & Co., Inc.	Buffalo	Erie	1,300	285	
24	E.I. du Pont de Nemours & Co., Inc.	Buffalo	Erie	500	264	
25	E.I. du Pont de Nemours & Co., Inc.	Niagara Falls	Niagara	31,700	201	
26	E.I. du Pont de Nemours & Co., Inc.	Niagara Falls	Niagara	3000	284	*
27	Ferro Electronic Materials	Niagara Falls	Niagara	1,000	257	
28	Ferro Electronic Materials	Niagara Falls	Niagara	7,000	147	
29	Ferro Electronic Materials	Niagara Falls	Niagara	3,115	276	*
30	FMC Corporation Active Oxidants Division	Tonawanda	Erie	750	106	
31	FMC Corporation Active Oxidants Division	Tonawanda	Erie	5,500	71	
32	Freezer Queen Foods, Inc.	Buffalo	Erie	360	318	*
33	Fujisawa Healthcare	Grand Island	Erie	700	139	*
34	General Mills	Buffalo	Erie	1,000	563	
35	General Mills	Buffalo	Erie	3,100	432	
36	General Motors Corporation	Buffalo	Erie	725	3,470	*
37	General Motors Corporation	Buffalo	Erie	2,000	3,558	*
38	Goodyear Dunlop Tires N.America Ltd.	Tonawanda	Erie	250	1,449	
39	Goodyear Dunlop Tires N.America Ltd.	Tonawanda	Erie	4,191	589	
40	Goodyear Dunlop Tires N.America Ltd.	Tonawanda	Erie	850	1,470	*
41	Graphic Controls Corp.	Buffalo	Erie	250	408	
42	Graphic Controls Corp.	Buffalo	Erie	330	257	*
43	Habasit Globe, Inc.	Buffalo	Niagara	250	123	
44	Hammond Manufacturing	Cheektowaga	Erie	200	24	*
45	Honeywell International	Buffalo	Erie	300	168	
46	I Squared R Element Co., Inc.	Akron	Erie	500	60	
47	International Imaging Materials, In	Amherst	Erie	250	472	
48	Invitrogen Corporation	Grand Island	Erie	400	398	*
49	ISG	Lackawanna	Erie	25,750	350	
50	Lockheed Martin	Niagara Falls	Niagara	250	45	
51	Metaullics Systems Co.	Sanborn	Niagara	1,000	29	
52	Niacet Corporation	Niagara Falls	Niagara	400	66	
53	Niacet Corporation	Niagara Falls	Niagara	1,000	54	
54	Niagara Ceramics Corporation	Buffalo	Erie	250	190	*
55	Niagara Ceramics Corporation	Buffalo	Erie	600	190	*
56	Niagara Falls Public Water Authority	Niagara Falls	Niagara	1,644	0	
57	Niagara Falls Public Water Authority	Niagara Falls	Niagara	2,000	0	
58	Niagara LaSalle Corporation	Buffalo	Erie	700	92	
59	Niagara LaSalle Corporation	Buffalo	Erie	700	164	*
60	North American Hoganas	Niagara Falls	Niagara	1,000	120	
61	Now-Tech Industries Inc.	Lackawanna	Erie	250	41	*
62	Now-Tech Industries Inc.	Lackawanna	Erie	200	80	*
63	Occidental Chemical Corporation	Niagara Falls	Niagara	56,000	250	
64	Olin Corporation Chlor-Alkali Products	Niagara Falls	Niagara	2,290	41	
65	Olin Corporation Chlor-Alkali Products	Niagara Falls	Niagara	15,000	135	
66	Olin Corporation Chlor-Alkali Products	Niagara Falls	Niagara	21,300	160	
67	Olin Corporation Chlor-Alkali Products	Niagara Falls	Niagara	40,860	160	
68	Outokumpu Copper, Inc.	Buffalo	Erie	250	16	
69	Outokumpu Copper, Inc.	Buffalo	Erie	8,060	505	
70	Outokumpu Copper, Inc.	Buffalo	Erie	250	6	*
71	Outokumpu Copper, Inc.	Buffalo	Erie	3,000	657	*
72	PEMCO-Precision Electro Minerals Co.,Inc.	Niagara Falls	Niagara	800	22	
73	PEMCO-Precision Electro Minerals Co.,Inc.	Niagara Falls	Niagara	750	34	*
74	Praxair, Inc.	Tonawanda	Niagara	750	1,322	
75	Praxair, Inc.	Tonawanda	Niagara	2,000	1,000	
76	Praxair, Inc.	Niagara Falls	Niagara	9,000	70	
77	Praxair, Inc.	Niagara Falls	Niagara	37,050	70	
78	Precious Plate, Inc.	Niagara Falls	Niagara	800	145	*
79	Republic Technologies	Blasdell	Erie	2,000	276	*

New York Power Authority **Exhibit "8-A"**
Replacement Power Contract Extensions **December 13, 2005**

Line	Company	City	County	kW Allocation	Total Jobs	
80	Rich Products Corporation	Buffalo	Erie	500	201	
81	Saint Gobain - Abrasives	Niagara Falls	Niagara	2,100	314	
82	Saint Gobain - Abrasives	Niagara Falls	Niagara	100	314	
83	Saint Gobain - Boron Nitride Division	Amherst	Erie	2,500	97	
84	Saint Gobain - Boron Nitride Division	Amherst	Erie	570	63	*
85	Saint Gobain - Corporate	Niagara Falls	Niagara	3,450	125	
86	Saint Gobain - Corporate	Niagara Falls	Niagara	300	178	*
87	Saint Gobain - Micro Electronics	Sanborn	Niagara	900	35	
88	Sorrento Cheese	Buffalo	Erie	250	250	
89	Sotek/Belrix	Buffalo	Erie	100	53	*
90	Surmet Ceramics Corporation	Buffalo	Erie	900	23	*
91	Sweeney Steel Corp. Buffalo	Buffalo	Erie	450	44	*
92	Sweeney Steel Service Corporation	Tonawanda	Erie	1,750	62	*
93	Time Release Sciences Inc.	Buffalo	Erie	300	314	*
94	Treibacher Schleifmittel Corp.	Niagara Falls	Erie	750	35	
95	Tulip Corporation	Niagara Falls	Niagara	1,200	122	
96	Unifrax Corporation	Niagara Falls	Niagara	1,000	6	
97	Unifrax Corporation	Niagara Falls	Niagara	2,600	55	
98	Unifrax Corporation	Niagara Falls	Niagara	1,000	147	*
99	Viking Industries (Ultra Tool & Plastics)	Amherst	Erie	1,000	60	
100	Washington Mills Electro Minerals C	Niagara Falls	Niagara	9,700	171	
101	Western New York Energy, LLC	Medina	Orleans	5000	50	*
Total				**366,090**	**31,596**	

* Designates those allocations that were not part of the 1994 rate settlement/

9. Proposed Neighboring States Hydropower Contracts – Transmittal to the Governor

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the attached hydropower contracts with the seven neighboring states ('the Neighboring States Contracts') and authorize their transmittal to the Governor for his approval. The proposed contracts extend existing contractual arrangements with the Neighboring States for sale of Niagara power and energy to 2025. The Neighboring States and the amounts of firm and peaking power allocated to each are listed in Exhibit '9-A.'

BACKGROUND

"The federal Niagara Redevelopment Act ('NRA') passed by the U.S. Congress in 1957 (16 U.S.C. 836, 836a) includes provisions that require the Authority to make available at least 50% of the Niagara Project's power to 'preference customers,' i.e., public bodies and non-profit cooperatives within economic transmission distance. It further requires the Authority to make available a 'reasonable' portion of such preference power, but not more than 10% of total Niagara Project power, to preference customers in Neighboring States. This requirement is part of the current Niagara Project license and, as required by the NRA, the provision will be part of any new license for the project issued to the Authority.

"Pursuant to the foregoing statutory and license conditions, the Authority has been selling hydropower from the Niagara Project since 1961 to Neighboring States. Since 1985, power has been sold to the current seven Neighboring States (Connecticut, Massachusetts, New Jersey, Ohio, Pennsylvania, Rhode Island and Vermont). The Authority sells 188 MW of firm Niagara hydropower, 40 MW of peaking Niagara hydropower and 10% of interruptible energy from the Niagara Project to the Neighboring State customers.

"On August 18, 2005, the Authority filed its relicensing application for the Niagara Project with the Federal Energy Regulatory Commission ('FERC'). As part of a settlement agreement with all seven Neighboring States, they agreed to support the Authority's entire offer of settlement, including our request for a 50-year license, and, as required by FERC rulings under the NRA, the Authority agreed to continue to sell 188 MW of firm Niagara hydropower, 40 MW of peaking Niagara hydropower and 10% of interruptible energy from the Niagara Project to all seven Neighboring State customers. The proposed new license for the Project will contain articles implementing the NRA's requirements concerning neighboring state sales. A proposed form of contract to take effect when the current contracts expire was filed with FERC as part of the settlement agreement.

"The proposed contracts with the Neighboring States implement the requirements of the proposed Niagara Project license and represent the minimum sales to neighboring states required under existing FERC rulings. The form of the Niagara contract that is part of the proposed license is attached as Exhibit '9-B.'

"The Authority agreed to commence the statutory contract approval process for the new proposed contracts now with the expectation that the process would be concluded in early 2006, to take effect as stated above. If the license is not granted to the Authority, the contracts would be of no force and effect. If the new license is not issued by September 1, 2007, the new contracts, if approved by the Governor, would take effect only on a month-to-month basis until a new license is issued.

DISCUSSION

"At their meeting of September 20, 2005, the Trustees authorized the holding of a public hearing, pursuant to Section 1009 of the Power Authority Act, on the proposed Neighboring States Contracts. Copies of the proposed contracts were transmitted to the Governor and the leaders of the State Legislature, and notice of a public hearing on the proposed contracts was published in accordance with the requirements of Section 1009.

"The hearing was held on November 8, 2005 at the Authority's New York Office. At the public hearing, representatives of Connecticut, Massachusetts, New Jersey, Ohio and Pennsylvania presented statements in support of the Neighboring States Contracts and urged the Authority to approve them. No parties expressed opposition to the proposed contracts at the hearing, the final transcript of which is attached as Exhibit '9-C.'

"In view of the support for the proposed contracts by the Neighboring States and the requirements of the new Niagara Project license, staff believes that the Neighboring States Contracts are in the public interest and should be forwarded to the Governor with the recommendation that they be approved.

FISCAL INFORMATION

"The 228 MW of Niagara Project power and energy that will continue to be sold to the Neighboring States under the proposed contracts will be sold at the same rates that currently apply to such sales. Thus, the proposed contracts will have no revenue impact on the Authority.

RECOMMENDATION

"The Director – Supply Planning, Pricing and Power Contracts and the Executive Director of Hydropower Relicensing recommend that the Trustees authorize the transmittal of the Neighboring States Contracts to the Governor for his approval.

"The Chief Operating Officer, the Executive Vice President – Power Operations, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning and I concur in the recommendation."

Mr. Brandeis presented the highlights of staff's recommendations to the Trustees. Chairman Seymour noted that these contracts would be approved before the new Niagara license is issued, in contrast to the Neighboring States contracts related to the St. Lawrence relicensing process. In response to a question from Chairman Seymour, Mr. Brandeis said that the 40 MW in peaking power is not flexible since it is only available approximately four hours a day.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Niagara Redevelopment Act ("NRA") passed by the U.S. Congress in 1957 (16 U.S.C. 836, 836a) requires that the Authority make available at least 50% of the Niagara Project's power to "preference customers," i.e., public bodies and non-profit cooperatives within economic transmission distance and further requires the Authority to make available a "reasonable" portion of such preference power but not more than 10% of total Niagara Project power to preference customers in neighboring states; and

WHEREAS, the foregoing requirement is part of the current Niagara Project license and, as required by the NRA, the provision will be part of any new license for the project issued by the Federal Energy Regulatory Commission ("FERC") to the Authority; and

WHEREAS, in connection with its application to FERC for a new license for the Niagara Project, the Authority has negotiated proposed Neighboring States Contracts under which power and energy from the

Niagara Project would be sold and delivered to the seven Neighboring States for resale to their customers if and when a new license is issued to the Authority; and

WHEREAS, copies of such proposed Neighboring States Contracts have been transmitted to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee and have been made available for public inspection during a 30-day period at the offices of the Authority and at other locations throughout the State; and

WHEREAS, on November 8, 2005, the Authority held a public hearing on the terms of the proposed Neighboring States Contracts upon 30 days' notice given by publication once each week during such period in at least six newspapers within the State of New York; and

WHEREAS, no adverse comments were received on the terms of such contracts at the public hearing or otherwise;

NOW, THEREFORE, BE IT RESOLVED, That the proposed contracts with the states of Connecticut, Massachusetts, New Jersey, Ohio, Pennsylvania, Rhode Island and Vermont are in the public interest and should be reported together with a recommendation that they be approved, along with the record of the public hearings thereon, to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee; and be it further

RESOLVED, That the Chairman and the Secretary be authorized and directed to execute such Neighboring States Contracts in the name of and on behalf of the Authority whenever the agreements shall be approved by the Governor; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee, be, and hereby is, authorized to negotiate and execute any and all documents necessary or desirable to effectuate such Neighboring States Contracts; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

Exhibit “9-A”
December 13, 2005

NEIGHBORING STATE HYDROPOWER ALLOCATIONS
(kW)

State	Niagara Firm	Niagara Peaking
Connecticut	8,700	1,800
Massachusetts	43,700	9,300
New Jersey	7,900	1,700
Ohio	86,100	18,300
Pennsylvania	31,900	6,800
Rhode Island	500	100
Vermont	9,200	2,000
Totals	188,000	40,000

10. Increase In Government Customer Rates – Notice of Adoption

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to take final action to approve an increase in the rates for the sale of firm power to the New York City Governmental Customers ('Customers') in 2006.

"This proposed final action is twofold. First, for Customers who are signatories of the new supplemental Long Term Agreements ('LTAs') previously approved by the Trustees, staff seeks approval to increase the 'Fixed Costs' component (as defined in the LTAs) of their 2006 production rates. This proposed action would, by itself, increase the estimated total billed revenues of these Customers by 0.7% on average as compared to 2005 rates. Upon the Trustees' approval, this Fixed Costs component will be combined with the 'Variable Costs' component of the production rates (as defined in the LTAs), determined in collaboration with the Customers in accordance with the provisions of the LTAs.

"Second, Trustee approval is requested to increase the production rates applicable to any Customer that does not sign one of the LTAs ('Non-Signatory Rates'). The proposed Non-Signatory Rates reflect a 13.5% increase in production rates as compared to 2005. Such rates reflect the higher risk of providing electricity at a fixed rate and the short-term nature of this service. Currently, none of the Customers would be subject to the Non-Signatory Rates, as they all are expected to qualify for the LTA signatory rates. Thus, the Non-Signatory Rates are being developed as a contingency rate in the event any new Customer materializes that does not become a signatory to an LTA.

BACKGROUND

"At their meeting of September 20, 2005, the Trustees directed the publication in the New York State Register ('State Register') of notice that the Authority proposed to increase the Fixed Costs component of the production rates to be charged in 2006 to Customers who are signatories of the new LTAs, and the full production rates charged to Customers not under an LTA. Notification of the proposed rate increases was published in the State Register on October 26, 2005. Authority staff closed the public comment period on December 12, 2005 in accordance with the State Administrative Procedure Act ('SAPA').

"As indicated in the September 20th Memorandum to the Trustees, the LTAs establish two distinct cost categories: Fixed Costs and Variable Costs. Fixed Costs include operation and maintenance ('O&M'), shared services (*e.g.*, headquarters), debt service, other expenses (*i.e.*, certain directly assignable costs), and a credit for investment and other income. As the Memorandum also stated, under the LTAs, the Authority must establish Fixed Costs based on cost-of-service principles and make changes only under a SAPA proceeding, with the approval of the Trustees.

"On the other hand, staff is not requesting the Trustees' approval of the Variable Costs component (*i.e.*, fuel and purchased power, risk management, NYISO ancillary services and O&M reserve, less a credit for NYISO revenues from Customer-dedicated generation) as that is developed in collaboration with the Customers in accordance with the provisions of the LTAs. As prescribed by the LTAs and also outside the Trustees' approval process, NYPA will issue revised tariffs reflecting the new rates for 2006 which incorporate both the final Fixed and Variable Costs.

"Non-Signatory Rates developed for any new Customer who does not sign an LTA include both fixed and variable costs assignable to them and must be adopted by the Trustees under SAPA. The Non-Signatory Rates reflect full production costs, which are incorporated into an adjusted 2006 cost-of-service.

"This action does not affect Westchester County and the local governmental entities in the County that have a different arrangement with the Authority which does not provide for cost-of-service based rates until 2007.

DISCUSSION

"The increase in Fixed Costs (*i.e.* those Fixed Costs applicable to Customers subject to the LTAs) proposed by staff is $5.9 million. This final proposal reflects numerous refinements since the initial Fixed Costs proposal was first presented to the Customers on June 1, 2005. Under the LTAs, Customers' concerns must be considered in a confidential process prior to presenting any proposed changes to the Fixed Costs to the Trustees or issuing them for public comment. Numerous Customer data requests were subsequently presented to staff, and in all cases, responses were provided to the Customers.

"After comment and review by the Customers, staff refined its calculations and proposed a Fixed Costs increase of $9.4 million to the Trustees on September 20, 2005. Additional issues were raised by the Customers during the public comment period under SAPA, which resulted in staff now recommending further adjustments, and the final proposed Fixed Costs increase of $5.9 million.

"On December 7, 2005, comments were filed pursuant to SAPA procedures by the City of New York's Department of Citywide Administrative Services ('City') and jointly by the Port Authority of New York and New Jersey and the Metropolitan Transportation Authority ('PA/MTA'). A review and analysis of these written comments is as follows:

A. Comments on Proposed Fixed Costs Increase.

Issue 1: Poletti Project O&M Component of Fixed Costs.

"Comments: The Customers raised concerns that the Poletti project O&M component of Fixed Costs was too high as compared to a peer group of plants of a reportedly similar nature elsewhere. The City requested a reduction in Poletti Payroll & Fringe Benefits of $4.7 million while the PA/MTA requested an overall Poletti O&M reduction of $6.2 million.

"Staff Analysis: Staff has reviewed the Customers' comments and has determined that the peer group used by the Customers in their analysis is not representative and does not take into consideration the regional cost factors under which the Poletti Project must operate. Through discussions and an informal exchange of papers with the Customers, Authority staff has learned that much of their peer group analysis is based on plants located in Texas, and the Customers have not demonstrated that such a peer group is relevant for the purposes of reviewing Poletti O&M costs.

"Additionally, the proposed Poletti O&M component of Fixed Costs in the cost-of-service (as well as the proposed Fixed Costs in general) is only intended to cover the Authority's actual costs projected for 2006. The Authority is a public not-for-profit entity and because of the pricing structure of the LTA, the Authority does not earn a rate of return. It must recover the actual costs incurred in serving the Customers, not a lower amount based on the costs of operating generating plants in the Southwest where costs are expectedly different.

"However, further staff review of the Poletti O&M costs reveals that some downward adjustment of the original estimate is necessary. The original Poletti O&M estimates provided to Customers included in the cost-of-service were based on preliminary assessments of the 2006 budget requirements. Staff has recently completed the budget review process for the final proposed 2006 O&M budget, which is concurrently being presented for Trustee approval today, and has determined that the funding level requested for the Poletti project is $3.6 million less than the original estimates used in the preliminary cost-of-service. The main drivers for this decrease from the original estimates are a reduction in labor due to attrition and a reduction in the level of non-essential maintenance required both in anticipation of the 2008 shutdown of the Poletti plant.

"Recommendation: Subject to Trustee approval of the final proposed 2006 O&M budget, staff recommends a reduction in the Poletti O&M component of the Fixed Costs category of $3.6 million as reflected in the proposed rate increase.

Issue 2: Shared Services.

"Comments: The Customers have requested that the Authority reduce the Shared Services component of the Fixed Cost category based on applying the Consumer Price Index ('CPI'). Based on theses indices, both the City and the PA/MTA have requested a $2.1 million reduction in Shared Services.

"Staff Analysis: The Shared Services component of the Fixed Costs consists of the portion of the headquarters O&M budget not directly assignable to any facility or project, plus the Research & Development O&M budget.

"The City used CPI indices for 2004, 2005 and 2006 of 2.7%, 3.2% and 2.6% respectively to arrive at the recommended reduction. However, application of the CPI to these costs ignores the fact that the major components of the headquarters O&M budget described above are comprised of payroll and fringe benefits. The requirement that the Authority increase its contributions to the New York State Retirement System and the high cost of medical benefits over the past few years are primarily responsible for increases in the Shared Services estimates exceeding the CPI.

"For the same reasons noted for the Poletti O&M comments discussed above, the final 2006 O&M budget indicates that a reduction of $0.2 million in the original Shared Services estimate is appropriate.

"Recommendation: Subject to Trustee approval of the final proposed 2006 O&M budget, staff recommends reducing the Shared Services component of the Fixed Costs category by $0.2 million as reflected in the proposed rate increase.

Issue 3: Other – Decommissioning and Asset Retirement Charges.

"Comments: The Customers have commented that the Decommissioning and Asset Retirement Charges for the Poletti project and the 500MW Combined Cycle Unit ('CCU') are too high and should be reduced by as much as $1.8 million. PA/MTA comments that the Authority should revise the amortization schedule to begin in 2003 when the issue of asset retirement obligations first became effective in Financial Account Standard No. 143, 'Accounting for Asset Retirement Obligations.' The City believes that the assumed inflation rate is too high, that the value of the land should be used as a credit against these costs, and that the cost-of-service report is inconsistent with the supporting workpapers.

"Staff Analysis: The Authority began its rate recovery for the Asset Retirement Charge for Site Demolition and Restoration (decommissioning) when it was included for the first time in last year's 2005 cost-of-service study. As these costs are being amortized over a 25 year period, it again appears in this year's 2006 study and will also appear in future studies. There is no requirement that the rate recovery period necessarily match the accounting period. Thus, there is no compelling reason to adopt a retroactive implementation in this instance, as PA/MTA requests, and staff and accordingly does not recommend any change for this item.

"The long-term inflation rate Staff used for the calculations (3.5%) is a NYPA corporate-wide assumption used in all of its long-term planning studies. The City suggested a 2.5% rate through 2025 based on a Department of Energy estimate. There are many opinions as to long-term inflation rates and as a matter of convention, the Authority uses 3.5%. We continue to believe this rate to be a reasonable and appropriate measure of long term inflation.

"The City also contends that the value of the land for these two facilities should be deducted from the cost of decommissioning. However, decommissioning activities do not presume or require that the land be disposed of at the time of the decommissioning. Moreover, it is not possible at this time to foreclose the possibility that the land would continue to be used by the Authority for power generation purposes. As no determination has been made as to the disposition of the land at the time of decommissioning, it is inappropriate to make any adjustments on this basis.

"Finally, the City correctly points out that the preliminary 2006 cost-of-service report is inconsistent with the workpapers that support decommissioning costs by overstating these costs by $156,000. Staff previously identified this discrepancy and it was corrected prior to the Authority's initial September 20th proposal. Thus, the workpaper inconsistency is not an issue for the Fixed Costs as proposed herein.

"Recommendation: For the reasons stated above concerning the amortization of decommissioning costs, the inflation rate and value of land, staff recommends no changes to this cost item. As the correction in the cost-of-service to match the workpapers has already been made and reflected in the proposed Fixed Costs, staff recommends no additional changes.

Issue 4: 500 MW Combined Cycle Unit Costs.

"Comments: The Customers raised concerns regarding the expected January 1, 2006 commercial start date of the Authority's new CCU, and stated that the Fixed Costs should be adjusted if the CCU does not commence operations on the date expected.[1]

"Staff Analysis: With respect to the CCU, staff has indicated to the customers that the testing and startup procedures are on schedule and without incident and there is no expectation that the plant will not begin commercial operation on January 1, 2006.

"Recommendation: Staff does not recommend any further action at this time and will reconsider this position should the plant not meet the expected commercial operation date.

B. Other Comments.

"The Customers raised the following concerns unrelated to the matters presented for Trustee approval as described in this Memorandum:

Issue 5: Base Variable Costs.

"Comments: PA/MTA also submitted comments on the proposed Base Variable Costs, which are not before the Trustees today for approval as they are part of the LTA rate setting process previously approved by the Board. PA/MTA requested reductions relating to the distribution loss factors and the dispatch of small hydro energy and also reiterated their concerns about the CCU's start of operations. PA/MTA states that they should be insulated from any Variable Costs increase that may arise should the CCU's projected January 1, 2006 commercial operation date not be met.

"Staff Analysis: In the separate collaborative process used to determine the Base Variable Costs, each Customer recommendation was reviewed and the analysis used to arrive at the projections was revisited. While certain adjustments were made to other Variable Cost components during that process (some of which represented cost-of-service *reductions*), staff feels that with respect to these items, the current estimates are accurate and supported.

"Recommendation: Staff does not recommend any further changes to the Base Variable Costs. With respect to any Variable Cost impact concerning a delay in the commercial operation date of the CCU, see staff's analysis and recommendation for Issue 4.

Issue 6: Production Rate Design.

"Comments: The City commented that the production rate design should be changed at this time to align the Fixed Costs with the demand charge and the Variable Costs with the energy charge, which, as the City indicates, is 'a general principle of rate design[.]'

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[1] PA/MTA also stated that they should be insulated from any additional Variable Costs that may arise should that commercial operation date not be met. See Issue 5 below.

"Staff Analysis: The City's contentions with respect to rate design are not germane to the issues presented for Trustee approval. The parties have set forth procedures concerning rate design changes in the LTA itself. However, staff believes it is appropriate to respond to the concerns raised. The City's observation is correct that in general terms, fixed costs tend to be aligned with demand charges and variable costs tend to be aligned with energy charges in a typical tariff rate. In this instance, however, the City is using the LTA definition of Fixed and Variable Costs, which, in some ways are at odds with the typical rate engineer's view of such costs. For example, capacity costs, which are typically included in the demand charge, are defined in the LTAs as a component of Variable Cost. *See, e.g.,* LTA, Article II.B.1.b.

"Other considerations often factor into rate design selection. For example, when the Authority established the particular rate design presently in use for the governmental customer market, it purposefully shifted some of the fixed costs to the energy charge in an effort encourage energy conservation. It also established the rate design on the basis of a detailed class demand study performed at that time.

"Any change in rate design at this time, such as that suggested by the City, will have a tendency to shift costs among the various Customer classes. The Authority has not performed a study as to how the City's proposal might shift cost responsibility, nor is there an opportunity before the subject rates take effect in January 2006, to allow other Customers an opportunity to consider and comment on such a significant rate design change.

"Article VI of the LTAs, in fact, requires that such a production rate design study be performed and completed no later than March 31, 2008. The LTAs require that 'any such studies shall be performed with input and concurrence from the NYC Governmental Customers' and states that it is the goal of the parties to redesign rates so that the result is revenue neutral to the Authority and recognizes 'individual customer bill impacts and ameliorates such impacts.' On the basis of that study and with Customer input, an alternative rate design may be instituted in the future, but to do so now without having complied with the requirements of the LTAs would be premature and inappropriate.

"Recommendation: Staff recommends no change in the production rate design at this time.

Issue 7: Improvement of Annual Process.

"Comments: PA/MTA commented on improving the 'Annual Process,' *i.e.* the collaborative process between the Authority and the Customers set forth in the LTA for the purpose of determining the Base Variable Costs to be incorporated in production rates for the succeeding calendar year.

"Staff Analysis: PA/MTA's comments on this issue are well-taken, but not part of the matters currently before the Board. Staff intends to have a 'lessons learned' meeting with the Customers after completion of this inaugural Annual Process to discuss areas for improvement going forward. PA/MTA correctly notes that the LTAs call for a Risk Management Audit, the results of which will also be considered as part of the lessons learned.

"Recommendation: Staff does not recommend any changes to the Annual Process. Any such changes are more appropriately handled through bilateral discussions between the Authority and the Customers.

C. Final Recommendations.

"Based on the discussion in Issues 1 and 2 above, staff recommends a total reduction of $3.8 million as compared to its original estimate of the Fixed Costs increase included in the 2006 cost-of-service for the entire governmental customer class, *i.e.* the Customers under LTAs plus the Westchester County customers who are not under the LTAs. The portion of this reduction assignable to the Customers under the LTAs is $3.5 million. This reduces the Fixed Costs rate increase from the $9.4 million initially proposed on September 20th to $5.9 million. Staff recommends no further changes to the Fixed Costs based on December 7th comments filed by the Customers, as discussed above.

"Based on staff's analysis, the proposed $5.9 million increase in Fixed Costs will result in a 1.0% increase in production rates as compared to 2005 rates, representing a 0.7% increase in estimated total billed revenues. For the Trustees' information, the $33.3 million increase in Variable Costs will result in an estimated 5.4% increase in production rates as compared to 2005, representing a 3.9% increase in estimated total billed revenues. The combined Fixed Costs and Variable Costs increase is $39.2 million and would result in an estimated 6.4% increase in production rates, and an estimated 4.5% increase in total Customer billings under current Con Edison delivery rates. Staff would apply the production rate increase equally to both the demand and energy rates.

"Subsequent to such final adoption, staff will incorporate the approved Fixed Costs and the Variable Costs determined in the Annual Process under the LTAs into new tariff rates to become effective in January 2006. For 2006, the Variable Costs component of revenues recovered are subject to the 'Sharing Plan' rules under the LTA. This means that to the extent the Authority over-recovers its Variable Costs, such over-recoveries will be shared equally, provided that the first $10 million is credited to the Customers. Conversely, if the Authority under-recovers its Variable Costs, such under-recovery will be shared equally up to $60 million, provided that the Customers' maximum share will be $30 million for the rate year. The Authority shall be responsible for all under-recoveries in excess of $60 million.

"With respect to the proposed Non-Signatory Rates, no comments were received. Because of the reductions in the Fixed Costs described above, this affects the Non-Signatory Rates as well. Thus, staff recommends that the Non-Signatory Rates be adjusted from those originally proposed. The revised rates reflect a 13.5% increase in production rates, lower than the 14.1% increase initially proposed on September 20th. Based on contract commitments known to date, no Customer will be subject to the Non-Signatory Rates at the start of 2006. Should any new Customer materialize that does not become a signatory to an LTA, staff would apply this production rate increase equally to both demand and energy components of the Non-Signatory Rates.

"Exhibit '10-A' shows the overall estimated Customer bill impacts for 2006, Exhibit '10-B' shows the LTA signatories' final Conventional and Time-of-Day production rates, Exhibit '10-C' shows the Non-Signatory Conventional and Time-of-Day production rates and Exhibit '10-D' contains the comments filed by the Customers.

FISCAL INFORMATION

"The adoption of the Fixed Costs increase would result in an estimated $5.9 million of additional recovery to the Authority over current rates.

RECOMMENDATION

"The Director – Supply Planning, Pricing and Power Contracts recommends that the Trustees authorize the Secretary to adopt: (1) an increase in Fixed Costs applicable to the New York City Governmental Customers under the Long Term Agreements, and (2) an increase in the production rates applicable to New York City Governmental Customers who are non-signatories to the Long Term Agreements, both as described above.

"It is also recommended that the Senior Vice President – Marketing, Economic Development and Supply Planning, or her designee, be authorized to issue written notice of final action to the affected customers.

"The Chief Operating Officer, the Executive Vice President, Secretary and General Counsel, the Senior Vice President and Chief Financial Officer, the Senior Vice President of Marketing, Economic Development and Supply Planning, the Vice President – Controller, the Vice President – Major Accounts Marketing and Economic Development, the Vice President – Finance, the Assistant General Counsel – Power and Transmission and I concur in the recommendation."

Mr. Brandeis presented the highlights of staff's recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Brandeis said that the rates would be in effect until they are changed, but that the Long Term Agreements with the Government Customers call for the rates to be revisited

each year. Responding to a question from Chairman Seymour, Mr. Brandeis said that the rates would cover the Authority's New York City Government Customer revenue shortfall for 2006, but not the current shortfall in Westchester County Government Customer rates. Mr. Russak added that the New York City rates had been designed to recover all New York City Government Customer costs and that the rate changes do not apply to Westchester County Government Customer accounts, as they are under separate pricing agreements.

The following resolution, as submitted by the President and Chief Executive Officer was unanimously adopted.

RESOLVED, That the Trustees adopt: (1) an increase in Fixed Costs applicable to the New York City Governmental Customers under the Long Term Agreements, and (2) an increase in the production rates applicable to New York City Governmental Customers who are non-signatories to the Long Term Agreements, both as described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee, be and hereby is, authorized to issue written notice of this final action by the Trustees to the affected customers; and be it further

RESOLVED, That the Secretary of the Authority be, and hereby is, directed to file such notices as may be required with the Secretary of State for publication in the State Register and to submit such other notice as may be required by statute or regulation concerning the rate increase; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

New York City Government Customers

<u>2006 Estimated Customer Impacts</u>

Signatories	Bill Impact In Thousands (a)	Electric Bill (2005 Rates) In Thousands (b)	Bill Impact % (a)/(b)
City of New York	$ 17,610	$ 408,574	4.3%
Metropolitan Transportation Authority	$ 12,774	$ 252,322	5.1%
New York City Housing Authority	$ 4,777	$ 111,421	4.3%
The Port Authority of New York & New Jersey	$ 2,348	$ 49,874	4.7%
New York State Office of General Services	$ 1,278	$ 30,133	4.2%
New York Convention Center Operating Corporation*	$ 203	$ 4,890	4.2%
United Nations Development Corporation	$ 125	$ 3,051	4.1%
Empire State Development Corporation	$ 34	$ 821	4.1%
Hudson River Park Trust	$ 28	$ 583	4.9%
Roosevelt Island Operating Corporation	$ 19	$ 472	3.9%
Battery Park City Authority	$ 9	$ 238	3.7%

* Indicated to the Authority their intention to execute, pending appropriate formal approvals.

Based on current delivery charges

Rates become effective with the January 2006 billing period.

LTA Signatories
NEW YORK CITY GOVERNMENT CUSTOMERS
CONVENTIONAL PRODUCTION RATES

		Demand Rates $/kW-mo.		Base Energy Rates Cents/kWh *	
Service Class		**Current**	**2006 Proposed Final**	**Current**	**2006 Proposed Final**
62	General Small	**	**	8.346	8.881
64	Commercial & Industrial Redistribution	11.38	12.11	4.296	4.571
65	Electric Traction Systems	8.40	8.94	4.958	5.276
85s	NYC Transit Authority Substation	9.36	9.96	4.565	4.858
68/82	Multiple Dwellings Redistribution	10.05	10.69	4.432	4.716
69	General Large	8.30	8.83	4.642	4.940
80	NYC Street Lighting	9.15	9.74	4.419	4.702
91/93/98	NYC Public Buildings	8.48	9.02	4.912	5.227

* In addition to the indicated base energy rates, there is a stabilized energy charge adjustment that varies annually and is applied on a monthly basis.

** Service classes 62 and 66 do not have demand metering. Accordingly, the base energy rates reflect total demand as well as energy-related costs.

LTA Signatories
NEW YORK CITY GOVERNMENT CUSTOMERS
TIME-OF-DAY PRODUCTION RATES

		Demand Rates $/kW-mo.		On-Peak Base Energy Rates Cents/kWh		Off-Peak Base Energy Rates Cents/kWh	
Service Class		**Current**	**2006 Proposed Final**	**Current**	**2006 Proposed Final**	**Current**	**2006 Proposed Final**
64	Commercial & Industrial Redistribution	9.35	9.95	6.195	6.592	3.426	3.646
68/82	Multiple Dwellings Redistribution	9.02	9.60	6.404	6.815	3.507	3.732
69	General Large	6.86	7.30	6.623	7.048	3.450	3.671
91/93/98	NYC Public Buildings	6.95	7.40	7.112	7.568	3.477	3.700

Notes:
(1) The on-peak period for demand is weekdays from 8AM to 6 PM, including holidays.
(2) The on-peak period for energy is weekdays from 8AM to 10 PM, including holidays.
(3) The off-peak period for demand and energy is all other hours.
(4) Demand rates apply to peak demand occurring during the on-peak period. In addition to the indicated base energy rates, there is a stabilized energy charge adjustment that varies annually and is applied on a monthly basis.

Exhibit “10-C”
December 13, 2005

Non-Signatories
NEW YORK CITY GOVERNMENTAL CUSTOMERS
2006 PROPOSED FINAL PRODUCTION RATES

CONVENTIONAL

Service Class		**Demand Rates $/kW-mo.**	**Base Energy Rates Cents/kWh**
62	General Small	—	9.473
64	Commercial & Industrial Redistribution	12.92	4.876
65	Electric Traction Systems	9.53	5.628
85s	NYC Transit Authority Substation	10.62	5.182
68/82	Multiple Dwellings Redistribution	11.41	5.031
69	General Large	9.42	5.269
80	NYC Street Lighting	10.39	5.016
91/93/98	NYC Public Buildings	9.63	5.575

TIME-OF-DAY (TOD)

Service Class		**Demand Rates $/kW-mo.**	**On-Peak Base Energy Rates Cents/kWh**	**Off-Peak Base Energy Rates Cents/kWh**
64	Commercial & Industrial Redistribution	10.61	7.032	3.889
68/82	Multiple Dwellings Redistribution	10.24	7.269	3.981
69	General Large	7.79	7.518	3.916
91/93/98	NYC Public Buildings	7.89	8.073	3.947

Notes:

(1) In addition to the base energy rates, there is a stabilized energy charge adjustment that varies annually and is applied on a monthly basis.
(2) The on-peak period for demand is weekdays from 8AM to 6 PM, including holidays.
(3) The on-peak period for energy is weekdays from 8AM to 10 PM, including holidays.
(4) The off-peak period for demand and energy is all other hours.
(5) Demand rates apply to peak demand during the on-peak period.

Exhibit "10-D"
December 13, 2005

Customer Comments filed December 7, 2005

11. Procurement (Services) Contracts – Regulated/Hazardous Waste Disposal Services for all Operating Facilities – Contract Extensions

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the continuation of the multiyear procurement (services) contracts for Regulated/Hazardous Waste Disposal services as listed on Exhibit '11-A.' The nature of the required services is described therein; the expiration date for each contract will be December 31, 2010. The total aggregate funding requested for the subject contracts for the five-year period is estimated to be $5,000,000.

BACKGROUND

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

"The Authority's Expenditure Authorization Procedures require the Trustees' approval for the award of non-personal services, construction or equipment purchase contracts in excess of $3,000,000, as well as personal services contracts in excess of $1,000,000 if low bidder, or $500,000 if sole source or non-low bidder.

DISCUSSION

"Federal and State regulations attach joint and several liabilities to the generators of hazardous wastes, so that the Authority, as a waste generator, continues to share any liability for such waste even though a vendor has accepted it for disposal. In fact, the Authority, in the worst case, could be held to share liability for all other non-Authority waste found at such a vendor's site if the vendor did not manage the site properly.

"Authority operating projects, through the course of their normal operating practices, generate hazardous waste (such as solvents, used transformer oil, used lubricating oil, waste laboratory chemicals and contaminated soils), as well as other regulated waste materials. In order to act in an environmentally responsible manner and to limit the Authority's potential long-term liability for costly remediation of contaminated disposal facilities and associated litigation, the Environmental Division has instituted a program of stringent review, inspection and evaluation of solid and hazardous waste treatment, disposal, recycling and transportation vendors and facilities.

"Furthermore, the complexity of applicable laws and regulations requires that the commercial terms associated with these types of contracts be thoroughly reviewed by the Law Department, the Procurement Division and Corporate Finance/Risk Management to ensure that the Authority's liability and long-term cost exposure are carefully controlled.

"While it is important for the Authority to approve multiple disposal outlets for each of its wastestreams so its waste disposal needs are met and it is not overly dependent on any one vendor or facility, it is also important that the Authority not contribute waste to more facilities than are necessary, since a certain amount of risk of liability is incurred at each one.

"All vendors and facilities listed in Exhibit '11-A' have been approved by the Environmental Division for use by the Authority. The approval process consists of a multimedia environmental audit of individual facilities, discussions with appropriate federal and state regulatory agencies concerning each facility's compliance record, and an evaluation of available financial and insurance records by Corporate Finance/Risk Management. Depending on the type of material handled, the audit covers various environmental areas, including air, water, hazardous waste, chemical and oil bulk storage and emergency response. The purpose of the audit is to determine compliance with applicable laws and regulations, and to assess the level of risk of site contamination, which could result from the facility's waste management practices. Facility approval is based on an evaluation of these elements and subsequent determination by the Environmental Division that the potential for harm to the environment from facility operations is minimal, and, therefore, that risk of liability to the Authority is minimal.

"In order to avoid duplicative effort among the operating and capital projects, which, in turn, could lead to contradictory terms and conditions, standard 'framework' contracts are established with vendors that have been approved through the process described above. The Authority's best interests in the area of waste treatment and disposal are served thereby in that these contracts establish a clear definition of services to be rendered and properly apportion both short- and long-term liability between the vendor and the Authority. Price changes are monitored closely for compliance with contract terms. Should a vendor's pricing be deemed excessive at any time, these contracts may be easily terminated or simply not used. These contracts are subject to termination by the Authority at any time. Appropriate environmental audits will continue to be conducted during this period, and any decline in service quality will result in termination of the contract.

"Once these 'framework' contracts are in place, proposals for individual tasks can be competitively solicited from approved contractors holding such contracts by any Authority facility as specific needs arise. In the event of an emergency, a commitment can be rapidly made under these established contractual conditions with an approved contractor most capable of accepting the wastes on an expedited basis.

"In the event that one of the vendors listed on Exhibit '11-A' is no longer approved for use by the Authority's Environmental Division, another vendor will be audited and upon approval, added to the Approved Waste Disposal Contract list (Exhibit '11-A'). At all times, the Approved Waste Disposal Contract list must be maintained at a minimum of six vendors in order to fully cover all possible required services.

"Due to the unique nature of these services and the limited number of firms qualified to perform them, the optimal approach is to continue these contracts for a coterminous duration, extending them through December 31, 2010.

FISCAL INFORMATION

"Funding for operating expenditures has been included in the 2006 approved O&M Budget. Funds to be expended for services in 2007 through 2010 will be included in the budget submittals for each year. Payment will be made from the Operating Fund.

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

RECOMMENDATION

"The Vice President – Environmental Management and the Vice President – Procurement and Real Estate recommend the Trustees' approval of the continuation of multiyear procurement (services) contracts for Regulated/Hazardous Waste Disposal services with the companies listed in Exhibit '11-A.'

"The Chief Operating Officer, the Executive Vice President – Power Generation, the Executive Vice President, Secretary, and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President and Chief Financial Officer and I concur in the recommendation."

Ms. Meehan presented the highlights of staff's recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Ms. Meehan said that some types of hazardous waste disposal services were not available in New York State. Responding to a question from Chairman Seymour, Ms. Meehan said that unit-price agreements were not feasible for these contracts because the disposal costs depend on the characteristics

of the wastes. Once those characteristics are known, the Authority then negotiates the disposal price with the facility.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts and the Expenditure Authorization Procedures adopted by the Authority, each of the contracts listed in Exhibit "11-A," attached hereto, is hereby extended for the period of five years as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

Exhibit “11-A”
December 13, 2005

Vendors Recommended for Continuation of Multiyear Contracts

1. AERC.com, Inc.
   2591 Mitchell Avenue
   Allentown, PA 18103

   Contract #: 4600001403

2. Clean Harbors Environmental Services, Inc.
   1501 Washington Street
   Braintree, MA 02185

   Contract #: 4600001339

3. CWM Chemical Services, LLC
   1550 Balmer Road
   Model City, NY 14107

   Contract #: 4600001393

4. Heritage Environmental Services, LLC
   7901 West Morris Street
   Indianapolis, IN 46231

   Contract #: 4600001229

5. Teris, LLC
   309 American Circle
   El Dorado, AR 71730

   Contract#: 4600001447

6. United Oil Recovery, Inc.
   14 West Main Street
   Meriden, CT 06450

   Contract #: 4600001457

7. Envirocycle, Inc
   Rt. 81, Exit 230
   Hallstead, PA 18822

   Contract #: C98 Z0014

12. Procurement (Services) Contracts – Business Units and Facilities – Awards

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the award and funding of the multiyear procurement contracts listed in Exhibit '12-A' for the Authority's Business Units/Departments and Facilities. Detailed explanations of the nature of such services, the bases for the new awards and the intended duration of such contracts are set forth in the discussion below.

BACKGROUND

"Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the 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 the Trustees' approval for the award of non-personal services, construction or equipment purchase contracts in excess of $3,000,000, as well as personal services contracts in excess of $1,000,000 if low bidder, or $500,000 if sole source or non-low bidder.

DISCUSSION

"The terms of these contracts will be more than one year; therefore, the Trustees' approval is required. Except as noted, all of these contracts contain provisions allowing the Authority to terminate the services for the Authority's convenience, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all contracts, which range in estimated value from $55,000 to $7,928,525. Except as noted, these contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

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

Contracts in Support of Business Units/Departments and Facilities:

Business Services

"Due to scheduling requirements, the contract with **Softscape, Inc. ('Softscape') (Q-02-3601; 4500115935)** became effective on November 28, 2005, in accordance with the Authority's revised procurement policies and Expenditure Authorization Procedures, subject to the Trustees' subsequent approval as soon as practicable. The purpose of this contract is to provide for web-based multi-rater 360-degree employee assessment software, in order to assist the Authority's Human Capital and Development Group in assessing the competencies and behaviors of Authority employees. Services include a subscription fee and related implementation services, consisting of configuration and setup, training, administration and maintenance, as well as consulting services on an 'as needed' basis. (This software replaces the existing 360-degree application, which has become obsolete and is no longer supported by the vendor.) Bid packages were sent to 13 firms, including any that may have responded to a notice in the New York State Contract Reporter. Three proposals were received and evaluated. Based on its qualifications, experience and reasonable pricing, staff recommends the award of the subject contract to Softscape, the lowest-priced qualified bidder. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $55,000.

Corporate Services & Administration

"The contract with **AAA Paper Recycling, Inc. ('AAA') (Q-02-3691; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for services to furnish, deliver and empty construction dumpsters for the Authority's Clarence D. Rappleyea Building on an 'as needed' basis. Bid packages were sent to 12 firms, including any that may have responded to a notice in the New York State Contract Reporter. Three proposals were received and evaluated. Based on its qualifications, experience and reasonable pricing, staff recommends the award of the subject contract to AAA, the lowest-priced qualified bidder. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $150,000.

"The contract with **AMI Services Inc. ('AMI') (Q-02-3677; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for maintenance and repair services for HVAC equipment (including replacement of various HVAC equipment, as needed) at the Authority's Clarence D. Rappleyea Building. The equipment to be serviced includes, but is not limited to: data center cooling systems, supplemental ceiling-mounted units, air- and water-cooled chillers, cooling towers, temperature/pressure controls, condenser and chiller water pumps and controls, variable air volume dampers and controls and pneumatic and electronic control systems. Bid packages were sent to 18 firms, including any that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated. Based on its qualifications, experience and reasonable pricing, staff recommends the award of the subject contract to AMI, the lowest-priced qualified bidder. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $500,000.

"The contract with **Blessing White, Inc. ('Blessing-White') (Q-02-3679; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for two employee training programs as the foundation for a comprehensive bilateral effort aimed at employee development through both managing individual development and coaching. This program is intended to improve the ability of Authority managers and employees at all levels to work together to ensure optimal performance in attaining both organizational and individual goals. Bid packages were sent to 18 firms, including any that may have responded to a notice in the New York State Contract Reporter. Five proposals were received and evaluated. Based on a thorough review of the program process, content and features, available options, and the firms' qualifications, experience and pricing, staff recommends the award of the subject contract to Blessing White, the lowest-priced qualified bidder. In addition, Blessing White was the only bidder to offer online assessments; its programs enable participants to rapidly assimilate the skills necessary to use the assessment findings to identify areas of strength and targets for development. The firm also offers certification to Authority Human Capital and Development management consultants at no charge, based on the number of participants. 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 estimated amount expected to be expended for the term of the contract, $100,000.

"The contract with **Electronic Technologies Corporation ('ETC') (Q-02-3711; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for maintenance and repair services for the fire alarm system at the Authority's Clarence D. Rappleyea Building and garage. Services may include, but are not limited to: maintenance and repair of all building and garage local panels, smoke detectors, heat sensor bell/strobes, horn/strobes and speakers; quarterly testing of building and garage alarm systems; annual tenant testing of alarm system; central station monitoring and dialer maintenance; coordination and testing of tie-ins for new construction build-outs with general contractors and electricians, etc. Bid packages were sent to seven firms, including any that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated. The lowest-priced bidder was not technically qualified to provide these services. Based on its qualifications, experience, staffing, resources and reasonable pricing, staff recommends the award of the subject contract to ETC, the lowest-priced qualified bidder. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $165,000.

"The contract with **Tap Plumbing & Heating, Inc. ('Tap') (Q-02-3688; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for on-call plumbing services at the Authority's Clarence D. Rappleyea Building. Services may include, but are not limited to: plumbing services related to tenant build-outs; emergency repairs of city water lines and pumping systems or building and garage drainage systems, including major and minor repairs to restroom fixtures and plumbing, garage sump pump maintenance and repairs. Bid packages were sent to four firms, including any that may have responded to a notice in the New York State Contract Reporter. Based on its qualifications, experience and reasonable pricing, staff recommends the award of the subject contract to Tap, the sole responding bidder. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $500,000.

Energy Risk Management and Control

"The contract with **The Structure Group (Q-02-3606; 4600001520)** would become effective on January 9, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for consulting services for the Authority's energy commodity hedging, tracking, reporting and risk monitoring system. Initial services include: (1) documenting the Authority's existing energy commodity hedging work processes and information systems relating to physical or derivative electric, gas or oil commodity transactions being carried out for hedging purposes, including the Deal Capture, Credit Management, Risk Measurement and Settlement processes; (2) developing detailed Information Technology-specific recommendations for improving the functionality and efficiency of those processes, consisting of: (a) a Technical (Solutions) Blueprint containing functional requirements, technical specifications, flow charts and data flow diagrams; (b) a market assessment of the most relevant software solution providers and integrators and (c) recommendations regarding enhancement or replacement of the existing system. Supplementary services may also include, but not be limited to: (1) assisting Authority staff with the preparation of subsequent bid documents and evaluation of vendor responses from systems integrators, software providers and system component vendors, in order to ensure the consistency of the selected vendors with the Technical Blueprint; (2) providing independent guidance, evaluation of detailed system designs and technical support through the various stages of final system integration, in order to ensure that the final implemented system is consistent with the Technical Blueprint and (3) coordinating change management training and providing on-site support for Authority staff in the use of the newly implemented software solutions and core business processes. Bid packages were sent to 33 firms, including any that may have responded to a notice in the New York State Contract Reporter. Four proposals were received and evaluated (of this number, one bidder withdrew and another was determined to be non-responsive). Pricing for both the core functionality and supplementary services of the two remaining bidders was comparable. However, based on its greater collective experience in designing and developing energy commodity hedging and credit management systems, as well as its depth of knowledge regarding the applicable software markets, its more extensive resources and the responsiveness, clarity, detail and quality of its proposal, in addition to excellent references with respect to its technical expertise, quality of work, responsiveness and customer service, staff recommends the award of the subject contract to The Structure Group, the most technically qualified bidder. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $555,000.

Energy Services & Technology

"The Reliability Centered Maintenance ('RCM') study relating to substation equipment identified the need to develop a strategy to determine when to repair/replace equipment to avoid failure and removal of such equipment from service at critical times. To address this issue, an approach was identified consisting of equipment screening, design evaluation, condition and life assessment, and implementation of risk mitigation and life extension solutions. ABB Inc. has developed the Mature Transformer Management ('MTM') Program to address issues associated with aging of power transformer fleets. The Authority intends to conduct a pilot program and to apply this methodology to 765kV power equipment at Marcy and Massena and to expand such methodology to generator step-up transformers at the St. Lawrence/FDR Project. To this end, a contract with **ABB Inc. ('ABB') (PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. This contract is awarded on a sole-source basis, since ABB (a worldwide leading manufacturer of power transformers) also offers one of the most extensive transformer field service organizations and, as such, is uniquely qualified to provide such services. ABB's engineering analysis experts have a detailed design and development knowledge of various transformers built in the last 50 years and the firm has a proprietary database containing such information. 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 estimated amount expected to be expended for the term of the contract, $576,000.

"The Reliability Centered Maintenance ('RCM') study relating to transmission lines identified the need to capture and document transmission line maintenance knowledge, work processes and practices to provide for the preservation and transfer of such knowledge from experienced senior transmission line personnel. Pursuant to this effort, a pilot project was conducted to capture and document such knowledge in several areas for the Authority; this resulted in the development of five transmission maintenance procedures. Additional work processes requiring the documentation of such knowledge from transmission line personnel were subsequently identified, with the intent of documenting this information into procedures for use by the Authority's Transmission staff (and thereby fulfilling the RCM recommendation). To this end, bid packages were sent to 14 firms, including any that may have responded to a notice in the New York State Contract Reporter; two proposals were received and evaluated. Based on its qualifications, experience, ability to perform such work and reasonable pricing, staff recommends the award of the subject contract to **EPRI Solutions, Inc.**, the lowest-priced qualified bidder. The contract with EPRI Solutions, Inc. **(Q-02-3714; PO# TBA)** would become effective on January 1, 2006 for an intended term of two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $180,000.

Marketing, Economic Development & Supply Planning

"Approximately 20 years ago, the Authority developed and implemented a load research program, the Metropolitan Area Load Management System ('MALMS'), in order to statistically analyze the electric usage patterns of its governmental customers in New York City and Westchester County within Con Edison's service territory. The load profile metering sample design that provides the statistical foundation of the extrapolation process was developed initially in 1981 and subsequently revised/updated, most recently in 1993. The Authority is now obligated to fulfill the provisions of Article VI of the new Long-Term Agreement with its governmental customers. This calls for a complete cost-of-service study of the demand, energy and delivery charges by March 31, 2008 in order to redesign the rates and align them with costs for all governmental customers. This will be achieved by melding the existing MALMS metering equipment/program with the new load profile recorders to be installed in 2006. In order to make methodological recommendations and provide technical assistance in the areas of load research and forecasting, as needed, the contract with **RLW Analytics, Inc. ('RLW') (Q-02-3678; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for the aforementioned load research, forecasting and evaluation consulting services. Bid packages were sent to 14 firms, including any that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated. Based on its qualifications, experience and reasonable pricing, staff recommends the award of the subject contract to RLW, the lowest-priced qualified bidder. In addition, the RLW proposal includes load research software that can be used directly with the Authority's MV-90 system, as well as staff training. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $1,415,000.

"The Authority's Trustees have previously authorized the implementation of a Peak Load Management ('PLM') Incentive Program through April 30, 2010. As part of this initiative, the Authority contracts with certain of its customers located within the City of New York to reduce their load at times of peak demand. In return for a financial incentive, customers reduce their load at the Authority's request either by turning on their on-site generation or through interruptions of discretionary loads (i.e., turning off or reducing electric equipment load, such as large chillers, lights, elevator banks, etc.). The PLM program reduces the Authority's contribution to the in-city peak load and mitigates the amount of installed capacity the Authority needs to acquire to meet its in-city generation requirement. The PLM program, initiated in 2000, has matured into a reliable cost-effective resource for the Authority. Currently, there are 95 participating customer locations, committing 62 MW of load reduction (the equivalent of a small power plant in the City of New York) when requested by the Authority. In addition to the PLM program, the Authority also implements related demand response programs with Authority customers, such as those offered by the New York Independent System Operator ('NYISO'); they include the Emergency Demand Response program, the Special Case Resources program and the Day Ahead Demand Response program. These programs have been fully integrated into the Authority's load reduction program offerings, resulting in a total of 113 customer locations statewide, committing 323 MW of load reduction for the Authority in the PLM and NYISO programs in 2005. The PLM and related load reduction programs will continue to play a significant role as a valuable and cost-effective resource, contributing to reliability both within the City of New York and statewide into 2006 and beyond. The contract with **RLW Analytics, Inc. ('RLW') (Q-02-3686; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for consulting services relating to the PLM and other load response programs offered by the Authority. Services include, but are not limited to, load profile analysis and verification methodology, survey/audit services, air permitting assistance for generators and post-implementation verification of participant and program performance. Bid packages were sent to 22 firms, including any that may have responded to a notice in the New York State Contract Reporter. Three proposals were received and evaluated. Based on its qualifications, experience and competitive pricing, staff recommends award of the subject contract to RLW, the lowest-priced and most qualified bidder. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $950,000.

Office of the Inspector General

"The contract with **Carco Group, Inc. ('Carco') (Q-02-3687; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for pre-employment and contractor background investigation services to support the Authority's operations at its offices and all operating facilities. As part of the Authority's security upgrade program, the pre-employment screening program was expanded several years ago to include comprehensive background investigations for all new Authority employees, as well as all contractors requiring access to Authority facilities, with all costs for such services paid for by the Authority, to ensure that the background investigations are performed in accordance with Authority specifications, accurately, consistently, cost-effectively, thoroughly and in a timely manner. To this end, the Authority entered into a contract with an investigative agency; since such contract is now expiring, new bids were solicited. Pre-employment screening elements for new Authority employees include: employment history, education, criminal history, professional licenses, credit history and verification of identification, address, driver's license, Social Security number, military service and Interscan. Contractor screening elements include identity verification and criminal history. Services also include additional pre-employment and contractor screening elements for foreign nationals. Bid packages were sent to 15 firms, including any that may have responded to a notice in the New York State Contract Reporter; three proposals were received and evaluated. Based on its qualifications, experience and reasonable pricing, staff recommends the award of the subject contract to Carco, the lowest-priced qualified bidder. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $1,100,000.

Power Generation

"The contract with **ASR Management & Technical Services ('ASR'), a New York State certified Minority Business Enterprise (Q-02-3681; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for field (vendor shop) expediting and quality assurance ('QA') inspection services on behalf of the Authority, in order to obtain the timely delivery of engineering data, services, material and equipment at Authority plant sites. Services include regularly scheduled and 'emergency' physical visits to manufacturing facilities in the United States and overseas, to conduct QA inspection of in-process fabrication milestones and ascertain the status of the contract (e.g., for custom-fabricated equipment) with appropriate vendor engineering, procurement production and shop personnel and to assure that the highest priority is placed on the Authority's order. Services also include phone contacts with vendors on a regular basis and timely written reports on both plant visits and phone contacts. Bid packages were sent to 27 firms, including any that may have responded to a notice in the New York State Contract Reporter; three proposals were received and evaluated. Based on its qualifications, experience, ability to perform the services and reasonable pricing, staff recommends the award of the subject contract to ASR, the lowest-priced qualified bidder. It should be noted that ASR's proposed rates will remain firm for the duration of the contract. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $1,695,000.

"The three contracts with **CME Associates, Inc. ('CME') and Atlantic Testing Laboratories, Limited ('ATL') (Q-02-3643; PO# TBA)** would become effective on December 14, 2005, subject to the Trustees' approval. The purpose of these contracts is to provide for on-call inspection and laboratory testing services for the Authority's Niagara, Blenheim-Gilboa and St. Lawrence/FDR Projects, as needed. Testing includes, but is not limited to: concrete samples, metals, paint coating, welds and soil laboratory testing related to work being performed at the Projects. Bid packages were sent to 21 firms, including any that may have responded to a notice in the New York State Contract Reporter. Three proposals were received and evaluated. Based on their qualifications, experience, ability to perform the work and reasonable pricing, staff recommends the award of three contracts: two to CME, the lowest-priced evaluated bidder for the Niagara and Blenheim-Gilboa Projects, and the third to ATL, the sole responding bidder for the St. Lawrence/FDR Project, who is also qualified to provide such services. The intended term of these contracts is four years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total estimated amount expected to be expended for the term of the contracts, $700,000 (comprising an estimated $500,000 to CME for the Niagara and Blenheim-Gilboa Projects and an estimated $200,000 to ATL for the St. Lawrence/FDR Project).

"The contract with **Colden Corp. ('Colden') (Q-02-3674; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for industrial hygiene, occupational health and safety support services to all Authority operating facilities and offices statewide on an 'as needed' basis. Services include field work, laboratory sample analyses and consulting/audit services, and may also include investigative/evaluative services regarding employee exposure/risk assessments, indoor air quality and ergonomic concerns, as may be requested. Analyses of air and bulk samples for various fixed or airborne contaminants include, but are not limited to: organic and inorganic solvents, pesticides and herbicides, PCBs, asbestos, silica, metals, dust, fumes, microbials, etc. Bid packages were sent to 17 firms, including any that may have responded to a notice in the New York State Contract Reporter. Four proposals were received and evaluated. Based on the firm's qualifications, experience, professionally diversified staffing, ability to perform the work and reasonable pricing, as well as its responsiveness to the Authority's specifications, staff recommends the award of the subject contract to Colden, the lowest-priced qualified bidder. Colden is also capable of providing epidemiological and regulatory research and compliance support. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $645,000.

"Pursuant to the Authority's Quality Assurance Program for the operation and maintenance of its facilities, all devices used to measure, gage, test, inspect or otherwise examine items to determine their compliance with specifications must be in calibration when they are used, and this calibration must be traceable through an unbroken chain of comparisons to the National Institute of Standards and Technology. In 1999, such services were consolidated under a master agreement for all sites, thereby eliminating the need for multiple contracts and resulting in the standardization and decrease of costs Authoritywide. Since the existing contract for such services had expired, a new Request for Proposals was issued (**Q-02-3627**). Bid packages were sent to 10 firms, including any that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated; both firms were the sole bidders for their respective geographical areas. Based on their qualifications, experience, ability to perform the work and reasonable pricing, staff recommends award of two contracts: one to **Exelon PowerLabs, LLC** ('Exelon') for the Authority's upstate facilities and the other to **MCS Calibration, Inc.** ('MCS') for its downstate facilities. The contracts with **Exelon and MCS (PO#s TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of these contracts is to provide for on- and off-site calibration and repair services for various Measuring and Testing Equipment ('M&TE') for all Authority operating plants and related facilities. Services also include, but are not limited to, routine pick-up and delivery of M&TE at the Authority's facilities by the vendor on a monthly basis (as well as non-routine pick-up for an additional charge), submittal of a master list of the facility's calibrated M&TE, issuance of calibration certificates and labels, etc. The intended term of these contracts is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined estimated total amount expected to be expended for the term of the contracts, $1,500,000.

"The contract with **Franbilt, Inc. (Q-02-3497; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for the refurbishment of 27 intake gates (two per penstock and one spare) and six draft tube gates at the Robert Moses Niagara Power Project. Services would include, but not be limited to, lead abatement, structural inspection, repair of deteriorated parts, replacement of the coating system and rubber seals, reconditioning of rollers, repainting of bearings and repair of gates, as needed. The gates have been in continuous service since the plant was built in 1960. The rubber seals have deteriorated, the gate coating system is starting to fail and there is evidence of corrosion of the structural members and plates. The proposed work is expected to decrease unit outage time and potential emergency shutdown of the units. Bid packages were sent to 25 firms, including any that may have responded to a notice in the New York State Contract Reporter; five proposals were received and evaluated. Based on its qualifications, experience, resources, ability to perform the work and reasonable pricing, staff recommends the award of the subject contract to Franbilt, the lowest qualified bidder. The intended term of this contract is seven years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $7,928,525 (including estimated escalation and bond payment).

"The contract with **General Physics Corporation, Inc. (PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for the maintenance of proprietary General Physics EtaPRO online thermal performance monitoring software at the Authority's Poletti, 500 MW, Flynn and Small Clean Power Plants, as well as for the maintenance of OSI PI 'data historian' software for the 500 MW plant. Such software allows the Authority to monitor the plant's thermal efficiency and provides data to the Authority's Energy Resource Management group for selling power into the ISO market and to the Fuels group for fuel purchasing and billing reconciliation. This contract is awarded on a sole- source basis, since General Physics is the developer and sole provider of EtaPRO software and, as such, is uniquely qualified to provide such service. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. It should be noted that a five-year agreement will afford the Authority a 10% discount and protects against inflation by locking in 2005 pricing levels; the Authority will be invoiced annually, based on the number of EtaPRO systems in service at the time. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $108,000.

"The Authority has an ongoing need to procure fuel supplies for its Poletti, 500 MW and Small Clean Power Plants, and to hedge its supplies in order to mitigate price volatility and risk exposure to its customers. Since the existing contract for such services is expiring, a new Request for Proposals **(QFS-2005-72)** was issued for consulting services to support the following efforts: (1) Risk Management Services – (a) providing support in the development and implementation of risk management strategies designed to mitigate price volatility and control costs for both fuel and electricity, using physical and financial hedging instruments (including over-the-counter and NYMEX futures contracts); and (b) performing risk assessment, financial modeling and mark-to-market valuations, as required; and (2) Fuel Planning, Support and Advisory Services – (a) providing support in evaluating and developing potential natural gas supply, transportation and balancing service arrangements/options at both the interstate and local levels; (b) assessing liquefied natural gas options; c) assisting with contract negotiations, bid evaluations, economic analyses and price forecasts; d) providing federal and regulatory oversight and market advisory services; e) supporting other ad hoc tasks, as may be required. Bid packages were sent to 15 firms, including any that may have responded to a notice in the New York State Contract Reporter. Five proposals were received and evaluated; of this number, two were determined to be non-responsive. Of the three remaining proposals, the two lowest priced were determined to have complementary strengths: one in financial hedging and risk management (Global) and the other in strategic planning and advisory services to support fuel and transportation asset expansion and optimization (Levitan). Based on their specific expertise, qualifications, experience and reasonable pricing, staff recommends the award of two contracts to **Global Energy Decisions ('Global') and Levitan and Associates ('Levitan')**, the lowest-priced qualified bidders. The two contracts **(FD-2005-13A and B)** would become effective on January 1, 2006, subject to the Trustees' approval. The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total estimated amount expected to be expended for the term of the contracts, $1,000,000.

"The contract with **Hi Tech Air Conditioning Service, Inc. ('Hi Tech') (Q-02-3670; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for HVAC maintenance services for the Authority's Poletti, 500 MW and Small Clean Power Plants (excluding Brentwood, which is serviced under another contract). Services include on-call equipment maintenance and repairs, as needed, as well as HVAC equipment and system preventative maintenance (including annual maintenance, seasonal start-up, shutdown, service call work and preventive maintenance of the equipment, as recommended by the equipment manufacturer and common industry practice). Bid packages were sent to 20 firms, including any that may have responded to a notice in the New York State Contract Reporter. Three proposals were received and evaluated. Based on its qualifications, ability to perform the work and reasonable pricing, staff recommends the award of the subject contract to Hi Tech, the lowest-priced qualified bidder. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $994,540.

"The contract with **Industrial Medical Associates ('IMA') (CEC-0919; PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for medical examinations (annual physicals, pre-employment physicals and return-to-work examinations) and related medical services for employees at the Frederick R. Clark Energy Center, as required by all applicable safety and health standards, federal and state requirements and Authority policy. Services also include, but are not limited to: fitness-for-duty and on-the-job injury examinations, as well as testing for respirator clearance and fit, exposure to asbestos or high noise and fitness of crane operators and medical consultations, as needed. Bid packages were sent to eight firms, including any that may have responded to a notice in the New York State Contract Reporter. Based on its qualifications, experience and reasonable pricing, staff recommends the award of the subject contract to IMA, the sole responding bidder. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $100,000.

"The Authority has a requirement for gas balancing services with KeySpan (formerly the Long Island Lighting Company, 'LILCO') for the Authority's Richard M. Flynn Power Plant ('Flynn'). Gas balancing services are required to handle the differences between Authority-owned natural gas delivered in KeySpan's gas system each day and the quantity actually consumed ('imbalances'). As the local gas distribution company servicing the Flynn facility, KeySpan is the only service provider with the practical ability to provide the level of balancing and swing absorption service, particularly short-notice and intra-day, required for a large generating plant dispatched in today's electric market. The Authority has satisfied its gas balancing obligation under previous agreements with LILCO dated May 23, 1994, October 22, 1997 and December 22, 2000, and under the existing agreement with KeySpan dated December 12, 2002. Since the term of the existing KeySpan agreement expires at the end of this year and the need for gas balancing service continues, staff has negotiated a new agreement with **Keyspan Gas East Corporation (d/b/a KeySpan Energy Delivery – Long Island; 'KeySpan'; unnumbered letter agreement)**, which would become effective on January 1, 2006, subject to the Trustees' approval. Under this agreement, KeySpan would continue to provide the same level of gas balancing services as under the existing agreement. Since natural gas supplies for the Flynn facility (as well as for the gas turbine generator located at Brentwood) are delivered by KeySpan, the Authority has the operational flexibility to move gas between these facilities, if needed. The Authority has previously paid $1,500,000 per year (or $125,000 per month, excluding taxes). As a result of negotiations based on historical operating data, the cost for the same service under the new agreement will be reduced to $1,000,000 per year (or $83,333 per month, excluding taxes). Under the new agreement, the cash-out index for imbalance quantities will be changed from a monthly basis (using the first-of-the-month 'IFERC' index price) to a daily basis (using the 'Gas Daily' index price). The term of this agreement is three years, subject to the Trustees' approval, which is hereby requested. The Trustees are requested to authorize the Vice President – Energy Resource Management, or his designee, to execute the subject gas balancing service agreement, having such terms as he deems necessary or advisable consistent with the discussion above, subject to approval of the form of such agreement by the Executive Vice President, Secretary and General Counsel. Approval is also requested for the total amount expected to be expended for the term of the contract, $3,025,000 (including an estimated $25,000 for applicable taxes). This agreement would obligate the Authority to make payments for the gas balancing services, as described above, in accordance with the terms of such agreement.

"Pursuant to 19 NYCRR 1204, each State agency is charged with providing at a minimum, an annual fire safety inspection for each building within its custody in an effort to determine compliance with the Uniform Fire Prevention & Building Code. An inspection report shall also be prepared by the agency, violations corrected and a correction plan prepared and maintained for violations that remain uncorrected 60 days after their discovery. The contract with the **New York State Department of State – Office of Fire Prevention and Control ('OFPC') (PO# TBA)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for the services of a trained, experienced and certified fire protection specialist to perform various fire safety services for the Authority statewide, in compliance with all applicable State fire codes, laws and regulations. Services comprise: (1) initial inspection (consisting of fire and life safety inspections in each building/facility owned or operated by the Authority, to meet the requirements for such annual inspections, issuance of code compliance certificates and assistance in devising corrective actions, as needed); (2) reinspection of those facilities found to need corrective actions during initial inspections, as well as assistance in preparing responses to any safety complaints, as needed and (3) consultative services (including, but not limited to, a customized fire safety employee training program, fire safety and emergency response planning and evacuation drills). Pursuant to Section 156 of the Executive Law, the OFPC has the authority and responsibility for providing fire safety inspections at State-regulated facilities, upon request of the State agency. This award is therefore made on a sole source basis. Based on its qualifications and very reasonable pricing, staff recommends award of the subject contract to the OFPC. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $100,000.

"The contract with **OSI Software Inc. ('OSI') (4500114450)** would become effective on January 1, 2006, subject to the Trustees' approval. The purpose of this contract is to provide for the maintenance of proprietary OSI PI 'data historian' software, which is integral to online thermal performance monitoring systems installed at Poletti, Flynn and the Small Clean Power Plants, with database replicating capability at the White Plains Office. The software also enables the Authority to link data from these online systems to the MAXIMO maintenance management system. In addition, it provides information to support gas purchases for the Authority's thermal plants. This contract is awarded on a sole source basis, since OSI is the developer and sole provider of the PI software and, as such, is uniquely qualified to provide such service. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. It should be noted that a five-year agreement will afford the Authority a 10% discount; the Authority will be invoiced annually, based on the number of PI systems or components in service at the time. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, $181,569.

FISCAL INFORMATION

"Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2006 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.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the project's Capital Expenditure Authorization Request.

RECOMMENDATION

"The Deputy Secretary and Deputy General Counsel, the Vice President – Procurement and Real Estate, the Vice President and Chief Engineer, the Vice President – Project Management, the Vice President and Chief Risk Officer, the Vice President – Energy Resource Management, the Vice President – Major Account Marketing and Economic Development, the Director – Corporate Security and Inspector General, the Director – Power Generation Support Services, the Director – Corporate Support Services, the Director – Research and Technology Development, the Director – Human Capital and Development, the Chief Information Officer, the Regional Manager – Northern New York, the Regional Manager – Western New York, the Regional Manager – Central New York, the Regional Manager – Southeast New York and the Transmission Superintendent recommend the Trustees' approval of the award of multiyear procurement contracts to the companies listed in Exhibit '12-A' for the purposes and in the amounts set forth above.

"The Chief Operating Officer, the Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President and Chief Financial Officer, the Senior Vice President – Energy Services and Technology, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President – Transmission and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement services and other contracts set forth in Exhibit "12-A," attached hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Vice President – Energy Resource Management, or his designee, is hereby authorized to execute a Letter Agreement with KeySpan Gas East Corporation (d/b/a KeySpan Energy Delivery – Long Island), with such revisions as may be approved by the Vice President – Energy Resource Management as necessary or advisable and further subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

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Procurement (Services) Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "12-A"
December 13, 2005

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
BUS SERV - IT for CORP SERV & ADMIN-HC&D	SOFTSCAPE, INC. (Q-02-3601; 4500115935)	11/28/05	Provide for 360-degree employee assessment software (subscription, implementation, training, maintenance, etc.)	12/31/08	B/S	*Note: represents total for 3-year term		**$55,000***

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Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
CORP SERV & ADMIN - CorpSupportServ	AAA PAPER RECYCLING, INC. (Q-02-3691; PO# TBA)	01/01/06	Provide for services to furnish, deliver & empty construction dumpsters for the Rappleyea Bldg	12/31/10	B/S	*Note: represents total for 5-year term		**$150,000***
CORP SERV & ADMIN - CorpSupportServ	AMI SERVICES INC. (Q-02-3677; PO# TBA)	01/01/06	Provide for HVAC maintenance & repair services for Rappleyea Building	12/31/10	B/S	*Note: represents total for 5-year term		**$500,000***
CORP SERV & ADMIN - HC&D	BLESSING WHITE, INC. (Q-02-3679; PO# TBA)	01/01/06	Provide for two employee training programs (managing individual development and coaching)	12/31/07	B/P	*Note: represents total for 2-year term		**$100,000***
CORP SERV & ADMIN - CorpSupportServ	ELECTRONIC TECHNOLOGIES CORP. (Q-02-3711; PO# TBA)	01/01/06	Provide for maintenance & repair of fire alarm system at Rappleyea Bldg & garage	12/31/08	B/S	*Note: represents total for 3-year term		**$165,000***
CORP SERV & ADMIN - CorpSupportServ	TAP PLUMBING & HEATING, INC. (Q-02-3688; PO# TBA)	01/01/06	Provide for on-call plumbing services at the Rappleyea Building	12/31/10	B/S	*Note: represents total for 5-year term		**$500,000***

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement

Procurement (Services) Contracts – Awards
(For Description of Contracts See "Discussion")

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
ERAC	THE STRUCTURE GROUP (Q-02-3606; 4600001520)	01/09/06	Provide for consulting services for the Authority's energy commodity hedging system	12/31/08	B/P	*Note: represents total for 3-year term		**$555,000***
ES&T - R&TD for CEC & STL	ABB INC. (PO# TBA)	01/01/06	Provide for life assessment of 765kV power equipment at Marcy & Massena substations and generator step-up transformers at STL	06/30/07	S/P	*Note: represents total for 18-month term		**$576,000***
ES&T - R&TD	EPRI SOLUTIONS, INC. (Q-02-3714; PO# TBA)	01/01/06	Provide for development of work procedures to capture Transmission Bus. Unit maintenance practices	12/31/07	B/P	*Note: represents total for 2-year term		**$180,000***
MED&SP - Maj Accts & Eco Dev	RLW ANALYTICS, INC. (Q-02-3678; PO# TBA)	01/01/06	Provide for load research, forecasting & evaluation consulting services	12/31/10	B/P	*Note: represents total for 5-year term		**$1,415,000***
MED&SP - Maj Accts & Eco Dev	RLW ANALYTICS, INC. (Q-02-3686; PO# TBA)	01/01/06	Provide for Peak Load Management program consulting services	12/31/10	B/P	*Note: represents total for 5-year term		**$950,000***
OFFICE OF INSPECTOR GENERAL	CARCO GROUP, INC. (Q-02-3687; PO# TBA)	01/01/06	Provide for background investigation services to support Authority operations statewide	12/31/10	B/S	*Note: represents total for 5-year term		**$1,100,000***

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement

Awd-A122005

Procurement (Services) Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "12-A"
December 13, 2005

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
POWER GEN - Power Gen Support Serv	ASR MANAGEMENT & TECHNICAL SERVICES (Q-02-3681; PO# TBA)	01/01/06	Provide for field (vendor shop) expediting and QA inspection services	12/31/10	B/S	*Note: represents total for 5-year term		**$1,695,000***
POWER GEN - Project Mgmt/ NIA and B-G; STL	Q-02-3643; 3 awards: 1-2. CME ASSOCIATES 3. ATLANTIC TESTING LABORATORIES, LTD	12/14/05	Provide for inspection and laboratory testing services for NIA, B-G and STL	12/31/09	B/S	*Note: represents combined total for 4-year term (comprised of an estimated $500K to CME and $200K to ATL)		**$700,000***
POWER GEN - Power Gen Support Serv	COLDEN CORP. (Q-02-3674; PO# TBA)	01/01/06	Provide for industrial hygiene, occupational health and safety support services	12/31/10	B/S	*Note: represents total for 5-year term		**$645,000***
POWER GEN - Power Gen Support Serv	Q-02-3627; 2 awards: 1. EXELON POWERLABS 2. MCS CALIBRATION (PO#s TBA)	01/01/06	Provide for calibration & repair services for various Measuring & Test Equipment	12/31/10	B/S	*Note: represents combined total for 5-year term		**$1,500,000***
POWER GEN - PROJ MGMT – NIA	FRANBILT, INC. (Q-02-3497; PO# TBA)	01/01/06	Provide for refurbishment of 27 intake gates & 6 draft tube gates at RMNPP	12/31/12	B/S	*Note: represents total for 7-year term		**$7,928,525***
POWER GEN - Perform. Eng./ POL, 500 MW, Flynn & SCPPs	GENERAL PHYSICS CORP., INC. (PO# TBA)	01/01/06	Provide for maintenance of proprietary EtaPRO software (+ OSI PI software for 500 MW)	12/31/10	S/S	*Note: represents total for 5-year term		**$108,000***
POWER GEN - ERM & FUELS OPERATIONS	QFS-2005-72; 2 awards: 1. GLOBAL ENERGY DECISIONS 2. LEVITAN & ASSOC. (FS-2005-13A & B)	01/01/06	Provide for fuel consulting services (hedging & risk management, strategic planning & advisory services, etc.)	12/31/08	B/P	*Note: represents total for 3-year term		**$1,000,000***

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement

Awd-A122005

Procurement (Services) Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "12-A"
December 13, 2005

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
POWER GEN - POL, 500 MW & SCPPs	HI TECH AIR CONDITIONING SERVICE, INC. (Q-02-3670; PO# TBA)	01/01/06	Provide for HVAC maintenance services for POL, 500 MW & SCPPs	12/31/10	B/S	*Note: represents total for 5-year term		**$994,540***
POWER GEN - CEC	INDUSTRIAL MEDICAL ASSOCIATES (CEC-0919; PO# TBA)	01/01/06	Provide for medical examination services for CEC	12/31/08	B/P	*Note: represents total for 3-year term		**$100,000***
POWER GEN - ERM & FUELS OPERATIONS	KEYSPAN GAS EAST d/b/a KEYSPAN ENERGY DELIVERY – LI (unnumbered agreement)	01/01/06	Provide for gas balancing services for the Flynn plant	12/31/08	S/S	*Note: represents total for 3-year term		**$3,025,000***
POWER GEN - Power Gen Support Serv	NYS DEPT OF STATE - OFFICE OF FIRE PROTECTION & CONTROL (PO# TBA)	01/01/06	Provide for fire safety services for all Authority facilities, including the Small Clean Power Plants	12/31/08	S/P	*Note: represents total for 3-year term		**$100,000***
POWER GEN - Perform. Eng.	OSI SOFTWARE INC. (4500114450)	01/01/06	Provide for maintenance of OSI PI software integral to online thermal performance monitoring at POL and FLN plants, SCPPs & WPO tie-in	12/31/10	S/S	*Note: represents total for 5-year term		**$181,569***

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement

13. Procurement (Services) Contract and Other Contracts – Business Units and Facilities – Extensions and Approval of Additional Funding

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the continuation and funding of the procurement and other contracts listed in Exhibit '13-A' in support of projects and programs for the Authority's Business Units/Departments and Facilities. Detailed explanations of the nature of such services, the reasons for extension, the additional funding required and the projected expiration dates are set forth below.

BACKGROUND

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

"The Authority's revised Expenditure Authorization Procedures require the Trustees' approval when the cumulative change order value of a personal services contract exceeds the greater of $250,000 or 35% of the originally approved contract amount not to exceed $500,000, or when the cumulative change order value of a non-personal services, construction, equipment purchase or non-procurement contract exceeds the greater of $500,000 or 35% of the originally approved contract amount not to exceed $1,000,000.

DISCUSSION

"Although the firms identified in Exhibit '13-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. The 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 the Authority's convenience, 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.

"Extension of each of the contracts identified in Exhibit '13-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 that has delayed, reprioritized 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 or (4) the contractor provides a proprietary technology or specialized equipment, at reasonably negotiated rates, that the Authority needs to continue until a permanent system is put in place.

Contracts in Support of Business Units/Departments and Facilities:

Corporate Services & Administration

"The contract with **FlightSafety International (4500101769)** provides for pilot proficiency training on flight simulators for the Authority's pilots for the Beechcraft King Air 350 and 200. Services include mandatory annual recurrent pilot training for each aircraft, as well as initial training, on an 'as needed' basis. The original award, which was competitively bid, became effective on January 1, 2005 for an initial term of one year, with an option to extend for up to two additional years. A one-year extension is now requested to exercise the first option year in order to continue services, as needed. The current contract amount is $61,845; it is anticipated that no additional funding will be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2006, with no additional funding requested.

"The contract with **Miller Advertising Agency, Inc. (4500101471)** provides for recruitment advertising services for the Authority in support of recruitment efforts in engineering and other specialized technical and financial areas for its offices and operating facilities. Services generally include, but are not limited to, the preparation, refinement and placement of external advertisements/job postings (including copywriting and design), as well as recommendations concerning which sources of media (i.e., industry-specific targeted websites, associations, schools and alumni groups, newspapers and trade journals, etc.) should be used. Services also include web placement of online job postings and 'résumé mining' of major and niche online résumé databases. The original award, which was competitively bid, became effective on January 12, 2005 for an initial term of one year, with an option to extend for up to two additional years. The Miller firm is providing outstanding services for the Authority's niche market recruitment needs, identifying targeted sites and streamlining the Internet posting process, as well as keeping abreast of emerging recruitment trends. A two-year extension is now requested to exercise the contract option in order to continue services, as needed. The current contract amount is $40,000; it is anticipated that an additional $80,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2007 and to approve the additional funding requested.

Energy Services & Technology

"The contract with **Banner Electrical Contracting Corp. (4600001369)** provides for electrical installation services for lighting samples at various project sites throughout New York City and Westchester County, as part of the Authority's High Efficiency Lighting Program ('HELP'). The original award, which was competitively bid, became effective on January 1, 2005 for an initial term of one year, with an option to extend for an additional year. A one-year extension is now requested to exercise the option in order to continue services, as may be required. The current 'Target Value' is $350,000; no additional funding will be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2006, with no additional funding requested.

"The contract with **RDS Industries, Inc. (4500095560)** provides for installation services to support an energy-efficient lighting upgrade at New York City Transit's ('NYCT') Fresh Pond Bus Depot in Queens as part of the Authority's High Efficiency Lighting Program ('HELP'). The original award, which was competitively bid, became effective on September 13, 2004 for an initial term of less than one year. The original scope of work, which involved the installation of new emergency lighting circuits in parts of the Fresh Pond Bus Depot, was completed in less than one year. Additional work, which involved the tie-in of existing lighting circuits to Authority-installed emergency power panels in additional areas of the facility, was subsequently requested by NYCT as a safety issue related to the emergency power system. Interim approval for a three-month extension and additional funding were authorized in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures in order to complete the additional work. The current contract amount is $435,855. The Trustees are requested to ratify and approve the previously authorized three-month extension and funding of the subject contract through December 13, 2005, with no additional funding requested. All costs will be recovered by the Authority.

"At their meeting of December 16, 1997, the Trustees approved the consolidation of Statewide non-SENY (Southeastern New York) HELP into a single program known as the Energy Services Program ('ESP'). ESP is an energy efficiency program that provides a turnkey approach to identifying, procuring and implementing energy savings solutions for participants outside SENY's territory. Under this program, turnkey direct installation services are provided to a broad number of facilities, including State office buildings, SUNY campuses, county facilities and school districts. This program has enabled public customers to reduce their operating costs and embark on energy savings projects with no up-front capital, with energy and related operational maintenance savings paying for the overall improvements. At their meeting of March 31, 1998, the Trustees approved a three-year award, with a two-year option, to **Wendel Construction (S98-02065)** and another firm to provide for program management and implementation services for the aforementioned ESP program. The contract, which was competitively bid, became effective on April 1, 1998, in the initial award amount of $10,000,000 (drawn from an approved aggregate total of $30,000,000). At their meetings of June 29, 1999, December 17, 2002 and June 29, 2004, respectively, the Trustees approved increases in the compensation ceiling to $33 million and contract extensions through December 31, 2005 of the subject contract. The June 29, 2004 item also advised the Trustees of significant delays on the part of some customers and the need to extend (rather than reassign) the subject contract. Due to such extended delays in the approval process (on the part of the New York State Office of General Services) for the two remaining projects, the Empire State Plaza Platform/Egg Lighting and Motors Project has only recently received approval to proceed and has progressed to the Customer Installation Commitment ('CIC') phase, which will be followed by the construction phase; the Empire State Plaza Light Control Project is still awaiting customer approval. Staff anticipates that an additional two years may be required to allow for the completion of these two projects, including all documentation and closeout activities. No new projects will be assigned to Wendel under this contract and no additional funding will be required. The current contract amount is $29,000,000 (of the previously approved $33,000,000). The Trustees are requested to approve a two-year extension of the subject contract through December 31, 2007, with no additional funding requested. All costs will be recovered by the Authority.

Power Generation

"At their meeting of October 29, 2002, the Trustees authorized an agreement with **Astoria Generating Company, L.P.,** also known as **Reliant Energy, Inc. ('Reliant')** (4500054618) for the cost-sharing associated with the stabilization and rehabilitation of the A-10 Dock located in Astoria, Queens, on property owned by Consolidated Edison Company of New York, Inc. ('Con Edison') and leased to Reliant Energy for a 99-year term. The Trustees also approved an expenditure of $4,500,000 for the Authority's share (40%) of the total cost. The A-10 Dock is currently used for unloading No. 6 Residual Fuel Oil for the Charles A. Poletti Plant; it will also be required for delivery of aviation kerosene ('jet-kero') fuel for the 500 MW Combined Cycle Plant. The remaining cost was the responsibility of Reliant, which also subcontracted such work. This cost-sharing with Reliant was based on a preliminary estimate of the work to be performed, following inspection of the docking facilities by Reliant's consultant, Han-Padron Associates. After completion of final engineering, design, licensing, procurement and construction contracting, Reliant revised the estimate to complete the work from the initial estimate of $11,000,000 to $20,000,000. This included additional fire protection requirements required by the New York City Fire Department and removal of large underwater obstructions, including concrete sections, boulders and rock fragments to accommodate the new steel sheet piles (about 700 linear feet) anchored to seabed rock. The Authority's share of the estimated additional costs was $3,800,000, which the Trustees approved at their meeting of October 28, 2003. This increased the total authorized amount to $8,300,000 for the Authority's share of the cost to rebuild the A-10 unloading dock, which has now been completed with a new unloading arm and is in service. The Authority has been advised by Reliant that the final costs of this project increased by $2,385,600. These additional costs included expenditures for overtime and loss of productivity incurred during construction of the new dock. These expenditures were authorized to Reliant's subcontractors to accelerate construction and to keep the project on schedule when faced with the concurrent closure of the Castle Oil Terminal. As a result, the Authority and Reliant suffered no interruption of fuel oil delivery capability as the Castle Oil facility was closed. Additional expenditures were incurred to upgrade an undersized Con Edison distribution circuit and power transformer feeding the A-10 Dock. The Authority's Internal Audits Division has audited all project costs and concurs that they have been expended by Reliant. As previously noted, the Authority's share of the final cost of the project is 40%, which would result in an additional $914,240 to be reimbursed to Reliant for such work. An additional $104,900 was expended by Reliant on behalf of the Authority for installation of fire alarm signals on the oil storage tanks for the 500 MW Plant. This increases the total amount reimbursable to Reliant from $8,300,000 to $9,319,140 (or an increase of $1,019,140). However, Internal Audit noted that another firm (NRG), which operates power facilities at Con Edison's Astoria complex, will also use the A-10 dock from time to time for oil deliveries, and has agreed to reimburse Reliant 5% ($1,150,000) of the overall project costs. The Authority will also share in these savings, which will reduce the additional amount to be reimbursed to Reliant by $460,000, resulting in a final additional amount of $560,000 to be paid to Reliant. The Trustees are hereby requested to approve the final additional payment of $560,000 to Reliant, thereby increasing the revised total approved amount to $8,860,000 for the Authority's share of these costs.

Law Department

"The firm **Hawkins Delafield & Wood ('Hawkins')** provides legal services under a contract **(4500087608)** that became effective January 1, 2004 and expires December 31, 2005, as approved by the Trustees at their meeting of September 23, 2003. This firm is currently advising the Authority on financial matters, including bond, note and other debt issuances; issues arising under bond and note resolutions; tax issues, issues relating to hedging instruments, compliance with applicable IRS regulations and miscellaneous issues arising under the Federal Tax Code. The firm also provides general advice as to the Authority's statutory powers and responsibilities, analyzes the effect of legislation amending the Public Authorities Law and provides advice as to implementation of the public authorities reform legislation and regulations recently issued by the State Comptroller. The Authority, through a recent notice in the New York State Contract Reporter, solicited submission of qualifications for a wide range of outside legal consulting services, including the types of services provided by this firm. In order to provide the selection committee adequate time to review all submissions received pursuant to the Request for Qualifications and advance recommendations for consideration by the General Counsel, staff is requesting an extension through March 31, 2006 of the existing contract with Hawkins, as well as additional funding in the amount of $475,000. The Trustees are hereby requested to approve the extension and additional funding requested.

"At their meeting of September 20, 2005, the Trustees approved a new contract with **Dickstein Shapiro Morin & Oshinsky ('Dickstein')**, effective October 1, 2005. The firm is and has been representing the Authority throughout 2005 in matters related to the Con Edison delivery and reserve charges associated with the start-up of the Authority's generating facilities within its service area since the New York Independent System Operator ('NYISO') became operational. According to the Federal Energy Regulatory Commission ('FERC') and rules filed by the NYISO in compliance with FERC's orders, a Transmission Operator is not permitted to charge for transmission service if a unit either self-supplies or remotely self-supplies. Con Edison, supported by a Public Service Commission order, proposed to charge for transmission and delivery, plus standby service, in contradiction of the FERC order. Several other generators, both in Con Edison's service area and upstate, successfully challenged such charges at FERC. Appeals by the utilities are pending in the courts. With Dickstein's assistance, the Authority filed a complaint at FERC that resulted in a significant decision agreeing with the Authority's position on almost all issues and a refund of approximately $1.5 million. The firm is working with the Authority to finalize a partial settlement with Con Edison and currently represents the Authority and others in the court appeals. Invoices recently received for work performed under the prior contract with Dickstein **(S98-02869)**, which was most recently approved by the Trustees at their meeting of June 24, 2003 and which expired September 30, 2005, exceed the prior funding authorization for the old contract. Accordingly, funding authorization under the old contract in the amount of $70,000 is requested to pay outstanding invoices through September 30, 2005 and close out this contract. The Trustees are hereby requested to approve the additional funding requested.

"The contract with **Brian R. Meara Public Relations (4500036264)** provides for consulting services in connection with the 500 MW Project and the Small Clean Power Plants. Mr. Meara's community liaison capabilities are important in addressing community concerns, as Mr. Meara possesses the ability to work personally and professionally with leaders in the Borough of Queens and the New York City Council. The subject contract for such services, most recently approved by the Trustees at their meeting of September 17, 2002, expired on October 31, 2005. An extension through March 31, 2006 is requested, as well as additional funding in the amount of $50,000 for the period September 2005 through March 2006, in order to provide management an opportunity to review the need for further services of this type. The Trustees are hereby requested to approve the extension and additional funding requested.

FISCAL INFORMATION

"Funds required to support contract services for various Headquarters Office Business Units/Departments and Facilities have been included in the 2006 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.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the Project's Capital Expenditure Authorization Request ('CEAR'). Payment for contracts in support of the Energy Services Programs will be made from the Energy Conservation Effectuation and Construction Fund. All costs, including Authority overheads and the cost of advancing funds, will be recovered by the Authority, consistent with the other Energy Services and Technology Programs.

RECOMMENDATION

"The Deputy Secretary and Deputy General Counsel, the Vice President – Project Management, the Vice President – Procurement and Real Estate, the Director – Energy Services, the Director – Human Capital and Development and the Director – Corporate Support Services recommend the Trustees' approval of the extensions and additional funding of the procurement contracts listed in Exhibit '13-A.'

"The Chief Operating Officer, the Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President and Chief Financial Officer, the Senior Vice President – Energy Services and Technology and I concur in the recommendation."

Mr. Hoff presented the highlights of staff's recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Hoff said that staff was requesting just an extension of time for the contract with Wendel Construction, not an increase in funding. Responding to a question from Chairman Seymour, Mr. Blabey said that the law firm in question would be charging the same rates under its contract extension.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, each of the contracts listed in Exhibit "13-A," attached hereto, is hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

Procurement (Services) and Other Contracts – Extensions
(For Description of Contracts See "Discussion")

EXHIBIT "13-A"
December 13, 2005

Plant Site/ Bus. Unit	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
Contracts in support of Headquarters Business Units and the Facilities:								
CORP SERV & ADMIN - CorpSupportServ	FLIGHTSAFETY INTERNATIONAL 4500101769	01/01/05	Provide for pilot proficiency training for Beechcraft B-350 & B-200	12/31/06	B/P	$61,845 *Note: no additional funding requested	$35,740	**$61,845***
CORP SERV & ADMIN - HC&D	MILLER ADVERTISING AGENCY, INC. 4500101471	01/12/05	Provide for recruitment advertising services	12/31/07	B/P	$40,000 *Note: **includes an increase of $80,000**	$29,379	**$120,000***
ES&T - Energy Services - HELP	BANNER ELECTRICAL CONTRACTING CORP. 4600001369	01/01/05	Provide for installation services for lighting samples at various project sites in NYC & Westchester	12/13/06	B/C	$350,000 ("Target Value") *Note: no additional funding requested **All costs will be recovered by the Authority.**	$111,395	**$350,000***
ES&T - Energy Services - HELP	RDS INDUSTRIES, INC. 4500095560	09/13/04	Provide for installation services for the Fresh Pond Bus Depot Lighting Project (in Queens)	12/13/05	B/C	$435,855 *Note: no additional funding requested **All costs will be recovered by the Authority.**	$338,379	**$435,855***
ES&T - Energy Services	WENDEL CONSTRUCTION S98-02065	04/01/98	Provide for program management & implementation services for the Authority's Energy Services Program	12/31/07	B/C	$29,000,000 *Note: represents total amount previously approved by the Trustees for release and allocation to the subject contract; no additional funding requested. **All costs, including Authority overheads, will be recovered.**	$22,816,755	**$33,000,000***
POWER GEN - Project Mgmt	ASTORIA GENERATING COMPANY, L.P. Also known as RELIANT ENERGY, INC. (4500054618)	04/11/02	Provide for cost-sharing agreement for stabilization and rehabilitation of the A-10 Dock used to unload fuel for POL (and 500 MW)	12/31/05	S/N	$8,300,000 *Note: includes $8,300,000 previously approved by the Trustees + **current increase of $560,000**	$8,300,000	**$8,860,000***

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= Service, C= Construction; E= Equipment; N= Non-Procurement

Procurement (Services) and Other Contracts – Extensions
(For Description of Contracts See "Discussion")

EXHIBIT "13-A"
December 13, 2005

Plant Site/ Bus. Unit	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
LAW	BRIAN R. MEARA PUBLIC RELATIONS 4500036264	11/01/00	Provide for public relations consulting services	03/31/06	S/P	$391,640	$390,200	**$441,640***
						*Note: includes $266,640 previously approved by the Trustees + an additional $125,000 authorized per the EAPs + current increase of $50,000		
LAW	DICKSTEIN SHAPIRO MORIN & OSHINSKY S98-02869	03/01/98	Provide for legal services	09/30/05	C/P	$2,837,500	$2,774,710	**$2,907,500***
						*Note: includes $2,837,500 previously approved by the Trustees + current increase of $70,000		
LAW	HAWKINS DELAFIELD & WOOD 4500087608	01/01/04	Provide for legal consulting services re finance, tax and legislative matters, bond issuance and other matters, as needed	03/31/06	S/P	$600,000	$529,760	**$1,075,000***
						*Note: includes $350,000 previously approved by the Trustees + an additional $250,000 authorized per the EAPs + current increase of $475,000		

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= Service, C= Construction; E= Equipment; N= Non-Procurement

14. Security Enhancement Program – Security Enhancement Project – Phase II – Expenditure Authorization

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the initiation of Phase II of an ongoing security enhancement and assessment program with a capital expenditure of $15,000,000 for 2006 and 2007.

BACKGROUND

"The Security Enhancement Program ('SEP') was established to identify and enhance the protection of power generation and transmission infrastructure and assets that are deemed most critical in terms of public safety and business continuity. The program is supervised by the Executive Security Team and uses specialized security consultants to assist staff in evaluating and designing site-specific procedures and defenses to address vulnerabilities. The primary objective is to introduce strategies that improve the passive resistance of the sites, define optimal security design zones and identify vulnerable critical components.

DISCUSSION

"The purpose of this program is to uncover hidden strengths and vulnerabilities at the Authority's facilities. In general, the plan is to introduce more layers of protection. Under current policies and laws, the Authority is largely responsible for the safety and security of its own facilities. The Federal Energy Regulatory Commission ('FERC') has initiated guidelines for assessing and managing risks to dams, including security.

"The SEP has evolved into a multiphase project where assessments to the security vulnerability of various facilities are continuing. In the first phase of the program, immediate modifications to existing sites to strengthen defenses to unauthorized access to the facilities were initiated. These modifications included the additions of physical barriers, perimeter fence and gate modifications and changes to access control and lighting. The first phase of the program included expenditures of $13,000,000.

"The requested Phase II expenditure represents security items that have identifiable conceptual designs to enhance overall security. The request includes funding for engineering, design and installation of security systems at the Authority's facilities. Additional improvements will be the subject of future phases and Capital Expenditure Authorization Requests ('CEAR') for this program. The expenditure of $15,000,000 for phase II will be for the years 2006 and 2007.

FISCAL INFORMATION

"Payment associated with this project will be made from the Capital Fund and has been included in the 2006 Budget.

RECOMMENDATION

"The Vice President – Project Management, the Vice President and Chief Engineer and the Director of Corporate Security and Inspector General recommend that the Trustees approve the Security Enhancement Project – Phase II and authorize capital funding of $15,000,000.

"The Chief Operating Officer, the Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Chief Financial Officer and I concur in the recommendation."

Mr. Lipsky presented the highlights of staff's recommendations to the Trustees. In response to a question from Chairman Seymour, Mr. Lipsky said that the Trustees were just authorizing the expenditure level for this project now; then staff would go out to bid for the security enhancement services. Responding to a question from Vice Chairman McCullough, Mr. Lipsky said that some of the contracts resulting from those bids would come back to the Trustees for approval and some would not, depending on the contract price and term.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, the Security Enhancement Program, Security Enhancement Project – Phase II is approved and capital expenditures are hereby approved to be committed in the amount of $15,000,000; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

15. Motion to Conduct an Executive Session

"Mr. Chairman, I move that the Authority conduct an executive session to discuss: (i) the financial history of particular corporations and matters leading to the award of contracts to particular corporations and (ii) matters related to ongoing potential litigation." Upon motion moved and seconded, an Executive Session was held.

16. <u>Motion to Resume Meeting in Open Session</u>

"Mr. Chairman, I move to resume the meeting in Open Session." Upon motion moved and seconded, the meeting resumed in open session.

17. <u>Resolution – Robert A. Hiney</u>

Chairman Seymour read and presented a framed copy of a resolution to Mr. Hiney commending him on his years of service to the Authority.

WHEREAS, Robert A. Hiney stands as a pre-eminent figure in the history of the New York Power Authority by virtue of an extraordinary 35-year career in which he played a vital part in the Power Authority's growth into a major statewide utility; and

WHEREAS, beginning in his earliest days as an assistant engineer at the Niagara Power Project and continuing through a series of senior executive positions, Mr. Hiney brought a singular blend of professional skill, commitment and integrity to a multitude of assignments and challenges involving virtually all aspects of the Power Authority's operations; and

WHEREAS, his invaluable contributions are reflected in projects ranging from Marcy-South, the Long Island Sound Cable and the hydroelectric upgrades to the small, clean power plants and the new combined-cycle plant in New York City; and

WHEREAS, Mr. Hiney's uncommon versatility and knowledge of the utility industry enabled him to successfully assume responsibility for areas as diverse as project design, licensing, construction and operation; power marketing and rates; energy efficiency; energy resource management; and fuel procurement; and

WHEREAS, his profound insights into the evolving New York Independent System Operator markets and his insistence on maximum efficiency and productivity in Power Authority operations were of immense benefit to the Authority as the utility industry entered a new era of competition; and

WHEREAS, Mr. Hiney brought great credit to the Power Authority through his prominent roles in such organizations as the New York Independent System Operator, the North American Electric Reliability Council and the Northeast Power Coordinating Council; and

WHEREAS, Mr. Hiney's abiding commitment to the Power Authority's wellbeing and that of its staff was evidenced through his consistent support for educational and training programs, performance management and other efforts to ensure the Authority's future success; and

WHEREAS, the distinction and dedication with which he served as engineer and executive, as teacher and adviser and as utility-industry expert have earned him the respect, the admiration and the gratitude of his colleagues at the Power Authority and beyond; and

WHEREAS, Mr. Hiney is retiring from the New York Power Authority after three and a half decades of leadership and accomplishment that have brought enduring benefits to the Authority and the people of New York State;

NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York express their deepest thanks to Bob Hiney for his outstanding service; salute him for his many successes; and wish him and his family health, happiness and fulfillment in the years to come.

December 13, 2005

18. Next Meeting

The next Regular Meeting of the Trustees will be held on **Tuesday, January 31, 2006, at 11:00 a.m., at the Hotel Utica, Utica, New York,** unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 12:00 p.m.

David E Blabey

David E. Blabey
Executive Vice President,
Secretary and General Counsel