

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

December 15, 2009

Table of Contents

<u>Subject</u>	<u>Page No.</u>	<u>Exhibit</u>
1. Consent Agenda:	2	
a. Minutes of the Regular Meeting held on September 29, 2009	3	
b. Power for Jobs Program – Extended Benefits	4	“1b-A”; “1b-B-1”; “1b-B-2”
c. Request to Approve Extensions to the Terms of Service for 51 Hydropower Customers	7	“1c-A”
d. Transfer of Industrial Power	9	
e. Extension of Niagara Frontier Transportation Authority Contracts	13	“1e-A”
f. Proposed Contract for Sale of Hydropower to Long Island Power Authority to Benefit Brookhaven National Laboratory – Notice of Public Hearing	15	“1f-A”; “1f-A-1”
g. Energy Cost Savings Benefit Programs – Service Tariff Amendments – Notice of Proposed Rule Making	18	“1g-A” – “1g-E”
h. Decrease in Westchester County Governmental Customer Rates – Notice of Adoption	20	“1h-A”
i. Procurement (Services) Contracts – Business Units and Facilities – Awards	22	“1i-A”
Resolution		
Discussion Agenda:		
2. Q&A on Reports from:		
a. President and Chief Executive Officer	30	
b. Chief Operating Officer	35	
c. Chief Financial Officer	49	“2c-A”

	<u>Subject</u>	<u>Page No.</u>	<u>Exhibit</u>
3.	Enhanced Energy Services Programs Resolution	50	“3-A”
4.	Sustainability Action Plan Resolution	53	“4-A”
5.	Membership in Electric Power Research Institute – Extension Resolution	55	
6.	Niagara Power Project – 115 kV Circuit Breaker Upgrade Project – Capital Expenditure Authorization and Contract Award Resolution	58	
7.	2010 Operating Plan – Operation and Maintenance, Capital, Energy Services and Fuel Budgets Resolution	61	“7-A”; “7-B”
8.	Approved Budget and Four-Year Financial Plan Information Pursuant to Regulations of the Office of the State Comptroller Resolution	64	“8-A”; 8-B”
9.	Other Business – Introduction of Rocco Iannarelli	67	
10.	Resolution – Arnold M. Bellis	68	
11.	Motion to Conduct an Executive Session	69	
12.	Motion to Resume Meeting in Open Session	70	
13.	Election of Executive Vice President and Chief Financial Officer Resolution	71	
14.	Amendments to the Authority’s By-laws Resolution	72	“14-A”; “14-A-1”
15.	Use of Net Revenues Produced by Sale of Expansion Power as Industrial Incentive Awards Resolution	73	
16.	Next Meeting	77	
	Closing	78	

Minutes of the Regular Meeting of the Power Authority of the State of New York held at the Hilton Long Island, 598 Broad Hollow Road, Melville, New York, at 11:00 a.m.

Members of the Board present were:

Michael J. Townsend, Chairman
Jonathan F. Foster, Vice Chairman
D. Patrick Curley, Trustee
Eugene L. Nicandri, Trustee

Elise M. Cusack, Trustee – Excused

Richard M. Kessel	President and Chief Executive Officer
Gil C. Quiniones	Chief Operating Officer
Terryl Brown	Executive Vice President and General Counsel
Edward A. Welz	Executive Vice President and Chief Engineer – Power Supply
Thomas P. Antenucci	Senior Vice President – Power Supply Support Services
Bert J. Cunningham	Senior Vice President – Corporate Communications
James F. Pasquale	Senior Vice President – Marketing and Economic Development
Donald A. Russak	Senior Vice President – Corporate Planning and Finance
Joan Tursi	Senior Vice President – Enterprise Shared Services
Arnold M. Bellis	Vice President – Controller – WPO
John L. Canale	Vice President – Project Management
Patricia Leto	Vice President – Procurement
Francine Evans	Chief of Staff – President’s Office
Karen Delince	Corporate Secretary
Robert Hopkins	Director – Budgets – WPO
Michael Huvane	Director – Business Muni and Coop Marketing and Economic Development – WPO
Lisa A. Cole	Director – Financial Planning – WPO
Marilyn J. Brown	Manager – Market Analysis and Tariff Administration – WPO
Caroline G. Garcia	Manager – Contract Administration – Power Contract and Supply Planning – WPO
Anthony Savino	Manager – Business Power Allocations and Compliance – WPO
Gary Levenson	Principal Attorney I – Litigation – WPO
Angela D. Graves	Deputy Corporate Secretary
Mary Jean Frank	Associate Corporate Secretary
Lorna M. Johnson	Assistant Corporate Secretary
Christine Lally	Senior Business Planner – Financial Planning – WPO
Julianne Sullivan	Account Executive – Business Muni and Coop Marketing and Economic Development – WPO
Mark Schwartzburt	Marketing Analysis – Business Power Allocation, Compliance and Muni and Coop Marketing – WPO
Timothy Muldoon	Marketing Representative – Business Power Allocation, Compliance and Muni and Coop Marketing – WPO
Diamond Kongoletos	County Energy Services, LLC
Todd Stebbins	Environmental Affairs – Long Island Power Authority
Bill Miller	Principal – TRC
S. R. Scroggins	Managing Director – Russell Reynolds Associates
C. Solnik	Reporter – <i>Long Island Business News</i>
Deb Cotton	Community Relations Manager
Elizabeth McCarthy	

Chairman Townsend presided over the meeting. Corporate Secretary Delince kept the Minutes.

1. Consent Agenda

Trustee D. Patrick Curley recused himself from the vote on item 1c (Request to Approve Extensions to the Terms of Service for 51 Hydropower Customers) with respect to Brunner International, Inc. and International Imaging Materials, Inc. President Richard M. Kessel said that in the interest of full disclosure he wanted to mention that a number of the hydropower customers had relationships with the Long Island Power Authority, but that he had no conflicts with respect to any of them.

In response to a question from Vice Chairman Jonathan Foster regarding item 1i (Procurement (Services) Contracts – Business Units and Facilities – Awards), Ms. Patricia Leto said that the \$3.5 million five-year procurement contract with Over Rock, LLC was for landscaping, masonry and snow removal services at the Clarence D. Rappleyea Building in White Plains.

Chairman Michael Townsend said that the Economic Development Power Allocation Board had recommended that the Authority's Trustees approve items 1b (Power for Jobs Program – Extended Benefits) and 1d (Transfer of Industrial Power) at their meeting of December 14, 2009.

a. **Approval of the Minutes**

The Minutes of the Regular Meeting held on September 29, 2009 were unanimously adopted.

b. Power for Jobs Program – Extended Benefits

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve electricity savings reimbursement rebates for 66 Power for Jobs (‘PFJ’) customers as listed in Exhibit ‘1b-A.’ This request is to approve rebate dollars only. Similar decisions to allow customers to receive extended benefit payments have been made at past Trustees’ Meetings. These rebates are calculated for historical periods only. These customers have been recommended to receive such rebates by the Economic Development Power Allocation Board (‘EDPAB’). In addition, the Trustees are requested to approve payment for PFJ Restitution to the 12 companies listed in Exhibit ‘1b-B-1.’ These companies have been evaluated for Restitution and are due a payment.

BACKGROUND

“In July 1997, the New York State Legislature 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 received three-year contracts for PFJ electricity.

“The PFJ program originally made 400 megawatts (‘MW’) of power available and was to be phased in over three years. As a result of the initial success of the program, the Legislature amended the PFJ statute to accelerate the distribution of the power and increase the size of the program to 450 MW. In May 2000, legislation was enacted that authorized additional power to be allocated under the program. Legislation further amended the program in July 2002.

“Chapter 59 of the Laws of 2004 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. 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. Chapter 645 of the Laws of 2006 included provisions extending program benefits until June 30, 2007. Chapter 89 of the Laws of 2007 included provisions extending program benefits until June 30, 2008. Chapter 59 of the Laws of 2008 included provisions extending the program benefits until June 30, 2009. Chapter 217 of the Laws of 2009 included provisions extending the program benefits until May 15, 2010.

“At its meeting of October 18, 2005, EDPAB approved criteria under which applicants whose extended benefits EDPAB had reduced for non-compliance with their job commitments could apply to have their PFJ benefits reinstated in whole or in part. EDPAB authorized staff to create a short-form application, notify customers of the process, send customers the application and evaluate reconsideration requests based on the approved criteria.

“PFJ Restitution was created by Chapter 645 of the Laws of 2006 that extended the PFJ program for six months to June 2007; the law states: ‘for the period beginning January 1, 2006, for recipients who choose to elect a contract extension, and whose unit cost of electricity under the contract extension exceeds the unit cost of electricity of the electric corporation, the Power Authority shall reimburse the recipient for all dollars paid in excess of the unit

cost of electricity of the electric corporation.’ Customers eligible to apply for restitution are those who chose to extend their PFJ electric service contracts beyond January 1, 2007 but terminated their service on June 30, 2007 or on or after June 30, 2008.

DISCUSSION

“At its meetings on October 26 and December 14, 2009, EDPAB recommended that the Authority’s Trustees approve electricity savings reimbursement rebates to the 66 businesses listed in Exhibit ‘1b-A.’ Collectively, these organizations have agreed to retain more than 63,000 jobs in New York State in exchange for the rebates. The rebate program will be in effect until May 15, 2010, the program’s sunset.

“The Trustees are requested to approve the payment and funding of rebates for the companies listed in Exhibit ‘1b-A’ in a total amount currently not expected to exceed \$6.4 million. 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 to the companies listed in Exhibit ‘1b-A’ in the future for other rebate months.

“Restitution is based on whether the net amount paid by the customer for PFJ service exceeded the ‘unit cost of electricity’ of the host utility over the measurement period for the same quantity of electricity. Under current law, the measurement period begins January 1, 2006 and ends with the date that the eligible customer ceases to be in the program.

“The host utilities, in conjunction with the Authority and the Public Service Commission, determine what the otherwise applicable full-service electric rates of the host utility would have been for service throughout the measurement period, calculate what the customer charges would have been under those rates, compare that total to the total actual charges paid by the customer for PFJ and determine whether the customer had net savings overall in the PFJ program or is due a Restitution payment.

“Staff has evaluated an additional 33 customers for Restitution. The 12 customers eligible for Restitution payment and presented for approval are listed in Exhibit ‘1b-B-1.’ The 21 customers listed in Exhibit ‘1b-B-2’ had overall PFJ program savings; therefore, no payment is required.

FISCAL INFORMATION

“Funding of rebates for the companies listed in Exhibit ‘1b-A’ is not expected to exceed \$6.4 million. Payments will be made from the Operating Fund. To date, the Trustees have approved \$196.4 million in rebates.

“Funding of Restitution payments for the companies listed in Exhibit ‘1b-B-1’ is not expected to exceed \$1.51 million. Payments will be made from the Operating Fund. This is the third payment request to date, which will bring the total approved for PFJ Restitution payments to \$4.28 million. Additional requests will follow based on subsequent evaluation of other restitution-eligible customers.

RECOMMENDATION

“The Executive Vice President and Chief Financial Officer and the Senior Vice President – Marketing and Economic Development recommend that the Trustees approve the payment of electricity savings reimbursements to the Power for Jobs customers listed in Exhibit ‘1b-A’ and payment of Power for Jobs Restitution to the customers listed in Exhibit ‘1b-B-1.’

“The Chief Operating Officer, the Executive Vice President and General Counsel 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 (“EDPAB”) has recommended that the Authority approve electricity savings reimbursements to the Power for Jobs (“PFJ”) customers listed in Exhibit “1b-A”;

NOW THEREFORE BE IT RESOLVED, That to implement such EDPAB recommendations, the Authority hereby approves the payment of electricity savings reimbursements to the companies listed in Exhibit “1b-A,” and that the Authority finds that such payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the PFJ 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 \$6.4 million, 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 based on staff’s recommendation, it is hereby authorized that payments be made for PFJ Restitution payments as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to \$1.51 million, 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 Senior Vice President – Corporate Planning and 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 and Economic Development or his 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 and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice 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 and General Counsel.

New York Power Authority
Power for Jobs - Extended Benefits

Recommendation for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Job Committed	Jobs in Application	Over (under)	% Over (under)	Compliance	Recommended Allocation		Type	Service
											KW	Jobs/MW		
1	American Ballet Theater	New York	New York	Con Ed	20	230	230	0	0%	Yes	20	946	NFP	Performing arts organization
2	AT&T	White Plains	Westchester	Con Ed	560	610	530	-80	-13%	Yes *	560	946	Large	Telecommunications
3	Bowne & Co.	New York	New York	Con Ed	550	384	362	-22	-6%	Yes	550	658	Large	Provides document management services
4	Fordham - Marymount College	Tarrytown	Westchester	Con Ed	400	187	50	-137	-73%	Yes *	400	125	NFP	Independent liberal arts college
5	Kingsbrook Jewish Medical Center	Brooklyn	Kings	Con Ed	1,200	1,910	1,837	-73	-4%	Yes	1,200	1,531	NFP	Medical and Research Institution
6	Lincoln Center for the Performing Arts	New York	New York	Con Ed	3,000	4,035	4,131	96	2%	Yes	3,000	1,377	NFP	Performing Arts Center
7	Liz Claiborne, Inc.	New York	New York	Con Ed	1,500	996	1,019	23	2%	Yes	1,500	679	Large	Clothing and Accessories Manufacturer.
8	Long Island Jewish Medical Center	Manhasset	Nassau	Con Ed	2,000	6,508	6,415	-93	-1%	Yes	2,000	3,208	NFP	Healthcare Center
9	Memorial Sloan-Kettering Cancer Center	New York	New York	Con Ed	5,000	9,840	9,756	-84	-1%	Yes	5,000	1,951	NFP	Medical Center
10	New York University	New York	New York	Con Ed	1,700	9,534	11,660	2126	22%	Yes	1,700	6,859	NFP	Higher Education
11	Norampac New York City, Inc.	Maspeth	Queens	Con Ed	600	204	181	-23	-11%	Yes *	600	302	Large	Corrugated paper packaging and displays
12	North General Hospital	New York	New York	Con Ed	400	1,235	1,150	-85	-7%	Yes	400	2,875	NFP	Hospital
13	Pepsi Cola Bottling Company	College Point	Queens	Con Ed	2,200	1,015	1,003	-12	-1%	Yes	2,200	456	Large	Manufacturer & distributes of soft drinks
14	S. R. Guggenheim Museum	New York	New York	Con Ed	<u>475</u>	<u>418</u>	<u>298</u>	-120	-29%	Yes *	<u>475</u>	627	NFP	Art Museum
	Total Con Ed		Subtotal	14	19,605	37,106	38,622				19,605			
15	American Technical Ceramics	Huntington Station	Suffolk	LIPA	200	386	289	-97	-25%	Yes *	200	1,445	Small	Ceramic Capacitors
16	Ametek Hughes-Treitler	Garden City	Nassau	LIPA	500	164	161	-3	-2%	Yes	500	322	Large	Manufacturer of heat exchangers
17	B.H. Aircraft Company, Inc.	Ronkonkoma	Suffolk	LIPA	400	79	68	-11	-14%	Yes *	400	170	Large	Noise suppression hardware for jet engines
18	John Hassall, Inc.	Westbury	Nassau	LIPA	450	101	96	-5	-5%	Yes	450	213	Large	Aerospace specialty metal fasteners
19	Kleer-Fax Inc.	Amityville	Suffolk	LIPA	200	130	130	0	0%	Yes	200	650	Small	Makes paper and plastic office products
20	North Shore Health System	Manhasset	Nassau	LIPA	2,600	6,513	6,537	24	0%	Yes	2,600	2,514	NFP	Medical Services
21	Silver Lake Cookie Co.	Islip	Suffolk	LIPA	400	195	196	1	1%	Yes	400	490	Large	Manufacturer of specialty cookies
22	Standard Microsystems Corp.	Hauppauge	Suffolk	LIPA	1,050	449	440	-9	-2%	Yes	1,050	419	Large	Computer circuit boards and components
23	Ultimate Precision Metal	Farmingdale	Suffolk	LIPA	<u>250</u>	<u>116</u>	<u>89</u>	-27	-23%	Yes *	<u>250</u>	356	Small	Manufactures controlled enclosures
	Total LIPA		Subtotal	9	6,050	8,133	8,006				6,050			

New York Power Authority

Power for Jobs - Extended Benefits

Recommendation for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Committed	Application	(under)	(under)	Compliance	Recommended	Jobs/MW	Type	Service	
											Allocation				
											KW				
24	Associated Brands, Inc	Medina	Orleans	Grid	1,000	303	300	-3	-1%	Yes	1,000	300	Large	Manufacturers of dry food products	
25	Bestway Enterprises	Cortland	Cortland	Grid	75	71	60	-11	-15%	Yes *	75	800	Small	Lumber Products	
26	Borg Warner Inc. (Cortland)	Cortland	Cortland	Grid	1,500	209	115	-94	-45%	Yes *	1,500	77	Large	Manufacture of automotive components	
27	Cascades Tissue Group	Waterford	Saratoga	Grid	530	204	286	82	40%	Yes	530	540	Large	Large Industrial towel manufacturer	
28	Clarkson University	Potsdam	St. Lawrence	Grid	1,500	664	681	17	3%	Yes	1,500	454	NFP	Higher education	
29	Cooper Hand Tools	Cortland	Cortland	Grid	1,330	118	103	-15	-13%	Yes *	1,330	77	Large	Metal machining and casting	
30	Cortland Line Co., Inc.	Cortland	Cortland	Grid	450	83	60	-23	-28%	Yes *	450	133	Large	Manufactures flylines & braided materials	
31	Crucible Specialty Metals	Syracuse	Onondaga	Grid	4,000	687	682	-5	-1%	Yes	4,000	171	Large	Specialty steel manufacturer.	
32	CWM Chemical Services, LLC	Model City	Niagara	Grid	330	65	75	10	15%	Yes	330	133	Small	Treatment & disposal of Industrial Waste	
33	Dielectric Laboratories, Inc.	Cazenovia	Madison	Grid	400	193	167	-26	-13%	Yes *	400	418	Large	Ceramic capacitors and ceramic packaging	
34	Diemolding Corporation	Canastota	Madison	Grid	184	201	82	-119	-59%	Yes *	184	446	Small	Thermoset plastic forming	
35	Edward John Noble Hospital	Gouverneur	St. Lawrence	Grid	100	237	230	-7	-3%	Yes	100	2,300	NFP	Healthcare center	
36	Fiber Glass Industries Inc.	Amsterdam	Montgomery	Grid	700	148	146	-2	-1%	Yes	700	209	Large	Produces high strength woven fabrics	
37	Fitzpatrick & Weller, Inc.	Ellicottville	Cattaraugus	Grid	1,000	86	81	-5	-6%	Yes	1,000	81	Large	Lumber & wood components	
38	Ford Motor Company	Buffalo	Erie	Grid	5,000	1,140	949	-191	-17%	Yes *	5,000	190	Large	Automotive components stamping	
39	Higbee Inc.	Syracuse	Onondaga	Grid	100	47	42	-5	-11%	Yes	100	420	Small	Mfr. of gaskets, and sealing products	
40	HMI Metal Powders	Clayville	Oneida	Grid	500	106	111	5	5%	Yes	500	222	Large	Specialty powders for aerospace industry	
41	Intertek Testing Services	Cortland	Cortland	Grid	600	311	353	42	14%	Yes	600	588	Large	Independent test lab	
42	Lewis County General Hospital	Lowville	Lewis	Grid	200	418	458	40	10%	Yes	200	2,290	NFP	Medical Center	
43	Luvata Buffalo, Inc	Buffalo	Erie	Grid	5,000	617	540	-77	-12%	Yes *	5,000	108	Large	Metal manufacturing	
44	Matt Brewing Company	Utica	Oneida	Grid	600	124	115	-9	-7%	Yes	600	192	Large	Brewery	
45	Meloon Foundries, Inc.	Syracuse	Onondaga	Grid	275	52	42	-10	-19%	Yes *	275	153	Small	Non-Ferrous Sand Casting Foundry	
46	Met Weld International, LLC	Altamont	Albany	Grid	100	60	64	4	7%	Yes	100	640	Small	Industrial equipment	
47	Mohawk Paper Mills	Cohoes	Albany	Grid	2,250	415	393	-22	-5%	Yes	2,250	175	Large	Manufacturer of text and cover papers	
48	PCI Paper Conversions, Inc.	Syracuse	Onondaga	Grid	400	214	222	8	4%	Yes	400	555	Large	Printed materials & adhesive manufacturing	
49	Queensboro Farm Products, Inc.	Canastota	Madison	Grid	500	80	80	0	0%	Yes	500	160	Large	Milk manufacturing and processing plant	
50	Robison & Smith, Inc.	Gloversville	Fulton	Grid	384	205	121	-84	-41%	Yes *	384	315	Small	Linens & Laundry Supply	
51	St. Joseph's Hospital Health Center	Syracuse	Onondaga	Grid	1,000	3,209	3,023	-186	-6%	Yes	1,000	3,023	NFP	Healthcare Center	
52	Standard Manufacturing Co., Inc.	Troy	Rensselaer	Grid	15	32	50	18	56%	Yes	15	3,333	Small	Apparel	
53	Syracuse Casting Sales Corp.	Cicero	Onondaga	Grid	300	107	98	-9	-8%	Yes	300	327	Small	Products for access to subterranean vaults	
54	Syracuse Label Co., Inc.	Liverpool	Onondaga	Grid	200	88	85	-3	-3%	Yes	200	425	Small	Printing labels for consumer & industrial use	
55	Syracuse Plastics, Inc.	Liverpool	Onondaga	Grid	400	42	43	1	2%	Yes	400	108	Large	Maker of plastic parts and components	
56	Vicks Lithograph & Printing	Yorkville	Oneida	Grid	750	112	100	-12	-11%	Yes	750	133	Large	Book printer and distributor	
Total National Grid			Subtotal	33	31,673	10,648	9,957				31,673				

Power for Jobs - Extended Benefits

Recommendation for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Committed	Application	(under)	(under)	Compliance	Recommended	Jobs/MW	Type	Service	
											Allocation				
											KW				
57	A. T. Reynolds & Sons, Inc.	Kiamesha Lake	Sullivan	NYSEG	250	54	35	-19	-35%	Yes *	250	140	Small	Spring water and Ice Mfr.	
58	Borg Warner Inc. (Ithaca)	Ithaca	Tompkins	NYSEG	4,000	1,265	814	-451	-36%	Yes *	4,000	204	Large	Manufacture of automotive components	
59	Corning, Inc. (Big Flats)	Big Flats	Chemung	NYSEG	500	142	128	-14	-10%	Yes	500	256	Large	Optical fiber, glass and ceramic products	
60	Corning, Inc. (SCC & IDM)	Corning	Steuben	NYSEG	500	178	176	-2	-1%	Yes	500	352	Large	Optical fiber, glass and ceramic products	
61	Merritt Machinery, LLC	Lockport	Niagara	NYSEG	75	9	7	-2	-22%	Yes *	75	93	Small	Machinery for hardwoods & veneers	
62	Endicott Interconnect Technologies	Endicott	Broome	NYSEG	3,500	4,172	3,909	-263	-6%	Yes	3,500	1,117	Large	Advanced electronic packaging solutions	
63	Vail Ballou Press, Inc.	Binghamton	Broome	NYSEG	1,800	399	321	-78	-20%	Yes *	1,800	178	Large	Book printer and distributor	
Total NYSEG			Subtotal	7	10,625	6,219	5,390				10,625				
64	IBM - Sterling Forest	Sterling Forest	Orange	O&R	700	503	409	-94	-19%	Yes *	700	584	Large	Information technology products & services	
Total O & R			Subtotal	1	700	503	409				700				
65	Flower City Printing, Inc.	Rochester	Monroe	RG&E	650	306	302	-4	-1%	Yes	650	465	Large	Commercial printer	
66	IBM - Rochester	Rochester	Monroe	RG&E	1,150	592	584	-8	-1%	Yes	1,150	508	Large	Information technology products & services	
Total RG&E			Subtotal	2	1,800	898	886				1,800				

Total	66	70,453	63,507	63,270
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70,453

* Company had all or part of their allocation restored through the reconsideration process, or will not have this month's rebate benefits reduced based on program policy and procedures.

New York Power Authority
Power for Jobs - Extended Benefits

Recommendation for Restitution Payments

Line	File	Company	City	County	IOU	KW	Type	Restitution Period		Program Status	Restitution Payments	Service
								Time Frame	Months			
1	2	3M	Tonawanda	Erie	Grid	2,000	Large	Jan '06 - Jun 08	30-months	Rebate	\$168,131	Cellulose sponges

National Grid Subtotal						2,000					\$168,131	
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2	375	Kennedy Valve	Elmira	Chemung	NYSEG	3,000	Large	Jan '06 - Augt. 08	32-months	Rebate	\$685,610	Manufacturer of fire hydrants and assorted valves for industrial applications
3	771	MeadWestvaco Corporation	Sidney	Delaware	NYSEG	2,500	Large	Jan '06 - Nov 08	35-months	Rebate	\$549,763	Office paper products
4	916	Therm Inc.	Ithaca	Ithaca	NYSEG	900	Large	Jan '06 - Jun 08	30-months	Rebate	\$20,647	Mfr. Jet engine turbine airfoils
5	824	Ever Fab, Inc.	East Aurora	East Aurora	NYSEG	150	Small	Jan '06 - Jun 08	30-months	Rebate	\$1,329	Manufactures & designs precision components and precision assemblies
6	126	Caron Fine Wood Products, Inc.	Champlain	Clinton	NYSEG	15	Small	Jan '06 - Jun 08	30-months	Rebate	\$1,564	Supplier of kiln drying for lumber, hardwood & softwood
7	212	Diversified Controls & Systems, Inc.	East Aurora	East Aurora	NYSEG	25	Small	Jan '06 - Jun 08	30-months	Rebate	\$1,387	Customized electrical & pneumatic process controls
8	758	Refractron Technologies Corp.	Newark	Wayne	NYSEG	110	Small	Jan '06-Jun '07	18-Months	Exited	\$5,549	Ceramic diffusers & ceramic filters
9	186	Currier Plastics, Inc.	Auburn	Cayuga	NYSEG	300	Small	Jan '06 - Jun 08	30-months	Rebate	\$56,532	Manufactures plastic products
10	805	C&H Plastics	Waterville	Oneida	NYSEG	100	Small	Jan '06 - Nov 08	35-months	Rebate	\$9,119	Injection molding operation
11	604	Sealing Devices, Inc.	Lancaster	Erie	NYSEG	150	Small	Jan '06 - Jun 08	30-months	Rebate	\$2,824	Manufacturer of die cut gaskets and a distributor of seals and sealing material
12	238	Elrae Industries	Alden	Erie	NYSEG	235	Small	Jan '06 - Jun 08	30-months	Exited	\$5,082	Contracts metal stamper

NYSEG Subtotal						7,485					\$1,339,406	
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Grand Total						9,485					1,507,537	
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**New York Power Authority
Power for Jobs - Extended Benefits
Restitution Savings - No Payment Required**

Line	File	Company	City	County	IOU	KW	Type	Restitution Period		Program Status	PFJ Savings	Service	Issued Savings Letter
								Time Frame	Months				
1	743	Albany International Corp.	Rensselaer	Rensselaer	Grid	1,200	Large	Jan '06 - Jun 08	30-months	Rebate	\$82,254	Production of paper machine clothing and engineered woven textile used in the production of paper products	September 30, 2009
2	48	Anoplate Corp.	Syracuse	Onondaga	Grid	450	Large	Jan '06 - Jun 08	30-months	Rebate	\$94,786	Metal Finishing	September 30, 2009
3	848	Bestway Enterprises	Cortland	Cortland	Grid	75	Small	Jan '06 - Jun 08	30-months	Rebate	\$8,211	Lumber Products	October 30, 2009
4	16	Birds Eye Foods, Inc.	Fulton	Oswego	Grid	1,500	Large	Jan '06 - Jun 08	30-months	Rebate	\$176,990	Food processing and marketing company	September 30, 2009
5	158	Climax Manufacturing Co.	Carthage	Jefferson	Grid	1,500	Large	Jan '06 - Jun 08	30-months	Rebate	\$74,647	Paperboard mills	September 30, 2009
6	211	Distributor Data Forms, Inc.	Cortland	Cortland	Grid	50	Small	Jan '06 - Jun 08	30-months	Rebate	\$1,791	commercial printer	September 30, 2009
7	222	Dupli Envelope and Graphics Corp.	Syracuse	Onondaga	Grid	200	Small	Jan '06 - Jun 08	30-months	Rebate	\$72,959	Quality envelope printing	September 30, 2009
8	229	Eastman Machine Company	Buffalo	Erie	Grid	300	Small	Jan '06 - Jun 08	30-months	Rebate	\$9,223	Manufacturer of Industrial Textile cutting and spreading equipment	September 30, 2009
9	377	Keystone Corporation	Buffalo	Erie	Grid	300	Small	Jan '06 - Jun 08	30-months	Rebate	\$15,415	Fabricated metal products	September 30, 2009
10	405	LB Furniture Industries, LLC	Hudson	Columbia	Grid	500	Large	Jan '06 - Jun 08	30-months	Exited	\$43,839	Mfr of restaurant seating	September 30, 2009
11	400	Levonian Brothers, Inc.	Troy	Rensselaer	Grid	200	Small	Jan '06 - Jun 08	30-months	Exited	\$12,974	Meat distributors as well as a manufacturer of meat products	September 30, 2009
12	419	Manth-Brownell, Inc.	Kirkville	Madison	Grid	700	Large	Jan '06 - Jun 08	30-months	Rebate	\$146,819	Produces precision-turned machined parts for a variety of industries	October 30, 2009
13	861	Met Weld Inc.	Altamont	Albany	Grid	100	Small	Jan '06 - Jun 08	30-months	Rebate	\$14,789	Industrial equipment	October 30, 2009
14	533	Paul Bunyan Products, Inc.	Preble	Cortland	Grid	150	Small	Jan '06 - Jun 08	30-months	Rebate	\$21,189	Manufacturer of hardwood lumber components and pallets	October 30, 2009
15	580	Rich Plan Food Service, Inc.	Clark Mills	Oneida	Grid	25	Small	Jan '06 - Jun 08	30-months	Rebate	\$919	Meat processing & frozen food storage	September 30, 2009
16	589	Rome Specialty Company, Inc.	Rome	Oneida	Grid	135	Small	Jan '06 - Jun 08	30-months	Rebate	\$2,611	Manufacturer of fishing tackle	October 30, 2009
17	600	Schenectady International, Inc.	Schenectady	Schenectady	Grid	1,500	Large	Jan '06 - Jun 08	30-months	Rebate	\$201,794	Produces & sells electrical insulating varnishes	September 30, 2009
18	332	HMI Metals	Clayville	Oneida	Grid	500	Large	Jan '06 - Oct 08	34-months	Rebate	\$731,571	Manufactures specialty powders for aerospace industry.	November 30, 2009
19	435	Meloon Foundries, Inc.	Syracuse	Onondaga	Grid	275	Small	Jan '06 - Jun 08	30-months	Rebate	\$85,474	Non-Ferrous Sand Casting Foundry	November 30, 2009

National Grid Subtotal					9,660						\$1,798,255		
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20	913	Schweizer Aircraft Corp.	Horseheads	Chemung	NYSEG	700	Large	Jan '06 - Jun 08	30-months	Rebate	\$7,944	Producer of aircraft and subcontractor for airframe parts and assemblies	November 30, 2009
21	237	Elmira College	Elmira	Chemung	NYSEG	850	Large	Jan '06 - Jun 08	30-months	Exited	\$5,995	Educational Institution	November 30, 2009

NYSEG Subtotal					1,550						\$13,939		
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Grand Total					11,210						\$1,812,194		
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c. Request to Approve Extensions to the Terms of Service for 51 Hydropower Allocations

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve extensions to the terms of service for 10 Replacement Power (‘RP’) allocations totaling 8,780 kW and 41 Expansion Power (‘EP’) allocations totaling 69,750 kW, as listed in ‘1c-A.’ These allocations, to 42 customers, would be extended from their various current expiration dates until January 1, 2013 in the case of RP allocations, and July 1, 2013 for the EP allocations.

BACKGROUND

“Under Section 1005(13) of the Power Authority Act, the Authority may contract to allocate or reallocate directly, or by sale for resale, 250 MW of firm hydroelectric power as EP and up to 445 MW of RP to businesses in the State located within 30 miles of the Niagara Power Project, provided that the amount of EP power allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

“On December 13, 2005, in keeping with the extension of the RP program beyond December 31, 2005 authorized by Chapter 313 of the Laws of 2005, the Trustees approved an extension until January 1, 2013, for all RP allocations in effect on or before July 26, 2005, the date Chapter 313 was enacted. The Power Authority Act contained no expiration date for the EP program, but existing delivery arrangements for EP with National Grid and New York State Electric and Gas Corporation, the two upstate electric utilities whose service territories contain Authority’s EP customers, are in effect until July 1, 2013.

DISCUSSION

“In early 2009, Authority staff began a project to evaluate all existing RP and EP allocations with the intent of offering customers extended terms of service beyond their current expiration dates, if warranted, based on the evaluation and ultimate approval by the Trustees. Many Western New York companies that rely on low-cost hydropower to remain competitive have requested longer-term contracts to provide more certainty in their electricity costs. Additionally, many RP and EP customers require a longer planning horizon for new capital investment because their capital projects and investment decisions are evaluated beyond the remaining terms of these allocations.

“The vast majority of these allocations expire on January 1, 2013, in the case of RP, and July 1, 2013, in the case of EP. The ongoing evaluation, expected to culminate at the end of 2009, will help determine which allocations and what terms of service will be recommended for qualified allocations beyond their 2013 expiration dates.

“During the evaluation, 51 of the qualified allocations were identified as having expiration dates prior to January 1, 2013, in the case of RP, and July 1, 2013, in the case of EP. The Trustees are being asked to approve extending the terms of service of these 51 allocations to provide ‘bridge’ extensions that their contract expiration dates will be align with the majority of RP and EP allocations expiring on the dates indicated above.

“The total jobs commitment for these contracts is 11,366 jobs in exchange for 78,530 kW of hydropower, a job ratio of 145 jobs per MW. In exchange for such bridge contract extensions, the companies will commit to the same job levels, as well as the power usage requirements of their current contracts.

“The Trustees have similarly extended RP and EP allocations in the past, most recently in May 2009, when 13 EP contracts that were set to expire this year were extended to July 1, 2013.

“In summary, the 51 allocation contract extensions, as detailed in Exhibit ‘1c-A,’ will help these customers maintain costs, remain competitive and retain jobs in Western New York in the short term. The extensions will also

provide the bridge to align these allocations with the majority of RP and EP allocations, setting the stage for the potential longer-term offering currently being evaluated.

“This request was reviewed in accordance with the applicable criteria set forth in Part 460 of the Authority’s Rules and Regulations governing the Allocation of Industrial Power (21 NYCRR Part 460 (1988)).

RECOMMENDATION

“The Manager – Business Power Allocations and Compliance recommends that the Trustees approve extensions to the terms of service for 10 allocations of Replacement Power totaling 8,780 kW and 41 allocations of Expansion Power totaling 69,750 kW to the 42 companies listed in Exhibit ‘1c-A.’

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Senior Vice President – 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 the extension of contracts for 8,780 kW of Replacement Power and 69,750 kW of Expansion Power, as detailed in Exhibit “1c-A,” which is hereby approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Senior Vice President – Marketing and Economic Development, or his 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 and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice 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 and General Counsel.

New York Power Authority
Replacement and Expansion Power
Recommendations for Contract Extensions

Line	Company	City	County	Program	IOU	KW Allocation	Total Jobs	Current Contract Expires	Extended to
1	APP Pharmaceuticals, LLC*	Grand Island	Niagara	RP	N. Grid	1,000	481	9/30/10	12/31/12
2	APP Pharmaceuticals, LLC	Grand Island	Niagara	RP	N. Grid	1,000	506	10/31/10	12/31/12
3	Flexo Transparent, Inc.	Buffalo	Erie	RP	N. Grid	380	100	12/31/11	12/31/12
4	FMC Corporation - Active Oxidants Division	Tonawanda	Erie	RP	N. Grid	2,500	161	5/31/12	12/31/12
5	Goodyear Dunlop Tires N. America Ltd.	Tonawanda	Erie	RP	N. Grid	800	1,449	5/31/11	12/31/12
6	R.A. Miller Hardwood	North Tonawanda	Niagara	RP	N. Grid	100	53	8/31/12	12/31/12
7	Saint Gobain - Ceramics and Plastics	Niagara Falls	Niagara	RP	N. Grid	1,100	69	5/31/12	12/31/12
8	Sorrento Lactalis, Inc.	Buffalo	Erie	RP	N. Grid	1,500	500	1/31/11	12/31/12
9	Sotek/ Belrix Industries Inc.	Buffalo	Erie	RP	N. Grid	100	53	12/31/11	12/31/12
10	Washington Mills Tonawanda, Inc	Tonawanda	Erie	RP	N. Grid	300	70	12/31/11	12/31/12
	Total RP				10	8,780	2,961		
11	3M	Tonawanda	Erie	EP	N. Grid	500	330	10/31/12	6/30/13
12	Allegheny Technologies Inc.	Lockport	Niagara	EP	NYSEG	200	46	12/31/10	6/30/13
13	American Axle & Manufacturing, Inc.	Cheektowaga	Erie	EP	NYSEG	650	60	5/31/12	6/30/13
14	Bernzomatic	Medina	Orleans	EP	N. Grid	750	247	12/31/11	6/30/13
15	Brunner, Inc.	Medina	Orleans	EP	N. Grid	1,500	160	2/28/13	6/30/13
16	Brunner, Inc.*	Medina	Orleans	EP	N. Grid	300	160	5/31/13	6/30/13
17	Buffalo Newspress Inc.	Buffalo	Erie	EP	N. Grid	200	149	2/28/10	6/30/13
18	C+S Wholesale Grocers, Inc.	Cheektowaga	Erie	EP	N. Grid	300	50	10/31/12	6/30/13
19	Caplugs, LLC	Buffalo	Erie	EP	N. Grid	250	310	5/30/10	6/30/13
20	CertainTeed Corp.	Buffalo	Erie	EP	N. Grid	3,100	178	1/31/10	6/30/13
21	Coyne Textile Services	Buffalo	Erie	EP	N. Grid	350	93	8/31/10	6/30/13
22	Delphi Automotive Systems	Lockport	Niagara	EP	NYSEG	10,000	NA	3/31/11	6/30/13
23	Delphi Automotive Systems	Lockport	Niagara	EP	NYSEG	500	950	10/31/12	6/30/13
24	DKP Buffalo, LLC	Buffalo	Erie	EP	N. Grid	750	57	5/31/11	6/30/13
25	Dunkirk Specialty Steel, Inc.	Dunkirk	Chautauqua	EP	N. Grid	5,800	180	10/31/12	6/30/13
26	Fairbank Farms, Inc.	Ashville	Chautauqua	EP	N. Grid	700	100	10/31/12	6/30/13
27	Ford Motor Company	Buffalo	Erie	EP	N. Grid	2,900	950	5/31/13	6/30/13
28	Ford Motor Company*	Buffalo	Erie	EP	N. Grid	4,300	950	5/31/13	6/30/13

New York Power Authority
Replacement and Expansion Power
Recommendations for Contract Extensions

Line	Company	City	County	Program	IOU	KW Allocation	Total Jobs	Current Contract Expires	Extended to
29	General Motors Corporation	Buffalo	Erie	EP	N. Grid	13,800	500	1/31/13	6/30/13
30	General Motors Corporation*	Buffalo	Erie	EP	N. Grid	800	500	3/31/13	6/30/13
31	Global Abrasives Products	Lockport	Niagara	EP	NYSEG	150	25	3/30/11	6/30/13
32	Greatbatch, Inc	Clarence	Erie	EP	NYSEG	1,500	368	5/31/10	6/30/13
33	Hydro-Air Components, Inc.	Hamburg	Erie	EP	N. Grid	250	55	12/31/12	6/30/13
34	International Imaging Materials, Inc.	Amherst	Erie	EP	N. Grid	1,000	499	3/31/11	6/30/13
35	International Imaging Materials, Inc.*	Amherst	Erie	EP	N. Grid	1,250	336	10/31/12	6/30/13
36	Malyn Industrial Ceramics, Inc.	Clarence	Erie	EP	NYSEG	150	30	9/30/12	6/30/13
37	Mayer Brothers Apple Products	West Seneca	Erie	EP	NYSEG	200	113	8/31/12	6/30/13
38	Nestle Purina PetCare Co.	Dunkirk	Chautauqua	EP	N. Grid	500	284	4/30/13	6/30/13
39	Republic Technologies International	Blasdell	Erie	EP	N. Grid	7,400	276	10/31/10	6/30/13
40	Rosina Food Products, Inc.	West Seneca	Erie	EP	NYSEG	200	171	10/31/12	6/30/13
41	Rosina Food Products, Inc.	Buffalo	Erie	EP	NYSEG	200	270	10/31/12	6/30/13
42	RubberForm Recycled Products	Lockport	Niagara	EP	NYSEG	500	30	12/31/11	6/30/13
43	Servotronics, Inc.	Elma	Erie	EP	NYSEG	500	145	6/30/10	6/30/13
44	Special Metals Corporation	Dunkirk	Chautauqua	EP	N. Grid	1,000	81	10/31/12	6/30/13
45	Steuben Foods Corporation	Elma	Erie	EP	NYSEG	3,000	500	8/31/11	6/30/13
46	The Carriage House Companies	Fredonia	Chautauqua	EP	N. Grid	750	440	10/31/12	6/30/13
47	Tulip Corporation	Niagara Falls	Niagara	EP	N. Grid	300	122	10/31/12	6/30/13
48	Upstate Niagara Cooperative, Inc.	West Seneca	Erie	EP	NYSEG	1,000	134	6/30/12	6/30/13
49	Zemco Industries, dba Tyson Retail Deli	Buffalo	Erie	EP	N. Grid	500	502	12/31/12	6/30/13
50	Zemco Industries, dba Tyson Retail Deli*	Buffalo	Erie	EP	N. Grid	750	275	12/31/12	6/30/13
51	Zemco Industries, dba Tyson Retail Deli*	Buffalo	Erie	EP	N. Grid	1,000	170	12/31/12	6/30/13
	Total EP				42	69,750	8,405		

Total	52	78,530	11,366
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* Job numbers not included in total to avoid double counting of jobs at same location.

d. Transfer 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 20 existing customers that have either changed their names for various business reasons and/or moved the location of their business or sought to redistribute an existing allocation to another existing customer or facility.

BACKGROUND

“Eight 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/or ownership. Ten companies have requested to transfer their allocations to other facilities. Two allocations that were returned by former customers are requested to be transferred to two current customers by the Municipal Distribution Agency (‘MDA’) within whose territory they are located. The reasons for such transfers are described below.

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

DISCUSSION

“The proposed transferees are as follows:

A. T. Reynolds & Sons, Inc. (‘A. T. Reynolds’), in Kiamesha Lake, Sullivan County, in business for 125 years, produces high-end private-label bottled spring water at this plant. **Boreal Water Collection, Inc.** acquired A. T. Reynolds’ assets in April 2009 in U. S. Bankruptcy Court. The company will honor all of the terms and commitments of its 250 kW Power for Jobs (‘PFJ’) Extended Benefits contract for rebate from the Authority.

AccuMED Technologies, Inc. (‘AccuMED’), in Buffalo, Erie County, is a high-tech custom fabrics manufacturer for medical, safety, sportswear and military applications. The Trustees extended the company’s 100 kW PFJ allocation through May 15, 2010. AccuMED is consolidating its operations from facilities at 150 Bud-Mil Road and 160 Bud-Mil Road to just 160 Bud-Mil Road. The company will honor all terms and commitments of its contract with the Authority.

American Indian Community House, Inc. (‘AICH’), in New York, New York County, is the only Indian-owned/operated Native American art and performing arts venue in New York City. AICH moved from 708 Broadway to 11 Broadway in Manhattan and requests that its PFJ rebate benefit be transferred to the new location. AICH will continue to honor all of the terms and commitments of its 35 kW PFJ Extended Benefits contract.

Chloe Foods Corporation (‘Chloe’), in Brooklyn, Kings County, manufactures nearly a thousand different food products from raw material handling, cooking, preparation and packaging to distribution. The Trustees extended the company’s 800 kW PFJ allocation through May 15, 2010. In May 2009, **Blue Ridge Foods LLC** acquired the assets and limited liability of Chloe. The company will honor all terms and commitments of its contract with the Authority.

Cold Spring Harbor Laboratory (‘CSHL’), in Cold Spring Harbor, Nassau County, is a world-leading laboratory in the fields of molecular biology and genetics. The Authority sells Municipal Distribution Agency (‘MDA’) power to the Nassau County Public Utility Agency (‘NCPUA’) for resale to customers and CSHL received a 1,200 kW allocation of MDA power. The NCPUA recently requested that the Authority approve allocating 1,000 kW of NCPUA’s unallocated block to CSHL, for a total of 2,200 kW of MDA power. CSHL would commit to an additional 100 jobs above its current commitment of 863 jobs, if it receives this allocation increase. The Laboratory will continue to honor all terms and commitments of its contracts.

CWR Manufacturing Corporation ('CWR'), in East Syracuse, Onondaga County, manufactures custom cold formed fasteners. The owners seamlessly closed the company and the same owners less some shareholders formed **CWR Manufacturing of CNY, LLC**, which conducts the exact same business in the same location with the same equipment. CWR will honor the general terms and conditions of its 130 kW PFJ contract.

Delphi Automotive Systems, LLC ('Delphi'), in Lockport, Niagara County, manufactures radiators, condensers and heaters. Delphi has five Authority allocations: 14.3 MW of Expansion Power ('EP'), 10 MW of EP, 500 kW of EP, 1 MW of Replacement Power ('RP') and 150 kW of PFJ rebate. On October 5, 2009, Delphi was sold to a General Motors Company affiliate, **General Motors Components Holdings LLC**, through U. S. Bankruptcy Court. The company will continue to honor all of the terms and commitments of its contracts with the Authority.

Empire Merchants LLC ('Empire'), in Astoria, Queens County, is a wholesale distributor of wine and spirits. Empire consolidated its sorting system into its Brooklyn distribution facility and requests a transfer of 250 kW of its PFJ allocation from the Astoria facility to the Brooklyn facility, with 500 kW remaining in Astoria. The company will continue to honor all of the terms and commitments of its 750 kW PFJ Extended Benefits contract for rebate.

Endicott Interconnect Technologies, Inc. ('EIT'), in Endicott, Broome County, produces microelectronics panels and boards, and develops data processing equipment such as banking systems. EIT requests a PFJ benefit transfer of 350 kW from its Robble Avenue location to its Clark Street location, another part of the same facility, in order to apply the benefit according to its current manufacturing needs. EIT will continue to honor all terms and conditions of its 3.5 MW PFJ Extended Benefits contract for rebate.

Enidine, Inc. ('Enidine'), in Orchard Park, Erie County, designs and manufactures shock absorption and vibration isolation devices for aerospace and industrial applications. Enidine was awarded a 200 kW EP allocation in May 2007. Following ITT Corporation's acquisition of Enidine's assets and liabilities, the company is now named **ITT Enidine, Inc.** The company will continue to honor all of its commitments with the Authority.

NAMIC/VA Inc., ('NAMIC'), in Glens Falls, Warren County, designs, manufactures and markets single-patient-use medical products, primarily for diagnosing and treating atherosclerotic cardiovascular disease. The Trustees extended the company's 650 kW PFJ allocation through May 15, 2010. Recently, NAMIC changed its name to **Navilyst Medical Inc.**, with no change in ownership. The company will continue to honor all terms and commitments of its contract with the Authority.

New York Presbyterian Hospital ('NYPH'), in New York, New York County, with more than 2,900 beds in its facilities, provides primary care services and specialties, including AIDS care, burn center, cancer care, cardiac care, children's health, gene therapy, reproductive medicine, trauma center and women's health. The hospital requests that its entire 5 MW PFJ allocation benefit be transferred from its 525 E. 68th Street facility to its 622 W. 168th Street facility. NYPH will honor all terms and commitments of its PFJ Extended Benefits for rebate contract.

New York University ('NYU'), in New York, New York County, is a private, non-profit higher education corporation that is one of the largest private institutions of higher education with undergraduate and graduate studies in the U. S. The university's new cogeneration plant will power two of the four locations that receive PFJ Extended Benefits for rebate – 35 W. 3rd Street and 40 Washington Square. NYU requests that two similar locations on its campus replace those locations to receive the PFJ benefits – 75 3rd Avenue and 140 E. 14th Street. NYU will honor all terms and commitments of its 1.7 MW PFJ Extended Benefits for rebate contract.

Niagara Falls Water Board ('NFWB') in Niagara Falls, Niagara County, a public benefit corporation, owns and operates the water and wastewater treatment plants located in Niagara Falls. NFWB has both a 2,000 kW and a 1,644 kW RP allocation. NFWB requests a transfer of 619 kW, with 225 kW from the 2 MW allocation and 394 kW from the 1,644 kW allocation currently serving the water treatment and waste water treatment plants, respectively, to the Gorge Pumping Station owned by the corporation, located at 920 Whirlpool Avenue in Niagara Falls. There will be no change in plant operations. NFWB will continue to honor all contract terms and conditions.

Noble Metal Processing – New York, Inc. ('Noble'), in Tonawanda, Erie County, provides laser-welded blanks to automotive original equipment manufacturers. Noble was awarded a 250 kW RP allocation in May 2007. **DLWB, LLC** purchased all of Noble's assets and liabilities and will honor all Authority contract terms and conditions.

PCB Now-Tech Inc. ('Now-Tech'), in Lackawanna, Erie County, manufactures machined components for the aerospace industry and defense industry. Now-Tech has a 250 kW RP allocation. The company changed its name to **PCB Machining Solutions Inc.**, with no change in ownership. The company will continue to honor all terms and commitments of its contract with the Authority.

Pepsi Cola Bottling Company of New York ('Pepsi'), with locations in Queens, Brooklyn and the Bronx, opened a new distribution center in the Bronx as part of a major investment to remain competitive in New York. Two facilities in the Bronx and two facilities in Brooklyn were closed due to the new distribution center. Pepsi requests that its PFJ Extended Benefit for rebate be transferred from the closed facilities to the new distribution center. The company will continue to honor all terms and commitments of its 2.2 MW PFJ Extended Benefits contract for rebate.

Plascal Corporation ('Plascal'), in Farmingdale, Suffolk County, is a family-owned business that manufactures vinyl sheeting for numerous industrial and commercial uses. The Authority sells MDA power to the Suffolk County Electrical Agency ('SCEA') for resale to customers and Plascal received an allocation of MDA power. The SCEA voted in January to terminate Plascal's allocation due to a breach of contract for non-payment. The SCEA recently requested that the Authority transfer 300 kW of the newly unassigned 600 kW from Plascal to an existing customer, **Air Industries Machining Corporation** ('Air Industries'). Air Industries manufactures aircraft structural parts and assemblies for the commercial and defense aerospace industry. Air Industries will commit to maintaining its current level of employment at its Bayshore and Hauppauge locations and will continue to honor all terms and commitments of its contracts.

Sleepy's LLC ('Sleepy's'), in Bethpage, Nassau County, is the country's largest specialty mattress retailer. The Trustees extended the company's 300 kW PFJ allocation through May 15, 2010. Sleepy's recently moved its corporate headquarters and Bethpage distribution center to Hicksville and requests that the allocation be transferred to the new corporate headquarters and distribution center. The company will continue to honor all terms and commitments of its contract with the Authority.

Verizon Communications, Inc. ('Verizon'), in New York, New York County, is one of the largest telecommunications companies in the nation. Verizon moved out of its 375 Pearl Street location and moved the 1,456 employees located there to various central office buildings in Manhattan that handle switching, administrative and network services. The company has a 5 MW PFJ rebate benefit and requests 2.5 MW be transferred to 240 E. 36th Street, 1.25 MW be transferred to 230 W. 36th Street, both in Manhattan and 1.25 MW be transferred to 111 Main Street in White Plains. Verizon will honor all terms and commitments of its PFJ Extended Benefits contract.

RECOMMENDATION

"The Manager – Business Power Allocations and Compliance recommends that the Trustees approve the transfer of power allocations for eight existing customers that have changed their names or transferred their allocations for various business reasons, approve the transfer of 10 customers' existing allocations to other existing facilities and approve the transfer of 2 unallocated blocks of power returned from former customers to 2 existing customers, while maintaining the current business operation and committing to the terms of the contracts.

"The Chief Operating Officer, the Executive Vice President and General Counsel, the Senior Vice President – 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 Authority hereby authorizes the transfers of 20 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 Vice 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, 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 and General Counsel.

e. Extension of Niagara Frontier Transportation Authority Contracts

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve the extension of the sale of 1,000 kW of hydropower to the Niagara Frontier Transportation Authority (“NFTA”) for its light rail system and 2,300 kW of hydropower to NFTA to provide power to the Niagara Falls Air Base (“NFAB”). The proposed letter agreement is attached as Exhibit “1e-A.”

BACKGROUND

The Authority is currently selling up to 1,000 kW of hydropower to NFTA under a contract signed in 1990 that expired in 1994 and is renewed on a month-to-month basis. This power is used for NFTA’s light rail system. In 2004, the Authority began selling up to 2,300 kW of hydropower to NFTA to provide power to the NFAB as part of the Governor’s Task Force on Military Bases in New York State’s effort to preserve the base.

The NFAB plays a critical role in the defense of the nation while also making important contributions as one of the largest employers in Niagara County. The base is home to the 914th Airlift Wing of the United States Air Force and the 107th Air Refueling Wing of the New York Air National Guard. By helping to maintain low energy costs, the Authority can support vital military missions and help protect jobs in New York State from potential cutbacks or base closures. Due in part to the Authority’s sale of hydroelectric power to it, the NFAB was removed from the U. S. Department of Defense 2005 round of targeted base closures.

This extension agreement provides for continuation of both services to December 31, 2014 and thereafter for successive five-year terms, unless cancelled by either party on 90 days’ notice.

DISCUSSION

The Authority currently has a contract with NFTA for 1,000 kW of hydropower that serves the light rail system in the region. The contract allows for the sale of additional power on terms and conditions that are mutually agreeable to the Authority and NFTA.

New York State Public Authority Law §1005, relating to the power and duties of the Authority, states: “The authority is further authorized, to the extent it deems it necessary or desirable, to provide power and energy, as it may determine it to be available, for the use by the Niagara Frontier Transportation Authority or its subsidiary corporation.” Thus, the sale of power for the benefit of the NFAB can be accomplished through agreement with NFTA, which owns Niagara Falls International Airport (at which the base is located) and operates the facility under a joint agreement with the military. This extension is a housekeeping item to make the two contracts coterminous to assist in the their administration.

FISCAL INFORMATION

NFTA and the NFAB will continue to pay all applicable monthly rates and charges as detailed by the Authority in Service Tariff No. 37.

RECOMMENDATION

The Manager – Contract Administration recommends that the Niagara Frontier Transportation Authority contracts be extended as described herein and the terms of service for the sale of power to the Niagara Frontier Transportation Authority be modified in accordance with the foregoing.

The Executive Vice President and General Counsel, the Executive Vice President – Energy Marketing and Corporate Affairs, the Senior Vice President – Marketing and Economic Development and I concur in the recommendation.

The following resolution, as recommended by the President and Chief Executive Office, was unanimously adopted.

RESOLVED, That the Authority approve the form of the proposed letter agreement for sale of hydroelectric power and energy between the Authority and the Niagara Frontier Transportation Authority, which was submitted to this meeting, and that the Authority believes such contract to be in the public interest; and be it further

RESOLVED, That New York State Public Authority Law §1005, which relates to the powers and duties of the New York Power Authority, states: “The authority is further authorized, to the extent it deems it necessary or desirable, to provide power and energy, as it may determine it to be available, for the use by the Niagara Frontier Transportation Authority or its subsidiary corporation”; and be it further

RESOLVED, That the Niagara Falls Air Base, located at facilities owned by the Niagara Frontier Transportation Authority, plays a critical role in the defense of the nation while also making important contributions to the State’s economy; and be it further

RESOLVED, That the Governor’s Task Force on Military Bases in New York State previously identified the power issues at Niagara Falls Air Base as a priority action item essential to the competitiveness of the base in the Base Realignment and Closure (“BRAC”) process, and be it further

RESOLVED, That the Senior Vice President – Marketing and Economic Development or his designee be, and hereby is, authorized to negotiate and execute, on behalf of the Authority with the Niagara Frontier Transportation Authority and delivery agents, agreements to provide power in support of the Niagara Falls Transportation Authority and the Niagara Falls Air Base as set forth in the foregoing, subject to the approval of the form thereof by the Executive Vice President and General Counsel: and be it further

RESOLVED, That the Chairman, the Vice 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 and General Counsel.

The New York Power Authority ("NYPA") and the Niagara Frontier Transportation Authority ("NFTA") are parties to a February 2, 1990 agreement ("1990 Agreement") under which NYPA sells 1,000 kW of hydropower and energy to NFTA under Service Tariff No. 37 (ST-37) for use by NFTA's regional light rail system.

Under the terms of the 1990 Agreement, sales of additional amounts of power and energy may be made on terms and conditions mutually acceptable to NYPA and NFTA. The Parties agreed on January 29, 2004 ("2004 Letter Agreement") that the Authority would sell an additional 2,300 kW of firm power and energy for use at NFTA's Niagara Falls International Airport to support continued operation of the Niagara Falls Air Base ("NFAB") located at the airport.

The Parties desire to continue to provide these services, and the Authority has agreed to extend both contracts. The rates, terms and conditions for such extended service will be those applicable under ST-37 as it may change from time to time.

Delivery service to the NFAB will continue to be provided by Niagara Mohawk Power Corporation through its applicable tariffs. NFTA agrees to reimburse NYPA for all costs incurred by NYPA on NFTA's behalf in connection with the provision of electricity by NYPA to NFTA, including any charges imposed on NYPA by the New York Independent System Operator through its Open Access Transmission Tariff (or the tariff of any successor entity).

The extended term for the sale of the 1,000 kW and 2,300 kW allocations shall expire December 31, 2014, renewable for successive five-year terms upon mutual agreement of NYPA and NFTA. Pending such mutual agreement, service shall continue on a month-to-month basis until terminated by either party on 90 days notice. If the NFAB permanently reduces or terminates operations at the Niagara Falls International Airport, NFTA may reduce or terminate service with respect to the allocation used at the NFAB, upon 90 days advance written notice, provided that NFTA shall be responsible for all costs associated with such service through and including the date of termination, which costs shall be billed by NYPA to NFTA when known.

If this is acceptable to your organization, please sign in the space provided below.

AGREED:

Power Authority of the State of New York

Accepted _____ Date _____

James Pasquale
Senior Vice President - Marketing & Economic Development

Niagara Frontier Transportation Authority

Accepted _____ Date _____

Lawrence M. Meckler
Executive Director

f. Proposed Contract for Sale of Hydropower to Long Island Power Authority to Benefit Brookhaven National Laboratory – Notice of Public Hearing

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize a public hearing, pursuant to Section 1009 of the Public Authorities Law, on the proposed contract with the Long Island Power Authority (“LIPA”) for the sale of 15 MW of New York Power Authority (“NYPA”) hydropower to LIPA to be resold exclusively to the U. S. Department of Energy as owner of Brookhaven National Laboratory (“BNL” or “Brookhaven” or “the Lab”). The form of the proposed contract with LIPA, as well as the accompanying proposed Service Tariff No. 2B, is attached as Exhibit “1f-A.”

BACKGROUND

BNL has been receiving power from NYPA since 1982. The current contract provides for the sale of up to 77 MW of power and associated energy. According to BNL, the power provided by NYPA has saved the Lab more than \$247 million over the course of the contract, which has allowed new cutting-edge research projects to be developed. Such projects include the National Synchrotron Light Source, a world-class particle accelerator instrumental to developments in the nanotechnology and medical research fields, plus two other particle accelerators involved in high-energy physics research and space exploration studies, the Relativistic Heavy Ion Collider and the Alternate Gradient Synchrotron, respectively.

BNL, a major employer on Long Island, provides jobs for more than 3,000 employees and has an annual budget of \$500 million. The facility attracts scientists from all over the world, including many from New York research institutions and high-technology corporations. The Lab is an important component of New York State’s economy and is key to future technology growth and high-technology infrastructure in New York.

Based on NYPA’s commitment of 15 MW of hydropower, BNL has begun construction of a new cutting-edge synchrotron light source to be known as the National Synchrotron Light Source II (“NSLS-II”). The design and engineering for NSLS-II is currently proceeding. NSLS-II is slated to be operational by 2015 and to be staffed by several hundred new Brookhaven employees. As was previously explained to the Trustees, the research produced at Brookhaven will continue to provide substantial benefits to industries within New York State that rely on high technology.

The hydropower would come from NYPA’s St. Lawrence/FDR and Niagara Power Projects. The 15 MW of power and energy under this contract comprises 14 MW of unallocated St. Lawrence/FDR Project power recaptured by NYPA in 2003 from the block sold to the Neighboring States as part of the St. Lawrence/FDR hydroelectric relicensing proceeding, and 1 MW of unallocated Niagara Project power. None of the megawatts allocated to BNL would harm any other NYPA customer or upstate consumers. The allocation is approved for a 15-year term.

In order to effectuate Brookhaven’s receipt of hydropower, the allocation will be made via a sale to LIPA for Brookhaven’s exclusive use. LIPA is a political subdivision of the State authorized to resell such power. This arrangement requires the Trustees’ approval to initiate the formal contract approval process as set forth in Section 1009 of the Public Authorities Law.

DISCUSSION

At their meeting of January 27, 2009, the Trustees approved commencement of negotiation of a contract with LIPA to allocate 15 MW of NYPA hydropower for BNL’s exclusive use.

The proposed contract for the sale of 15 MW of NYPA hydropower to LIPA exclusively for resale to BNL, including proposed Service Tariff No. 2B, has been drafted as a result of extensive negotiations with LIPA. The 15 MW allocation would be blended with market resources to meet BNL's requirements up to 77 MW. In order for BNL to receive the greatest benefit from the 15 MW allocation, NYPA will partially assign and transfer its power sales obligations under the current BNL contract to LIPA. This partial assignment and transfer will permit the sale of NYPA's 15 MW of hydropower for resale to BNL without BNL incurring any new transmission charges. Transmission service for this 15 MW, as well as for the remaining market-based power that NYPA procures to meet BNL's needs, will be subject to NYPA's existing grandfathered transmission agreements, which will continue to provide stable transmission service rates and hedges against congestion for the entirety of BNL's load. NYPA will function as the Load Serving Entity ("LSE") for the entire BNL retail load. As LSE, NYPA is responsible for all New York Independent System Operator ("NYISO") charges arising under the NYPA/LIPA agreement. However, NYPA will recover all NYISO charges incurred related to sales under the NYPA/LIPA agreement directly from BNL under a separate NYPA/BNL agreement.

Due to BNL's internal policy limiting energy purchase contracts to terms of no more than 10 years, the proposed contract is for 10 years with an option for NYPA to extend the Agreement for an additional five years provided NYPA and LIPA receive prior authorization from BNL. LIPA will make the necessary arrangements to resell this hydropower allocation to the Lab in accordance with the NYPA/LIPA contract. In the event that BNL ceases to take the hydro allocation, the sale-for-resale agreement would terminate. In addition, should NYPA attain the ability to sell hydropower directly to BNL, the sale-for-resale agreement would terminate, to be substituted by a direct sale contract. The NYPA/LIPA contract is subject to a public hearing and approval by the Governor, as set forth in Section 1009 of the Public Authorities Law. The NYPA/LIPA contract is also subject to approval by the State Comptroller pursuant to LIPA's authorizing statute.

RECOMMENDATION

The Manager – Contract Administration recommends that the Trustees authorize a public hearing on the terms of the proposed contract with the Long Island Power Authority to be held on January 19, 2010 at the Brookhaven Town Hall or at such other place and time as designated by the Chairman. It is further recommended that, pursuant to Section 1009 of the Public Authorities Law, the Corporate Secretary be authorized to transmit copies of the proposed contract to the Governor and legislative leaders.

The Chief Operating Officer, the Executive Vice President and General Counsel, the Senior Vice President – 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 a public hearing on the terms of the proposed contract for the sale of hydropower and energy generated by the New York Power Authority to Long Island Power Authority for exclusive resale to Brookhaven National Laboratory, to be held at the Brookhaven Town Hall on January 19, 2010 or such other place as determined by the Chairman; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to transmit copies of the proposed contract to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Committee on Ways and Means, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee, pursuant to Section 1009 of the Public Authorities Law; and be it further

RESOLVED, That the President and Chief Executive Officer or his designee be, and hereby is, authorized, subject to the approval of the form thereof by the Chief Operating Officer and the Executive Vice President and General Counsel, to enter into such other agreements and to do such other things as may be necessary or desirable to implement the contract with the Long Island Power Authority as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice 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, 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 and General Counsel.

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**CONTRACT FOR THE SALE OF FIRM HYDROELECTRIC POWER AND ENERGY
FOR
RESALE TO THE BROOKHAVEN NATIONAL LABORATORY
BETWEEN
THE NEW YORK POWER AUTHORITY
AND
THE LONG ISLAND POWER AUTHORITY**

This Contract for the Sale of Firm Hydroelectric Power and Energy for Resale to the Brookhaven National Laboratory is made and entered into as of this ____ day of _____, 2010, by and between the **Power Authority of the State of New York**, created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title 1 of Article V of the New York Public Authorities Law ("NY PAL"), having an office for the transaction of business at 30 South Pearl Street, Albany, New York 12207 ("NYPA") and the **Long Island Power Authority** ("LIPA"), created pursuant to Chapter 517 of the New York Laws of 1986 and existing under Title 1-A of Article V of the NY PAL, having an office for the transaction of business at 333 Earle Ovington Boulevard, Suite 403, Uniondale, New York 11553 ("LIPA") for the sale of 15 megawatts ("MW") of firm hydroelectric power and energy from NYPA to LIPA for resale to United States Department of Energy ("DOE") as owner of Brookhaven National Laboratory (together with DOE, collectively referred to as "BNL"). NYPA and LIPA are from time to time referred to in this Agreement individually as a "Party" or collectively as the "Parties."

RECITALS:

- I.** NYPA is a New York State corporate municipal instrumentality and political subdivision of the State of New York engaged in the generation and transmission of electricity.
- II.** LIPA is a New York State corporate municipal instrumentality and political subdivision of the State of New York engaged in the transmission, distribution and sale of electricity.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

III. NYPA has available firm hydroelectric power and energy from both its St. Lawrence-FDR Project and its Niagara Project (collectively, the "Hydro Projects" as defined in Article 1.12 below) not currently allocated to end-use customers.

IV. NYPA's Board of Trustees at their January 27, 2009 meeting authorized NYPA to enter into a contract for the sale of 15 MW of Hydroelectric Power (as defined in Article 1.13 below) to LIPA for resale to BNL.

V. The sale of Hydroelectric Power by NYPA to LIPA for resale to BNL is authorized under section 1005 (5) of the NY PAL.

VI. LIPA owns and operates electric distribution facilities capable of providing service to end-use customers in its service area.

VII. Hydroelectric Power generated from the Hydro Projects serve an important economic development function by providing competitively priced electricity to support economic activity and employment in New York State.

VIII. Since 1982, NYPA has provided firm power service to BNL, both a large employer and a leading physical sciences laboratory within the U. S. Department of Energy performing vital scientific research which benefits industries throughout New York State pursuant to the terms of the NYPA/BNL Agreement (as defined in Article 1.23 below) and, associated with such historical service, NYPA has maintained grandfathered transmission agreements, currently designated as contract number 76 in Attachment L to the New York Independent System Operator's Open Access Transmission Tariff ("Transmission Agreements").

IX. The Parties anticipate that LIPA and BNL will enter into a LIPA/BNL Agreement for the resale and delivery to BNL of the Hydroelectric Power sold to LIPA under this Agreement.

NOW THEREFORE, in consideration of the mutual covenants herein, NYPA and LIPA agree as follows:

1. DEFINITIONS

1.1. Agreement means this Contract for the Sale of Firm Hydroelectric Power and Energy for Resale to the Brookhaven National Laboratory, dated as of [date], between NYPA and LIPA, including any Appendix attached hereto and any amendments to this Agreement that may be made from time to time in accordance herewith.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

- 1.2. **Allocation** means the amount of Hydroelectric Power approved by NYPA's Board of Trustees to be sold to LIPA for resale to and exclusive use by BNL, as set forth in Article 2.1.
- 1.3. **Ancillary Services** shall have the meaning set forth in the NYISO Tariffs, as such definition may be modified from time to time.
- 1.4. **BNL** has the meaning set forth in the preamble.
- 1.5. **Commencement Date** shall be as set forth in Article 13.2.
- 1.6. **Conditions Precedent** shall be as set forth in Article 13.1.
- 1.7. **Contract Demand** will be the amount of Hydroelectric Power set forth in Article 2.1.
- 1.8. **Covered Matters** shall have the meaning set forth in Article 6.2.
- 1.9. **DOE** has the meaning set forth in the preamble.
- 1.10. **FERC** means the Federal Energy Regulatory Commission (or any successor organization).
- 1.11. **FERC Licenses** mean the first new license issued by FERC to NYPA for the continued operation and maintenance of the St. Lawrence-FDR Power Project, pursuant to Section 15 of the Federal Power Act, which new license became effective October 31, 2003 after expiration of the Project's original license issued in 1953, and further means the first new license issued by FERC to NYPA for the continued operation and maintenance of the Niagara Power Project, pursuant to Section 15 of the Federal Power Act, which new license became effective September 1, 2007 after expiration of the Project's original license issued in 1958.
- 1.12. **Hydro Projects** is a joint reference to both the St. Lawrence-FDR Power Project, FERC Project No. 2000 and the Niagara Power Project, FERC Project No. 2216.
- 1.13. **Hydroelectric Power** is as defined in NYPA's Service Tariff No. 2B and is intended to be available at all times except for limitations provided in this Agreement, the Service Tariff or the Rules.
- 1.14. **ICAP** refers to Installed Capacity as such term is defined in the NYISO Tariffs as may be modified from time to time.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

- 1.15. **International Joint Commission (or "IJC")** is the commission that prevents and resolves disputes between the United States of America and Canada under the *1909 Boundary Waters Treaty* and pursues the common good of both countries as an independent and objective advisor to the two governments. The Commission rules upon applications for approval of projects affecting boundary or transboundary waters and may regulate the operation of these projects.
- 1.16. **LIPA** has the meaning set forth in the preamble.
- 1.17. **LIPA/BNL Agreement** refers to an agreement between LIPA and BNL for the purpose of reselling and delivering to BNL Hydroelectric Power purchased by LIPA under this Agreement.
- 1.18. **LIPA Parties** shall have the meaning set forth in Article 6.2.
- 1.19. **Load Serving Entity (or "LSE")** shall have the meaning set forth in the NYISO Tariffs, as such definition may be modified from time to time.
- 1.20. **MW** is an abbreviation for megawatts as set forth in the preamble.
- 1.21. **NRA** means the federal Niagara Redevelopment Act (16 USC §§836, 836a).
- 1.22. **NYISO** means the New York Independent System Operator or any successor organization.
- 1.23. **NYISO Tariffs** means the NYISO's Open Access Transmission Tariff or the NYISO's Market Administration and Control Area Services Tariff, as applicable, or any successor tariffs to such NYISO Tariffs.
- 1.24. **NYPA** has the meaning set forth in the preamble.
- 1.25. **NYPA/BNL Agreement** means the existing power sales agreement entered into between NYPA and BNL in 1982, as modified from time to time.
- 1.26. **NY PAL** has the meaning set forth in the preamble.
- 1.27. **Point of Withdrawal** means the load bus established with the NYISO for service to BNL as contemplated under this Agreement.
- 1.28. **Rules** are the applicable provisions of the NYPA's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as they may be modified from time to time.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

- 1.29. **Service Tariff** is NYPA's Service Tariff No. 2B, a schedule establishing rates and other conditions for sale of Hydroelectric Power to LIPA for resale to BNL.
- 1.30. **State Comptroller** means the Comptroller of the State of New York.
- 1.31. **Transmission Agreements** has the meaning set forth in Recital VIII.
- 1.32. **UCAP** means Unforced Capacity as such term is defined in the NYISO Tariffs as may be modified from time to time.

2. SERVICES PROVIDED BY NYPA

- 2.1. NYPA, consistent with section 1005 (5) of the NY PAL, shall generate, sell and deliver or cause to be delivered to LIPA at the Point of Withdrawal 15 MW of Hydroelectric Power from the Hydro Projects, consisting of 14 MW from the St. Lawrence-FDR Project and 1 MW from the Niagara Project. The Contract Demand under this Agreement shall be 15 MW, or such other amount as may be mutually agreed upon by the Parties.
- 2.2. The Parties agree that this 15 MW Allocation of Hydroelectric Power is for the exclusive use of BNL.
- 2.3. NYPA represents that the Hydroelectric Power sold under this Agreement is not subject to the federal preference provisions of the NRA. LIPA represents that such resale to BNL under the LIPA/BNL Agreement is in accordance with section 1020-dd of the NY PAL.
- 2.4. NYPA shall sell to LIPA 15 MW of firm capacity associated with the Allocation. NYPA shall ensure that such capacity associated with the Allocation qualifies as ICAP under the NYISO Tariff. NYPA and LIPA agree to cooperate in good faith to enable such ICAP to satisfy a portion of applicable LSE responsibilities associated with the BNL retail load served by this Agreement and the NYPA/BNL Agreement, as described in Section 2.7 below. Such cooperation shall include LIPA's conveyance of the same amount of firm capacity to NYPA and such certifications and confirmations as may be required under the NYISO Tariffs with respect to installed capacity suppliers, LSEs and bilateral transactions.
- 2.5. NYPA shall sell and arrange for delivery to LIPA at the Point of Withdrawal firm energy associated with the Allocation based on 15 MW multiplied by the forecasted load factor for BNL's total usage in each month. Such load factor shall not be greater than unity (1.0). The firm energy shall be made available

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

at the Point of Withdrawal at 69 kilovolts, as three-phase alternating current at a frequency of 60 Hertz.

- 2.6.** NYPA has the right to reduce the amount of firm energy provided to LIPA in any month under this Agreement in the event of low flow (i.e., hydrologic) conditions that reduce the amount of such energy produced at the Hydro Projects. Any such reductions will be scheduled prior to the start of the month and made on a pro rata basis to all NYPA customers purchasing Hydroelectric Power from either of the Hydro Projects. The amount of firm energy not sold to LIPA under this Agreement due to low flow conditions may be replaced with resources supplied by NYPA to BNL under the NYPA/BNL Agreement, up to the Contract Demand.
- 2.7.** The Parties agree that NYPA is, and intend for NYPA to continue to be, the LSE for the entire BNL retail load. Accordingly, NYPA shall perform all LSE functions under the NYISO Tariff related to the (i) sale and delivery of energy and sale of capacity to LIPA under this Agreement, and (ii) the consumption of the Allocation by the BNL retail load. NYPA shall be responsible for all NYISO charges arising under this Agreement, including but not limited to:
- A. NYISO charges associated with the scheduling and delivery of all energy and capacity (*i.e.*, ICAP/UCAP) sold under this Agreement, as well as the consumption of the Allocation by the BNL retail load;
 - B. the procurement of Ancillary Services, marginal losses, the NYPA Transmission Adjustment Charge ("NTAC") and congestion costs applicable to NYPA's scheduling and delivery of energy and capacity sold under this Agreement, as well as the consumption of the Allocation by the BNL retail load; and
 - C. the procurement of any other products or services required by the NYISO related to the sale, scheduling or delivery of energy or capacity sold under this Agreement as well as the consumption of the Allocation by the BNL retail load.
- 2.8.** Notwithstanding the foregoing, to the extent the NYISO imposes any charges upon LIPA with respect to the sale and delivery of firm energy and the sale of firm capacity to LIPA under this Agreement or the consumption of the Allocation by the BNL retail load, those costs will either be (a) reimbursed by NYPA, or (b) deducted from LIPA's payment to NYPA, as directed by NYPA in written notice to LIPA.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

- 2.9. Nothing in this Agreement precludes NYPA from recovering all NYISO charges it has incurred related to sales under this Agreement directly from BNL under the NYPA/BNL Agreement.
- 2.10. NYPA shall provide at least 30 days prior written notice to LIPA for any changes or termination of the Contract Demand, unless otherwise agreed upon in writing by the Parties.

3. SERVICES PROVIDED BY LIPA

- 3.1. LIPA shall purchase Hydroelectric Power associated with the Allocation from NYPA at the Point of Withdrawal and resell and deliver to BNL the Hydroelectric Power associated with the Allocation at the rates and charges set by NYPA in accordance with Article 4 below and such bills rendered by LIPA to BNL pursuant to the LIPA/BNL Agreement shall not include any mark-up or a profit component. LIPA's bills to BNL rendered pursuant to the LIPA/BNL Agreement are subject to increase in accordance with rates, terms and conditions specified in LIPA's *Tariff for Electric Service*.
- 3.2. The Parties agree that this Agreement does not grant to NYPA any rights to transmission service over LIPA's transmission or distribution system with respect to the sale and delivery of either energy or capacity from NYPA to LIPA under this Agreement.
- 3.3. As of the Commencement Date of this Agreement, NYPA hereby partially assigns and transfers to LIPA the rights and obligations associated with NYPA's supply of 15 MW of Direct Firm Power Service (as such term is defined in the NYPA/BNL Agreement) to BNL under the NYPA/BNL Agreement. Such partial assignment of the obligation to provide 15 MW of Direct Firm Power Service to BNL under the NYPA/BNL Agreement shall be conditioned upon and only effective to the extent that LIPA receives full delivery of 15 MW of the Hydroelectric Power associated with the Allocation from NYPA pursuant to Articles 2.4, 2.5 and 3.10 of this Agreement.

LIPA hereby accepts the partial assignment and transfer of such rights and obligations to provide 15 MW of Direct Firm Power Service to BNL under the NYPA/BNL Agreement, subject to the conditions of this partial assignment stated herein and the requirement that this partial assignment shall not impose any costs or liabilities upon LIPA prior to the Commencement Date of this Agreement, or as a result of the termination of this Agreement. Such partial assignment shall terminate, and the rights and obligations to provide 15 MW of Direct Firm Power Service to BNL shall revert to NYPA, immediately upon termination or expiration of this Agreement.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

NYPA expressly retains all other rights and obligations under the NYPA/BNL Agreement, including those rights and obligations relating to the transmission of all Direct Firm Power Service to BNL under the NYPA/BNL Agreement.

- 3.4.** NYPA hereby agrees to utilize its grandfathered transmission congestion contracts ("TCCs") associated with the Transmission Agreements used for deliveries of Hydroelectric Power associated with the Allocation to BNL under the NYPA/BNL Agreement to schedule and deliver all energy to LIPA under this Agreement for resale of the Allocation to BNL in accordance with the partial assignment of the obligation to provide 15 MW of Firm Power Service from NYPA to LIPA pursuant to Article 3.3. In the event that it is determined that NYPA's grandfathered TCCs associated with deliveries of energy to BNL may not be utilized to facilitate the scheduling and delivery of energy by NYPA to LIPA under this Agreement, pursuant to the partial assignment described in Article 3.3 (above), then NYPA hereby agrees to make all necessary arrangements pursuant to the NYISO Tariffs to procure transmission service required for the sale and delivery of energy from NYPA to LIPA for resale to BNL under this Agreement.
- 3.5.** Nothing herein shall affect nor is intended to affect NYPA's rights and obligations including the quantity of transmission service purchased by NYPA under the Transmission Agreements, including the grandfathered transmission agreement dated as of October 1, 1981, as amended, between NYPA and LIPA.
- 3.6.** Nothing in this Agreement, express or implied, shall relieve or limit NYPA from its obligations (1) to uphold its LSE responsibilities in accordance with the NYISO Tariffs, and (2) to provide Hydroelectric Power free and clear of all liens, claims and encumbrances.
- 3.7.** LIPA shall supply NYPA with hourly meter data on a monthly basis for NYPA's use under the NYPA/BNL Agreement.
- 3.8.** The resale by LIPA of Hydroelectric Power to BNL shall be consistent with the terms and conditions provided herein. The LIPA/BNL Agreement shall include a provision that prohibits BNL from reselling any of the Hydroelectric Power purchased from LIPA.
- 3.9.** Nothing in this Agreement prohibits LIPA's application of the gross receipts tax and New York State assessment in its charges for service to BNL in accordance with applicable state and federal laws, regulations and tariffs.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

- 3.10.** Except as provided in Article 2.4 and consistent with Article 2.7, LIPA shall have no obligation to purchase or supply any ICAP or UCAP related to BNL's load. Notwithstanding the parties' intent as described in the above referenced Articles, to the extent the NYISO imposes on LIPA the responsibility to provide any ICAP or UCAP related to BNL's retail load or otherwise imposes any charges or penalties upon LIPA with respect to the provision of ICAP or UCAP related to BNL's retail load, NYPA will, as applicable and pursuant to written notice from NYPA to LIPA, (a) arrange for LIPA to retain capacity conveyed by NYPA pursuant to Article 2.4 and provide to LIPA all additional quantities of capacity with appropriate locational characteristics as may be necessary to meet its responsibilities to the NYISO at no charge, or (b) reimburse LIPA for such NYISO charges or penalties, or (c) deduct such charges or penalties from LIPA's payment to NYPA.
- 3.11.** LIPA shall have no obligation to purchase Hydroelectric Power associated with this Allocation from NYPA nor to resell and deliver such Hydroelectric Power to BNL to the extent that BNL is in arrears on any payment due to LIPA or in the event of an early termination of the LIPA/BNL Agreement as contemplated in Article 13.3 in this Agreement.
- 3.12.** LIPA shall have no obligation to make deliveries to BNL in the event that NYPA fails to make deliveries of the Hydroelectric Power associated with the Allocation to LIPA.

4. RATES

- 4.1.** Rates shall be as set forth in the Service Tariff, which shall be subject to modification from time to time. NYPA will provide LIPA with 30 days written notice of any such modification.
- 4.2.** LIPA shall pay NYPA the sum of charges indicated in Articles 4.2.1, 4.2.2., and 4.2.3 below for Hydroelectric Power purchased from NYPA for the billing periods under this Agreement.
- 4.2.1. Demand Charge. The demand charge specified in the Service Tariff or any modification thereof applied to the Contract Demand.
- 4.2.2. Energy Charge. The energy charge specified in the Service Tariff applied to the energy apportioned to service under this Agreement.
- 4.2.3. Any taxes, surcharges, or other assessments by federal, state, or local governments that NYPA is required to pay associated with the sale of Hydroelectric Power under this Agreement.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

- 4.3. Except as provided in Article 3.1, LIPA agrees that the bills it receives from NYPA under this Agreement for the sale of Hydroelectric Power will not be marked up or have a profit component added thereto when LIPA resells the Hydroelectric Power to BNL; provided however, LIPA reserves the right to recover charges from BNL for transmission service through the LIPA/BNL Agreement if and to the extent such charges become due and cannot be recovered from NYPA as described in Article 2 and Article 3.

5. BILLING AND PAYMENT PROVISIONS

- 5.1. NYPA will submit bills to LIPA on or before the 10th business day of each Billing Period (as such term is defined in the Service Tariff) for Hydroelectric Power furnished during the preceding Billing Period. Payments by LIPA to NYPA for such service will be due 30 days after bills are rendered. LIPA will be subject to late payment charges as specified below. Payments shall be made by wire transfer to JP Morgan Chase Bank, ABA # 021000021, for credit to New York Power Revenue Fund Account # 008-030383, unless otherwise indicated in writing by NYPA.
- 5.2. All bills rendered by NYPA to LIPA for Hydroelectric Power under this Agreement shall contain sufficient information to permit LIPA to confirm that such bills have been correctly computed or sufficient back-up data will be provided by NYPA to permit LIPA to verify bills. Upon LIPA's request, NYPA shall furnish to LIPA any additional information reasonably necessary to permit LIPA to audit NYPA billings.
- 5.3. LIPA will add such other charges, including those charges identified in Article 3.9, as provided for in LIPA's *Tariff for Electric Service* and submit the invoice for the total amount to BNL. Such invoices to BNL shall separately state Hydroelectric Power charges separate from all other LIPA charges.
- 5.4. If LIPA fails to pay any bill when due, an interest charge equal to the interest rate specified in section 2880 of the NY PAL multiplied by the principal sum unpaid shall be added on the first day of each succeeding calendar month until the amount due, including interest, is paid in full. In the event of a billing dispute, LIPA shall pay the full amount due, but NYPA shall refund to LIPA any disputed amounts determined to be billed in error within 30 days of such determination with interest calculated as above. NYPA shall have the right upon not less than 15 days advance written notice to discontinue furnishing Hydroelectric Power to LIPA for nonpayment of bills and to refuse to resume furnishing Hydroelectric Power to LIPA so long as any part of the amount due

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

remains unpaid. The minimum charge for Hydroelectric Power as defined in the Service Tariff shall be pro rated to reflect the number of days in any Billing Period during which Hydroelectric Power is so discontinued.

6. LIABILITY AND INDEMNIFICATION

- 6.1.** NYPA expressly agrees and acknowledges that LIPA's officers, trustees, employees, representatives and agents shall not be liable to NYPA for any monetary damages arising out of the performance of this Agreement. Further, in no case shall LIPA or any of its officers, trustees, employees, representatives or agents be liable to NYPA for any indirect, special, or consequential damages, economic losses or lost profits even if LIPA has been notified of the possibility of such damages or losses and regardless of whether such damages or losses are based on LIPA's, or its officers', Trustees', employees', representatives' or agents' negligence, breach of warranty, tort, strict liability or any other legal theory arising out of the performance of this Agreement.
- 6.2.** Without limiting any other remedies to which LIPA and LIPA's officers, trustees, employees, representatives and agents may be entitled, NYPA shall: (a) indemnify and hold harmless LIPA, including LIPA's successors, assigns, trustees, officers, employees, representatives and agents (the "LIPA Parties"), from and against any and all losses, liabilities, damages, costs and expenses including, without limitation, any consequential, indirect, incidental, punitive or special damages, as a result of any demands, claims or judgments asserted against the LIPA Parties by any third party (including BNL) arising out of, or related to, or resulting from acts or omissions of NYPA arising out of or related to this Agreement (the "Covered Matters"); and (b) at its own expense, defend the LIPA Parties in any dispute, action or proceeding on any of the Covered Matters.
- 6.3.** The provisions of this Article 6 shall survive the expiration or termination of this Agreement for any reason.

7. TRANSFER OF INTEREST IN CONTRACT

No voluntary transfer of service or of the rights of either Party under this Agreement shall be made without the written approval of the other Party which Party's approval shall not be unreasonably withheld, provided, that any successor to or assignee of the rights of either Party whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of this Agreement, to the same extent as though such

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

successor or assignee were the original Party, and provided further, that the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed a voluntary transfer within the meaning of this Article.

8. WAIVERS

- 8.1.** Any waiver at any time by either LIPA or NYPA of their rights with respect to a default or of any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.
- 8.2.** No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party waiving such rights.

9. RULES AND SERVICE TARIFFS

- 9.1.** NYPA's Rules as may later be amended from time to time by NYPA, are incorporated by reference into this Agreement. Unless otherwise specifically provided for in this Agreement, the terms, charges and conditions for service shall be subject to the Rules.
- 9.2.** Service Tariff No. 2B, as now in effect or later amended from time to time by NYPA, or such superseding tariff as NYPA may later promulgate is incorporated into this Agreement with the same force and effect as if herein set forth at length.
- 9.3.** In the event of any inconsistencies, conflicts or differences between the provisions of the Service Tariff and the Rules, the provisions of Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and the Service Tariff, the provisions of this Agreement shall govern.
- 9.4.** NYPA shall provide at least 30 days prior written notice to LIPA of any proposed change in the Rules and the Service Tariff.

10. SUPPLEMENTAL PROVISIONS

Certain provisions required by law (Standard Clauses for NYS Contracts) are attached to this Agreement in Appendix A and are hereby incorporated as part of this Agreement with the same force and effect as if herein set forth at length and may be modified from time to time as required.

11. NOTIFICATION

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

11.1. All correspondence relating to this Agreement shall be directed to the following:

NYPA:

Ms. Caroline Garcia
Manager – Contract Administration
New York Power Authority
123 Main Street
White Plains, New York 10601
Fax: 914-390-8156
Email: carol.garcia@nypa.gov

Copy:

Gary D. Levenson, Esq.
Principal Attorney
New York Power Authority
123 Main Street
White Plains, New York 10601
Fax: 914-390-8040
Email: gary.levenson@nypa.gov

LIPA:

Mr. Paul DeCotis
Vice President of Power Markets
Long Island Power Authority
333 Earl Ovington Blvd., Suite 403
Uniondale, New York 11553
Fax: 516-222-9137
Email: pdecotis@lipower.org

Copy:

Lynda Nicolino, Esq.
General Counsel
Long Island Power Authority
333 Earl Ovington Blvd., Suite 403
Uniondale, New York 11553
Fax: 516-222-9137
Email: lnicolino@lipower.org

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

11.2. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: a) if sent by U.S. First Class mail addressed to the Party at the address set forth above, b) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above, c) if delivered by hand, with written confirmation of receipt, d) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt, or e) if sent by electronic mail to the appropriate address as set forth above, with written confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

12. MISCELLANEOUS TERMS

12.1. LIPA may have disclosed to the public the estimated total cost of this Agreement with NYPA prior to LIPA's Board of Trustees authorization of the execution of this Agreement.

12.2. Nothing in this Agreement, expressed or implied, is intended to confer on any person, other than the Parties hereto, any rights or remedies, under or by reason of this Agreement.

12.3. Counterparts. This Agreement may be executed in counter parts, each of which shall be an original and all of which shall constitute a single agreement.

12.4. Amendments. No amendment or modification to this Agreement shall be enforceable unless reduced to writing, executed by both Parties, and approved by the State Comptroller.

13. TERM AND TERMINATION

13.1. Conditions Precedent: This Agreement shall become legally binding and effective only upon satisfaction of the following conditions precedent (each of Articles 13.1.1, 13.1.2 and 13.1.3 are collectively referred to as the "Conditions Precedent":

13.1.1. NYPA Conditions: (a) receipt of approval by NYPA's Board of Trustees to execute this Agreement; (b) receipt of approval of this Agreement by the Governor of the State of New York, pursuant to section 1009 of the NY PAL; (c) execution of this Agreement by NYPA and LIPA, and (d) execution of an amended and restated NYPA/BNL Agreement.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

13.1.2. LIPA Conditions: (a) receipt of approval by LIPA's Board of Trustees to execute this Agreement; (b) execution of this Agreement by NYPA and LIPA; (c) receipt of approval by LIPA's Board of Trustees to execute the LIPA/BNL Agreement; (d) execution of the LIPA/BNL Agreement by LIPA and BNL; (e) receipt of approval of this Agreement by the New York State Attorney General (as to form) and by the New York State Comptroller pursuant to section 1020-cc of the NY PAL.

13.1.3. BNL Conditions: (a) receipt of approval from DOE to execute LIPA/BNL Agreement; (b) execution of the LIPA/BNL Agreement by LIPA and BNL; (c) receipt of approval from DOE to execute an amended and restated NYPA/BNL Agreement; and (d) execution of an amended and restated NYPA/BNL Agreement.

13.2. The term of this Agreement shall be for a period of 10 years from the Commencement Date, which shall be the first day of the month following receipt of all Conditions Precedent, but may be extended for an additional five years by NYPA provided NYPA and LIPA receive prior notice from BNL in a form acceptable to the Parties indicating that BNL desires to continue to receive the Allocation for the length of such extension.

13.3. This Agreement shall terminate: a) upon expiration; b) upon early termination of the LIPA/BNL Agreement; or c) in the event that NYPA can sell directly to BNL; provided, however, that NYPA shall be afforded a reasonable transition period to include the time necessary to establish a valid contract for the sale of hydroelectricity between NYPA and BNL. The obligation to make all payments due, including any final reconciliation, shall survive the termination of this Agreement.

14. SEVERABILITY AND VOIDABILITY

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC, action or order by NYISO or a court of competent jurisdiction, such action or order shall not be deemed to invalidate the remaining terms or provisions hereof, and the Parties shall renegotiate the terms of this Agreement to address such term or provision deemed to be invalidated, declared unlawful or ineffective.

15. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

the FERC License and the NRA, as well as, rulings by the IJC and without regard to conflicts of law provisions.

16. REPRESENTATIONS AND WARRANTIES

16.1 NYPA represents and warrants to LIPA that as of the date of execution of this Agreement:

- A. NYPA is a public authority of the State of New York, is duly organized and validly existing, under the Power Authority Act, Title 1 of Article 5 of the NY PAL, Chapter 43-A of the Consolidated Laws of the State of New York, as amended. NYPA has the power pursuant to the Power Authority Act (sections 1000 – 1017 of the NY PAL) to execute the Agreement and to perform its obligations under the Agreement, and all such actions have been duly authorized by all necessary proceedings on its part; and
- B. The execution, delivery and performance of this Agreement by NYPA will not conflict with its governing documents, any applicable laws, or any covenant, agreement, understanding, decree or order to which NYPA is a party or by which it is bound or affected; and
- C. The Agreement has been duly and validly executed and delivered by NYPA, and no other authorization for NYPA's execution and delivery of the Agreement or performance by NYPA of its obligations thereunder is required under the Act; and
- D. The Agreement constitutes a legal, valid and binding obligation of NYPA, enforceable in accordance with its terms against NYPA, except to the extent that its enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally or by general principles of equity.
- E. NYPA holds the legal power and authority to perform this partial assignment and its officers have been duly authorized to do so.

16.2 LIPA represents and warrants to NYPA that as of the date of execution of this Agreement:

- A. LIPA is a public authority of the State of New York, is duly organized and validly existing, under the Long Island Power Authority Act, Title 1-A of Article 5 of the NY PAL, Chapter 43-A of the Consolidated Laws of the State of New York, as amended. LIPA has the power pursuant to the Long Island Power Authority Act (sections 1020 – 1020-ii of the

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

Act) to execute the Agreement and to perform its obligations under the Agreement, and all such actions have been duly authorized by all necessary proceedings on its part; and

- B. The execution, delivery and performance of this Agreement by LIPA will not conflict with its governing documents, any applicable laws, or any covenant, agreement, understanding, decree or order to which LIPA is a party or by which it is bound or affected; and
- C. The Agreement has been duly and validly executed and delivered by LIPA, and no other authorization for LIPA's execution and delivery of the Agreement or performance by LIPA of its obligations thereunder is required under the Act; and
- D. The Agreement constitutes a legal, valid and binding obligation of LIPA, enforceable in accordance with its terms against LIPA, except to the extent that its enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally or by general principles of equity.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers there unto duly authorized on the date first above written.

AGREED:

LONG ISLAND POWER AUTHORITY

By: _____

Title: _____

Date: _____

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____

Title: _____

Date: _____

APPROVED BY:

Office of the State Comptroller

Name

Title

Date

APPROVED AS TO FORM:

Office of the New York State Attorney General

Name

Title

Date

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

STATE OF NEW YORK)

COUNTY OF WESTCHESTER)

On the ___ day of _____, [2010] before me personally came _____, to me known to be the individual described in the foregoing instrument in his capacity as _____ of the Power Authority of the State of New York, the corporate municipal instrumentality and political subdivision of the State of New York described in and which executed the foregoing instrument, who being duly sworn did acknowledge that (s)he executed same on behalf of, and that (s)he was authorized to execute same on behalf of the aforementioned entity.

Notary Public

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

STATE OF NEW YORK)

COUNTY OF NASSAU _____)

On the ___ day of _____, [2010] before me personally came _____, to me known to be the individual described in the foregoing instrument in his capacity as _____ of the Long Island Power Authority, the corporate municipal instrumentality and political subdivision of the State of New York described in and which executed the foregoing instrument, who being duly sworn did acknowledge that (s)he executed same on behalf of, and that (s)he was authorized to execute same on behalf of the aforementioned entity.

Notary Public

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

Appendix A

PROVISIONS REQUIRED BY LAW

STANDARD CLAUSES FOR NYS CONTRACTS

The parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "the Agreement" or "this Agreement") agree to be bound by the following clauses which are hereby made a part of the Agreement (the word "Contractor" herein refers to any party other than the State, whether a contractor, licensor, licensee, lessor, lessee or other party):

NON-ASSIGNMENT CLAUSE. In accordance with Section 138 of the State Finance Law, this Agreement may not be assigned by the Contractor or its right, title or interest therein assigned, transferred, conveyed, sublet or otherwise disposed of without the previous consent, in writing, of the State and any attempts to assign the Agreement without the State's written consent are null and void. The Contractor may, however, assign its right to receive payment without the State's prior written consent unless this Agreement concerns Certificates of Participation pursuant to Article 5-A of the State Finance Law.

COMPTROLLER'S APPROVAL. In accordance with Section 112 of the New York State Finance Law (the "State Finance Law"), this Agreement shall not be valid, effective or binding upon the State until it has been approved by the State Comptroller and filed in that office.

WORKER'S COMPENSATION BENEFITS. In accordance with Section 142 of the State Finance Law, this Agreement shall be void and of no force and effect unless the Contractor provides and maintains coverage during the life of this Agreement for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law.

NON-DISCRIMINATION REQUIREMENTS. In accordance with Article 15 of the Executive Law (also known as the Human Rights Law) and all other New York State and Federal statutory and constitutional non-discrimination provisions, the Contractor shall not discriminate against any employee or applicant for employment because of race, creed, color, sex, national origin, age, disability, marital status, sexual orientation, genetic predisposition or carrier status. Furthermore, in accordance with Article 220-e of the New York Labor Law, and to the extent that this Agreement shall be performed within the State of New York, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex, national origin, sexual orientation, genetic predisposition or carrier status; (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee for the performance of work under this Agreement.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

WAGE AND HOURS PROVISIONS. If this is a public work contract covered by Article 8 of the Labor Law or a building service contract covered by Article 9 thereof, neither the Contractor's employees nor the employees of its subcontractors may be required or permitted to work more than the number of hours or days stated in said statutes, except as otherwise provided in the Labor Law and as set forth in prevailing wage and supplement schedules issued by the State Labor Department. Furthermore, Contractor and its subcontractors must pay at least the prevailing wage rate and pay or provide the prevailing supplements, including the premium rates for overtime pay, as determined by the State Labor Department in accordance with the Labor Law.

NON-COLLUSIVE BIDDING CERTIFICATION. In accordance with Section 139-d of the State Finance Law, if this Agreement was awarded based upon the submission of bids, Contractor warrants, under penalty of perjury, that its bid was arrived at independently and without collusion aimed at restricting competition. Contractor further warrants that, at the time Contractor submitted its bid, an authorized and responsible person executed and delivered to the State a non-collusive bidding certification on the Contractor's behalf.

INTERNATIONAL BOYCOTT PROHIBITION. In accordance with Section 220-f of the Labor Law and Section 139-h of the State Finance Law, if this Agreement exceeds \$5,000, The Contractor agrees, as a material condition of the Agreement, that neither The Contractor nor any substantially owned or affiliated person, firm, partnership or corporation has participated, is participating, or shall participate in an international boycott in violation of the federal Export Administration Act of 1979 (50 USC app. Sections 2401 et seq.) or regulations thereunder. If such Contractor, or any of the aforesaid affiliates of Contractor, is convicted or is otherwise found to have violated said laws or regulations upon the final determination of the United States Commerce Department or any other appropriate agency of the United States subsequent to the Agreement's execution, such Agreement, amendment or modification thereto shall be rendered forfeit and void. The Contractor shall so notify the State Comptroller within five (5) business days of such conviction, determination or disposition of appeal (2NYCRR 105.4).

SET-OFF RIGHTS. The State shall have all of its common law, equitable and statutory rights of set-off. These rights shall include, but not be limited to, the State's option to withhold for the purposes of set-off any moneys due to the Contractor under this Agreement up to any amounts due and owing to the State with regard to this Agreement, any other contract with the State, including any contract for a term commencing prior to the term of this Agreement, plus any amounts due and owing to the State for any other reason including, without limitation, tax delinquencies, fee delinquencies or monetary penalties relative thereto. The State shall exercise its set-off rights in accordance with normal State practices including, in cases of set-off pursuant to an audit, the finalization of such audit by the State, its representatives, or the State Comptroller.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

RECORDS. The Contractor shall establish and maintain complete and accurate books, records, documents, accounts and other evidence directly pertinent to performance under this Agreement (hereinafter, collectively, “the Records”). The Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter. The State Comptroller, the Attorney General and any other person or entity authorized to conduct an examination, as well as the agency or agencies involved in this Agreement, shall have access to the Records during normal business hours at an office of the Contractor within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the State, for the term specified above for the purposes of inspection, auditing and copying. The State shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the Public Officers Law (the “Statute”) provided that: (i) The Contractor shall timely inform the State in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the State's right to discovery in any pending or future litigation.

EQUAL EMPLOYMENT FOR MINORITIES AND WOMEN. In accordance with Section 312 of the New York Executive Law: (i) the Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status and shall undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgradings, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation; (ii) at the request of the State, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status and that such union or representative will affirmatively cooperate in the implementation of the Contractor's obligations herein; and (iii) Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of this Agreement, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status. Contractor shall include the provisions of (i), (ii) and (iii) above, in every subcontract over twenty-five thousand dollars (\$25,000.00) for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon (the “Work”) except where the Work is for the beneficial use of the Contractor.

CONFLICTING TERMS. In the event of a conflict between the terms of the Agreement (including any and all attachments thereto and amendments thereof) and the terms of this Appendix A, the terms of this Appendix A shall control.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

GOVERNING LAW. This Agreement shall be governed by the laws of the State of New York except where the Federal supremacy clause requires otherwise.

LATE PAYMENT. Timeliness of payment and any interest to be paid to the Contractor for late payment shall be governed by Section 2880 of the NY PAL and the guidelines adopted by LIPA thereto.

PROHIBITION ON PURCHASE OF TROPICAL HARDWOODS. The Contractor certifies and warrants that all wood products to be used under this contract award will be in accordance with, but not limited to, the specifications and provisions of State Finance Law §165 (Use of Tropical Hardwoods) which prohibits purchase and use of tropical hardwoods, unless specifically exempted, by the State or any governmental agency or political subdivision or public benefit corporation. Qualification for an exemption under this law will be the responsibility of the Contractor to establish to meet with the approval of the State.

In addition, when any portion of this Agreement involving the use of woods, whether supply or installation, is to be performed by any subcontractor, the Contractor will indicate and certify in the submitted bid proposal that the subcontractor has been informed and is in compliance with specifications and provisions regarding use of tropical hardwoods as detailed in §165 State Finance Law. Any such use must meet with the approval of the State; otherwise, the bid may not be considered responsive. Under bidder certifications, proof of qualification for exemption will be the responsibility of the Contractor to meet with the approval of the State.

MACBRIDE FAIR EMPLOYMENT PRINCIPLES. In accordance with the MacBride Fair Employment Principles (Chapter 807 of the New York Laws of 1992), the Contractor hereby stipulates that the Contractor either (i) has no business operations in Northern Ireland, or (ii) shall take lawful steps in good faith to conduct any business operations in Northern Ireland in accordance with the MacBride Fair Employment Principles (as described in Article 165 of, the New York State Finance Law), and shall permit independent monitoring of compliance with such principles.

OMNIBUS PROCUREMENT ACT OF 1992. It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority and women-owned business enterprises as bidders, subcontractors and suppliers on its procurement contracts. Information on the availability of New York State subcontractors and suppliers is available from:

NYS Department of Economic Development
Division for Small Business
One Commerce Plaza
Albany, New York 12245.

A directory of certified minority and women-owned business enterprises is available from:

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

NYS Department of Economic Development
Minority and Women's Business Development Division
One Commerce Plaza
Albany, New York 12245

The Omnibus Procurement Act of 1992 requires that by signing this Agreement, Contractor certifies that:

(a) The Contractor has made commercially reasonable efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors, including certified minority and woman-owned business enterprises, on this project, and has retained the documentation of these efforts to be provided upon request to the State;

(b) The Contractor has complied with the Federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended;

(c) The Contractor agrees to make commercially reasonable efforts to provide notification to New York State residents of employment opportunities on this Project through listing any such positions with the Job Service Division of the New York State Department of Labor, or providing such notification in such manner as is consistent with existing collective bargaining contracts or agreements. The Contractor agrees to document these efforts and to provide said documentation to the State upon request; and

(d) The Consultant acknowledges that the State may seek to obtain offset credits from foreign countries as a result of this Agreement and agrees to cooperate with the State in these efforts.

RECIPROCITY AND SANCTIONS PROVISIONS. The Contractor is hereby notified that if its principal place of business is located in a state that penalizes New York State vendors, and if the goods or services it offers are substantially produced or performed outside New York State, the Omnibus Procurement Act 1994 amendments (Chapter 684, Laws of 1994) require that the Contractor be denied contracts which it would otherwise obtain.

PURCHASES OF APPAREL. In accordance with State Finance Law 162 (4-a), the State shall not purchase any apparel from any Contractor unable or unwilling to certify that: (i) such apparel was manufactured in compliance with all applicable labor and occupational safety laws, including, but not limited to, child labor laws, wage and hours laws and workplace safety laws, and (ii) the Contractor will supply, with its bid (or, if not a bid situation, prior to or at the time of signing a contract with the State), if known, the names and addresses of each subcontractor and a list of all manufacturing plants to be utilized by the bidder.

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

CONTRACTOR CERTIFICATION OF COMPLIANCE WITH STATE FINANCE LAW SECTION 139-j. Contractor certifies and affirms that it understands and agrees to comply with the procedures of the Governmental Entity relative to permissible contacts as required by the State Finance Law § 139-j (3) and § 139-j (6)(b).

OPTIONAL TERMINATION BY LIPA. LIPA reserves the right to terminate this Agreement in the event it is found that the certification filed by Contractor in accordance with New York State Finance Law § 139-k was intentionally false or intentionally incomplete. Upon such finding, the LIPA may exercise its termination right by providing written notification to the Contractor in accordance with the written notification terms of the Agreement.

CONTINGENT FEES. Contractor hereby certifies and agrees that (a) Contractor has not employed or retained and will not employ or retain any individual or entity for the purpose of soliciting or securing any State contract or any amendment or modification thereto pursuant to any agreement or understanding for receipt of any form of compensation which in whole or in part is contingent or dependent upon the award of any such contract or any amendment or modification thereto; and (b) Contractor will not seek or be paid an additional fee that is contingent or dependent upon the completion of a transaction by the State.

NON-PUBLIC PERSONAL INFORMATION. Contractor shall comply with the provisions of the New York State Information Security Breach and Notification Act (General Business Law Section 899-aa; State Technology Law Section 208). Contractor shall be liable for the costs associated with such breach if caused by Contractor's negligent or willful acts or omissions, or the negligent or willful acts or omissions of the contractor's agents, officers, employees or subcontractors.



**POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207**

**Schedule of Rates for Sale of Hydroelectric Power
To Long Island Power Authority for Resale
To Brookhaven National Laboratory**

Service Tariff No. 2B

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 2

Table of Contents

>>> To be finalized with final approved version <<<

Schedule of Rates for Firm Power Service		Leaf No.
I.	Applicability	x
II.	Abbreviations and Terms	x
III.	Monthly Rates and Charges	
	A. Monthly Base Rates	x
	B. Minimum Monthly Charge	x
	C. Billing Period	x
	D. Billing Demand	x
	E. Billing Energy	x
	F. Payment Information	x
IV.	General Provisions	
	A. Character of Service	x
	B. Adjustment of Charges	
	1. Taxes and Other Charges	x
	2. Conflicts	x
	3. Niagara and St. Lawrence-FDR Hydroelectricity Rates Notice	x
	4. Resale Without Mark-up	x
	5. BNL Resales Prohibited	x
V.	Annual Adjustment Factor	
	A. Adjustment of Rates	x

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 3

Schedule of Rates for Firm Power Service

I. Applicability

To sales of Hydroelectric Power to Long Island Power Authority ("LIPA") for exclusive resale to Brookhaven National Laboratory ("BNL") for firm power service.

II. Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator
NY PAL	New York Public Authorities Law

B. The term "Agreement" means the Contract for the Sale of Firm Hydroelectric Power and Energy for Resale to the Brookhaven National Laboratory dated as of [date] between the New York Power Authority and the Long Island Power Authority.

C. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

D. The term "BNL" means Brookhaven National Laboratory, a federal facility owned by the U.S. Department of Energy located in Upton, New York in the LIPA service territory.

E. The term "Contract Demand" shall have the meaning set forth in the Agreement.

F. The term "Firm Power" means capacity (kW) that is intended to be always available from the Projects subject to the curtailment provisions set forth in the Agreement between Authority and LIPA. Firm Power shall not include peaking power.

G. The term "Firm Energy" means energy (kWh) associated with Firm Power.

H. The term "Hydroelectric Power" means Firm Power and Firm Energy from the Projects (defined below) managed and sold by Authority in accordance with section 1005 (5) of the NY PAL.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 4

- I. The term "LIPA" means the Long Island Power Authority, a political subdivision of the New York State authorized under section 1020-dd of the NY PAL to distribute Hydroelectric Power to BNL.
- J. The Term "LIPA Tariff" means the tariff governing LIPA's provision of electric service to its customers, as may be modified from time to time.
- K. The term "Projects" means the Authority's Niagara and St. Lawrence-FDR Hydroelectric Projects.
- L. The term "Rate Year" means the period July 1 of any year through June 30 of the following year.
- M. The term "Rules" means Authority's rules and regulations set forth in 21 NYCRR §450 *et seq.*, as may be modified from time to time.
- N. The term "Service Tariff" means this Service Tariff No. 2B.

Date of Issue: _____, 2010

Date Effective: _____, 2010

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 5

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly base rates for Firm Power and Firm Energy paid by LIPA to Authority are based on the following demand and energy charges.

Rate Year	Demand Charge \$/kW-mo.	Energy Charge Mills/kWh
July 1, 2009 through June 30, 2010	5.64	9.64
July 1, 2010 through June 30, 2011	6.15	10.52
July 1, 2011 through June 30, 2012	6.71	11.48
July 1, 2012 through June 30, 2013	7.32	12.52
July 1, 2013 through June 30, 2014	7.99	13.66

Beginning with the Rate Year starting July 1, 2014, and for each Rate Year thereafter, such rates shall be subject to an Annual Adjustment Factor set forth in Section V herein. The monthly base rates set forth above exclude any applicable charges added by LIPA pursuant to the LIPA Tariff.

B. Minimum Monthly Charge

The product of the demand charge set forth above and the Contract Demand. In the event that the Agreement terminates before the last day of a Billing Period, the Minimum Monthly Charge shall be pro rated for the number of days in the Billing Period during which the Agreement was in effect.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

D. Billing Demand

The billing demand shall be the Contract Demand.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 6

E. Billing Energy

The billing energy shall be determined by applying the billing methodology as agreed to in the Agreement.

F. Payment Information

Bills computed under Service Tariff No. 2B are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, LIPA shall pay such bill in full and adjustments, if warranted, will be made thereafter, subject to interest charges as provided in the Agreement.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 7

IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Adjustment of Charges

1. Taxes and Other Charges

The charges for Firm Power and Energy under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from LIPA any taxes, assessments or any other charges imposed on Authority by federal, state and local governments or that the Authority is required to collect from its customers if and to the extent such taxes, assessments or charges are not recovered by Authority pursuant to another provision of this Service Tariff.

2. Conflicts

The Authority's Rules shall apply to the service provided under this Service Tariff. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern.

3. Niagara and St. Lawrence-FDR Hydroelectricity Rates Notice

When the monthly rates charged by Authority for the sale of Niagara and St. Lawrence-FDR hydroelectricity change, Authority shall so notify LIPA in writing thirty (30) days prior to such change.

4. Resale Without Mark-up

All resales of Hydroelectric Power by LIPA to BNL shall be made without mark-up and in accordance with the provisions of section 1005 (5) of the NY PAL, except that LIPA shall add such charges as are provided for under the LIPA Tariff.

5. BNL Resales Prohibited

LIPA resales to BNL shall be under terms that prohibit BNL from reselling any quantity of Hydroelectric Power purchased from LIPA.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 8

V. Annual Adjustment Factor

A. Adjustment of Rates

1. The Annual Adjustment Factor will be based upon a weighted average of three indices described below. For each new Rate Year, the index value for the latest available calendar year ("Index Value for the Measuring Year") will be compared to the index value for the calendar year immediately preceding the latest available calendar year (the Index Value for the Measuring Year -1"). The change for each index will then be multiplied by the indicated weights. As described in detail below, these products are then summed, producing the Annual Adjustment Factor. The Annual Adjustment Factor will be multiplied by the base rate for the current Rate Year to produce the base rates for the new Rate Year.

Index 1, "BLS Industrial Power Price" (35% weight): The average of the monthly Producer Price Index for Industrial Electric Power, commodity code number 0543, not seasonally adjusted, as reported by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS") electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 1, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

Index 2, "EIA Average Industrial Power Price" (40% weight): The average weighted annual revenue per kWh for electric sales to the industrial sector in the ten states of CT, MA, ME, NH, NJ, NY, OH, PA, RI and VT ("Selected States") as reported by Coal and Electric Data and Renewables Division; Office of Coal, Nuclear, Electric and Alternate Fuels; Energy Information Administration ("EIA"); U.S. Department of Energy Form EIA-861 Final Data File. For Index 2, the Index Value for the Measuring Year will be the index for the calendar year two years preceding July 1 of the new Rate Year.

Index 3, "BLS Industrial Commodities Price Less Fuel" (25% weight): The monthly average of the Producer Price Index for Industrial Commodities less fuel, commodity code number 03T15M05, not seasonally adjusted, as reported by the U.S. Department of Labor, BLS electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 3, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

Date of Issue: _____, 2010

Date Effective: _____, 2010

DRAFT FORM OF CONTRACT FOR PUBLIC HEARING

New York Power Authority
Service Tariff No. 2B

Original Leaf No. 9

2. Annual Adjustment Computation Guide

Step 1: For each of the three Indices, divide the Index Value for Measuring Year by the Index Value for the Measuring Year-1.

Step 2: Multiply the ratios determined in Step 1 by percentage weights for each Index. Sum the results to determine the weighted average. This is the Annual Adjustment Factor.

Step 3: Multiply the current Rate Year base rate by the Annual Adjustment Factor calculated in Step 2 to determine the new Rate Year base rate.

3. Authority shall provide LIPA with notice of any adjustment to the current base rate per the above and with all data and calculations necessary to compute such adjustment by June 1st of each year to be effective on July 1 of such year, commencing in 2014. The values of the latest officially published (electronically or otherwise) versions of the indices and data provided by the BLS and EIA as of June 1 shall be used notwithstanding any subsequent revisions to the indices.

4. If during the term of the Agreement any of the three above indices ceases to be available or ceases to be reflective of the relevant factors or of changes which the indices were intended by NYPA to reflect, NYPA will substitute a new Index by mutual agreement between NYPA and BNL.

Date of Issue: _____, 2010

Date Effective: _____, 2010

**g. Energy Cost Savings Benefit Programs –
Service Tariff Amendments –
Notice of Proposed Rule Making**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize the Corporate Secretary to publish a Notice of Proposed Rulemaking (“NOPR”) in the *New York State Register*, in accordance with the requirements of the State Administrative Procedure Act (“SAPA”), to amend the Authority’s current production service tariffs applicable to customers under the Energy Cost Savings Benefit (“ECSB”) Programs. Authority staff will address any comments received during the 45-day public comment period and return to the Trustees at a later date to seek final action on these service tariffs.

A comprehensive review of the Authority’s current production tariffs was performed by Authority staff in an effort to update them and make them consistent with those of other utilities. The proposed amendments would:

- reformat the current tariffs for easier reading and improved organization;
- include certain standard provisions now applicable to all Authority service tariffs; and
- add abbreviations and terms.

BACKGROUND

The ECSB Programs include Economic Development Power, High Load Factor and Municipal Distribution Agency customers. The capacity and energy for the ECSB programs are provided by market purchases and the applicable service tariffs are ST-1, ST-1S, ST-35, ST-50 and ST-50A.

DISCUSSION

The amended service tariffs, as proposed, will include updated terminology and more streamlined organization and formatting.

In addition, the proposed changes will make the tariffs more consistent with other utilities’ tariffs and more readable and understandable for the Authority and its customers under the ECSB Programs.

The proposed revised service tariffs for market purchases are attached as Exhibits “1g-A” through “1g-E.”

FISCAL INFORMATION

Adoption of the proposed service tariffs will have no financial impact. The changes proposed are administrative in nature and have no effect on current production rates.

RECOMMENDATION

The Manager – Market Analysis and Tariff Administration recommends that the Trustees authorize the Corporate Secretary to file a Notice of Proposed Rulemaking in the *New York State Register* for the revision of service tariffs for the Authority’s customers served under the Energy Cost Savings Benefit Programs.

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

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

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file a Notice of Proposed Rulemaking for publication in the *New York State Register* in accordance with the State Administrative Procedure Act to amend the Authority's current production service tariffs applicable to its customers under the Energy Cost Savings Benefit Programs, as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file such other notice(s) as may be required by statute or regulation concerning the proposed tariff amendments; and be it further

RESOLVED, That the Chairman, the Vice 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 and General Counsel.

Exhibit "1g-A"
December 15, 2009



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Service Tariff for Customers under the
Economic Development Power Programs
High Load Factor - Direct Firm Power Service

Service Tariff No. 1

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

Table of Contents

To be completed with final version

Schedule of Rates for Firm Power and Energy Service	Leaf No.
I. Applicability	x
II. Abbreviations and Terms	x
III. Monthly Rates and Charges	
A. Monthly Rates	x
B. Billing Demand	x
C. Monthly Charges	x
D. Billing Period	x
E. Contract Demand	x
F. Other Transmission Related Charges	x
G. NYISO Transmission and Related Charges	x
H. Customer Resales Prohibited	x
I. Taxes and Other Charges	x
IV. General Provisions	
A. Character of Service	x
B. Adjustment of Rates	x
C. Adjustment of Charges	x
D. Load Splitter	x
E. Continuance and Termination of Service	x
F. Payment by Customer for Firm Power Service	x
G. Conflicts	x

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Schedule of Rates for Firm Power and Energy Service

I. Applicability

To sale of firm power for direct use by Customer (as defined below) whose Contract (as defined below) has been approved by Authority.

II. Abbreviations and Terms

A. The following abbreviations are used:

ECSB	Energy Cost Savings Benefit
EDP	Economic Development Power
kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator
OATT	Open Access Transmission Tariff

B. The term “Authority” means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term “Contract” means an executed application for electric service between Authority and Customer (as defined below), inclusive of all amendments, extensions or other agreements.

D. The term “Customer” means a business customer who has an approved Contract with the Authority.

E. The term “NYISO” also refers to any successor organization.

F. The term “Rules” means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.

G. The term “Service Tariff” means this Service Tariff No. 1.

III. Monthly Rates and Charges

A. Monthly Rates

1. Customer who has been approved for an ECSB award pursuant to Section 183(h) of the Economic Development Law is listed and shall pay the rates shown in Table I.

The rates shown in Table I are subject to increase at any time at the sole discretion of the Trustees. Upon such a determination, the tariff charges may be revised in accordance with Section IV.B.

2. Upon expiration of the ECSB award, Customer shall pay rates based on the market costs of energy and capacity (ICAP/UCAP) including locational capacity costs, NYISO Charges as specified in Section G and any transmission charges not otherwise recovered hereunder, as may be incurred by Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by Authority.

B. Billing Demand

The billing demand shall be the greater of: a) such Customer's maximum 30 minute integrated demand established during the billing period; b) 75 percent of such Customer's contract demand.

C. Monthly Charges

Demand: the monthly demand charge shall be the product of the demand rate set forth in Table I and the billing demand, as defined above.

Energy: the monthly energy charge shall be the product of the energy rate set forth in Table I and the amount of energy used under this Service Tariff.

D. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

E. Contract Demand

The amount of EDP (kW) allocated to Customer by Authority's Trustees.

F. Other Transmission Related Charges

Customer shall pay such transmission costs for delivery as may be required in Customer's Contract.

G. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time):

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customer or otherwise associated with the Authority's responsibilities as Load Serving Entity for the Customer that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to any Customer under this Service Tariff for facilities needed to meet deliverability requirements, maintain reliability or incurred in connection with the NYISO's Comprehensive System Planning Process (including both economic projects and reliability backstop projects), applicable tariffs or required to be paid by the Authority in accordance with law, whether charged by the NYISO or other third party.

The NYISO Charges in this section incurred by Authority on behalf of Customer are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

H. Customer Resales Prohibited

Customer shall not be permitted to resell any of the power supplied by Authority under this Service Tariff.

I. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from Customer if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

IV. General Provisions

General Provisions for service supplementing or modifying the Rules are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase.

B. Adjustment of Rates

To the extent not inconsistent with Contract, the monthly rates and charges contained in this Service Tariff may be revised by Authority from time to time on not less than thirty (30) days written notice to Customer.

C. Adjustment of Charges

Power Factor

Not less than 95%, lagging or leading, except as otherwise specified in Customer's Contract.

D. Load Splitter

Where firm power is delivered under this Service Tariff in conjunction with other power, the amounts supplied by Authority hereunder shall be apportioned as provided in Customer's Contract.

E. Continuance and Termination of Service

Service will continue until terminated by (i) Authority for cause as provided in the Rules, or (ii) Customer at any time after three years service on written notice given Authority not less than one year in advance.

F. Payment by Customer for Firm Power Service

Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

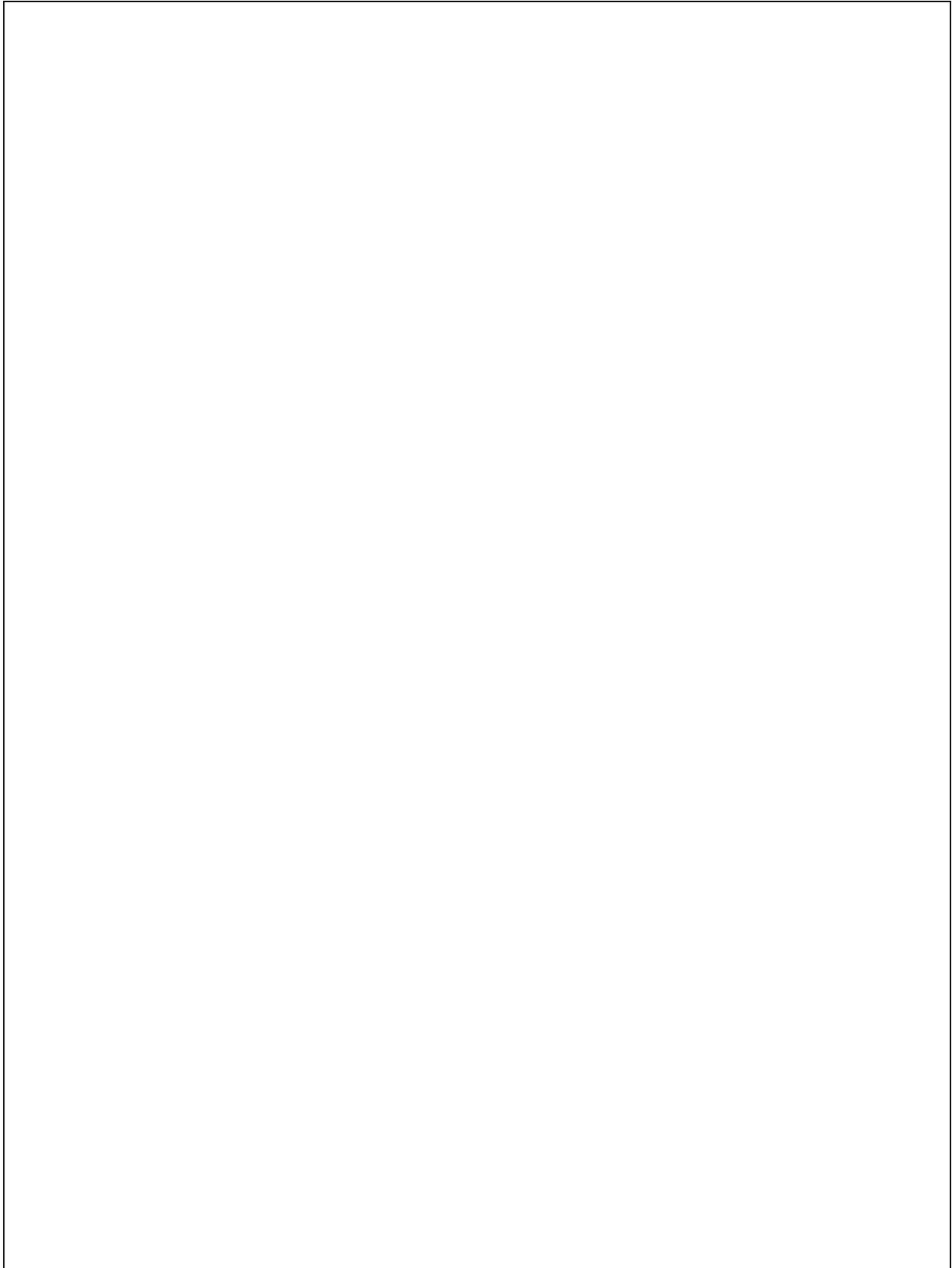
G. Conflicts

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Contract, the provisions of the Contract shall govern.

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207



Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

Exhibit "1g-B"
December 15, 2009



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Service Tariff for Customer under the
Economic Development Power Programs

Economic Development Power - Direct Firm Power Service

Service Tariff No. 1S

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

Table of Contents

To be completed with final version

Schedule of Rates for Firm Power and Energy Service		Leaf No.
I.	Applicability	x
II.	Abbreviations and Terms	x
III.	Monthly Rates and Charges	
	A. Monthly Rates	x
	B. Billing Demand	x
	C. Monthly Charges	x
	D. Billing Period	x
	E. Contract Demand	x
	F. Other Transmission Related Charges	x
	G. NYISO Transmission and Related Charges	x
	H. Taxes and Other Charges	x
IV.	General Provisions	
	A. Character of Service	x
	B. Adjustment of Rates	x
	C. Adjustment of Charges	x
	D. Load Splitter	x
	E. Continuance and Termination of Service	x
	F. Payment by Customer for Firm Power Service	x
	G. Conflicts	x

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXX

Schedule of Rates for Firm Power and Energy Service

I. Applicability

To sale of firm power for direct use by Customer (as defined below) whose Contract (as defined below) has been approved by Authority.

II. Abbreviations and Terms

A. The following abbreviations are used:

ECSB	Energy Cost Savings Benefit
EDP	Economic Development Power
kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator
OATT	Open Access Transmission Tariff

B. The term “Authority” means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term “Contract” means an executed application for electric service between Authority and Customer (as defined below), inclusive of all amendments, extensions or other agreements.

D. The term “Customer” means a business customer who has an approved Contract with the Authority.

E. The term “NYISO” also refers to any successor organization.

F. The term “Rules” means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.

G. The term “Service Tariff” means this Service Tariff No. 1S.

III. Monthly Rates and Charges

A. Monthly Rates

1. Customer who has been approved for an ECSB award pursuant to Section 183(h) of the Economic Development Law is listed and shall pay the rates shown in Table I.

The rates shown in Table I are subject to increase at any time at the sole discretion of the Trustees.. Upon such a determination, the tariff charges may be revised in accordance with Section IV.B.

2. Upon expiration of the ECSB award, Customer shall pay rates based on the market costs of energy and capacity (ICAP/UCAP) including locational capacity costs, and NYISO Charges as specified in Section G and any transmission charges not otherwise recovered hereunder, as may be incurred by Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by Authority.

B. Billing Demand

The billing demand shall be the greater of: a) such Customer's maximum 30 minute integrated demand established during the billing period; b) 75 percent of such Customer's contract demand.

C. Monthly Charges

Demand: the monthly demand charge shall be the product of the demand rate set forth in Table I and the billing demand, as defined above.

Energy: the monthly energy charge shall be the product of the energy rate set forth in Table I and the amount of energy used under this Service Tariff.

D. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

E. Contract Demand

The amount of EDP kW allocated to Customer by Authority's Trustees.

F. Other Transmission Related Charges

Customer shall pay such transmission costs for delivery as may be required in Customer's Contract.

G. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time):

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to the Customer or otherwise associated with the Authority's responsibilities as Load Serving Entity for the Customer that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to any Customer under this Service Tariff for facilities needed to meet deliverability requirements, maintain reliability or incurred in connection with the NYISO's Comprehensive System Planning Process (including both economic projects and reliability backstop projects), applicable tariffs or required to be paid by the Authority in accordance with law, whether charged by the NYISO or other third party.

The NYISO Charges in this section incurred by Authority on behalf of Customer are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

H. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from Customer if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

IV. General Provisions

General Provisions for service supplementing or modifying the Rules are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase.

B. Adjustment of Rates

To the extent not inconsistent with Contract, the monthly rates and charges contained in this Service Tariff may be revised by Authority from time to time on not less than thirty (30) days written notice to Customer.

C. Adjustment of Charges

Power Factor

Not less than 95%, lagging or leading, except as otherwise specified in Customer's Contract.

D. Load Splitter

Where firm power is delivered under this tariff in conjunction with other power, the amounts supplied by Authority hereunder shall be apportioned as provided in Customer's Contract.

E. Continuance and Termination of Service

Service will continue until the earlier of the termination date set forth in Customer's Contract or until terminated by (i) Authority pursuant to required notice for cause as provided in the Rules , or (ii) Customer on written notice given Authority not less than one year in advance.

F. Payment by Customer for Firm Power Service

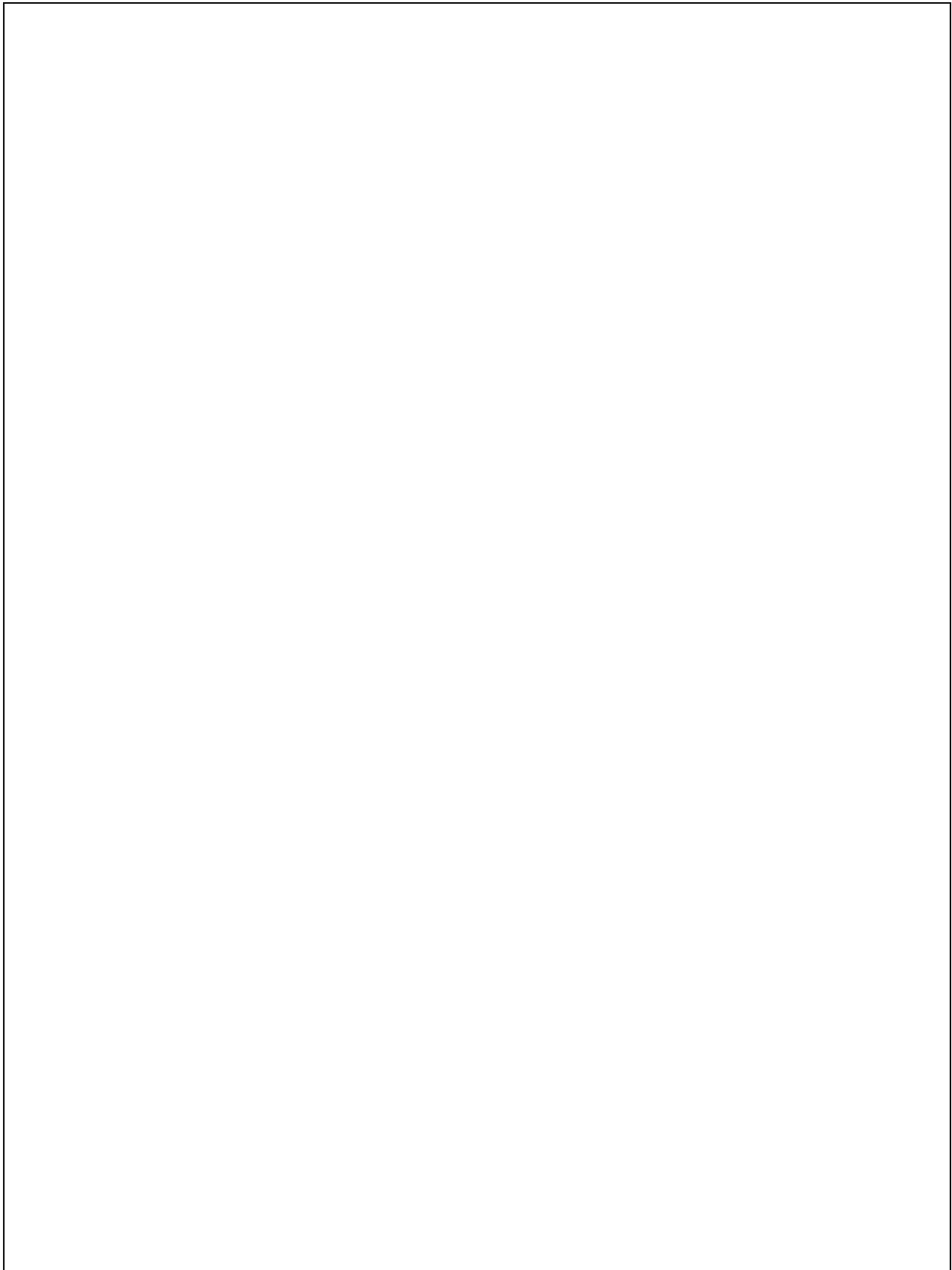
Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

G. Conflicts

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Contract, the provisions of the Contract shall govern.

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX



Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

Exhibit "1g-C"
December 15, 2009



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Service Tariff for Customer under the
Economic Development Programs

Economic Development Power – Sale for Resale Service

Service Tariff No. 35

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

Table of Contents

To be completed with final version

Schedule of Rates for Firm Power and Energy Service	Leaf No.
I. Applicability	x
II. Abbreviations and Terms	x
III. Monthly Rates and Charges	
A. Monthly Rates	x
B. Billing Demand	x
C. Monthly Charges	x
D. Billing Period	x
E. Contract Demand	x
F. Other Transmission Related Charges	x
G. NYISO Transmission and Related Charges	x
H. Resale of Power and Energy	x
I. Taxes and Other Charges	x
IV. General Provisions	
A. Character of Service	x
B. Adjustment of Rates	x
C. Adjustment of Charges	x
D. Construction, Operation and Maintenance of Customer's Power System	x
E. Payment by Customer for Firm Power Service	x
F. Conflicts	x

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Schedule of Rates for Firm Power and Energy Service

I. Applicability

To sale of firm power to Customer (as defined below) in New York State solely for general power service to specific consumers as approved by Authority.

II. Abbreviations and Terms

A. The following abbreviations are used:

ECSB	Energy Cost Savings Benefit
EDP	Economic Development Power
kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator
OATT	Open Access Transmission Tariff

B. The term “Authority” means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term “Contract” means an executed application for electric service between Authority and Customer (as defined below), inclusive of all amendments, extensions or other agreements.

D. The term “Customer” means a municipal customer in New York State who has an approved Contract with the Authority.

E. The term “NYISO” also refers to any successor organization.

F. The term “Rules” means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.

G. The Term “Service Tariff” means this Service Tariff No. 35.

III. Monthly Rates and Charges

A. Monthly Rates

1. Consumers who have been approved for an ECSB award pursuant to Section 183(h) of the Economic Development Law is listed and shall pay the rates shown in Table I.

The rates shown in Table I are subject to increase at any time at the sole discretion of the Trustees. Upon such a determination, the tariff charges may be revised in accordance with Section IV.B.

2. Upon expiration of the ECSB award, consumers shall pay rates based on the market costs of energy and capacity (ICAP/UCAP) including locational capacity costs, NYISO Charges as specified in Section G and any transmission charges not otherwise recovered hereunder, as may be incurred by Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by Authority.

B. Billing Demand

The billing demand shall be the sum of the specific consumers' billing demands. A specific consumers' billing demand shall be the greater of: a) such consumer's maximum 30 minute integrated demand established during the billing period; b) 75 percent of such consumer's contract demand.

C. Monthly Charges

Demand: the monthly demand charge shall be the product of the demand rate set forth in Table I and the billing demand, as defined above.

Energy: the monthly energy charge shall be the product of the energy rate set forth in Table I and the amount of energy used under this Service Tariff.

D. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

E. Contract Demand

The contract demand shall be the sum of all kilowatts allocated to Customer by Authority for the benefit of specific consumers served by Customer (consumer's contract demand) pursuant to Contract.

F. Other Transmission Related Charges

Customer shall pay the Authority for transmission, wheeling and delivery costs as may be required in the Contract to deliver the power.

G. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time):

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to the Customer or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customer that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to any Customer under this Service Tariff for facilities needed to meet deliverability requirements, maintain reliability or incurred in connection with the NYISO's Comprehensive System Planning Process (including both economic projects and reliability backstop projects), applicable tariffs or required to be paid by the Authority in accordance with law, whether charged by the NYISO or other third party.

The NYISO Charges in this section incurred by Authority on behalf of Customer are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

H. Resale of Power and Energy

Customer agrees that in reselling power and energy purchased from Authority under this Service Tariff, such power and energy will be provided solely to consumer(s) approved by Authority pursuant to the applicable provisions of Part 460 of Authority's Rules. Authority shall make energy available to Customer at the actual load factor of Customer's consumer(s).

I. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from Customer if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

IV. General Provisions

General Provisions for service supplementing or modifying the Rules are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase.

B. Adjustment of Rates

The monthly rates and charges contained in this Service Tariff may be revised by Authority from time to time on not less than thirty (30) days written notice to Customer.

C. Adjustment of Charges

1. Transformer Losses

If delivery is made at transmission voltage but metered on the low side of Customer's substation, the meter readings will be increased by an amount based upon the manufacturer's actual test report for such transformer or for a transformer of similar age and type, or in the absence of such test reports, by two percent to compensate for transformer losses.

2. Power Factor

None. Customer shall maintain power factor at the point of delivery of not less than 90 percent lagging or leading.

D. Construction, Operation and Maintenance of Customer's Power System

For the purposes herein Customer's power system shall mean the power system of Customer and of any purchaser, transmitter or distributor designated by Customer to receive or handle the power contracted for herein, and for the purposes of this General Provision, Authority's power system shall mean all facilities over which power and energy are delivered to Customer's transmission/distribution agent(s), whether or not owned by Authority. Customer shall require all such purchasers, transmitters, or distributors to construct, operate and maintain their power system and/or electrical equipment, in a manner which will not interfere with any service supplied from Authority's power system, Customer fails or refuses to cause such changes to be made as may be necessary to eliminate such unsatisfactory condition, Authority may discontinue furnishing electric service to Customer so long as

such interference exists. Such a discontinuance of electric service will not relieve customer of liability for the minimum monthly charge provided for herein during the term said electric service is so discontinued. Nothing in this paragraph shall be constructed to render Authority liable for any claims, demands, costs, losses, causes of action, damages, or liability of whatsoever kind or nature arising out of or resulting from the construction, operation or maintenance of Customer's power system.

E. Payment by Customer for Firm Power Service

Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

F. Conflicts

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Contract, the provisions of the Contract shall govern.

Exhibit "1g-D"
December 15, 2009



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Service Tariff for Customer under the
Economic Development Power Programs

Economic Development Power – Sale for Resale Service

Service Tariff No. 50

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

Table of Contents

To be completed with final version

Schedule of Rates for Firm Power and Energy Service	Leaf No.
I. Applicability	x
II. Abbreviations and Terms	x
III. Monthly Rates and Charges	
A. Monthly Rates	x
B. Billing Demand	x
C. Monthly Charges	x
D. Billing Period	x
E. Contract Demand	x
F. NYISO Transmission and Related Charges	x
G. Resale Without Mark-up	x
H. Taxes and Other Charges	x
IV. General Provisions	
A. Character of Service	x
B. Adjustment of Rates	x
C. Adjustment of Charges	x
D. Payment by Customer for Firm Power Service	x
E. Conflicts	x

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Schedule of Rates for Firm Power and Energy Service

I. Applicability

To sale of Economic Development Power to utility companies in New York State for resale to Economic Development Power Customers (as defined below) whose Contract (as defined below) has been approved by Authority.

II. Abbreviations and Terms

A. The following abbreviations are used:

ECSB	Energy Cost Savings Benefit
EDP	Economic Development Power
kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator
OATT	Open Access Transmission Tariff

B. The term “Authority” means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term “Company” means a utility purchasing Economic Development Power and Energy from Authority for resale to any Customer (defined below) who has received an EDP allocation from Authority.

D. The term “Contract” means an executed application for electric service between Authority and Customer (as defined below), inclusive of all amendments, extensions or other agreements.

E. The term “Customer” means an EDP customer who has an approved Contract with the Authority.

F. The term “NYISO” also refers to any successor organization.

G. The term “Rules” means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.

H. The term “Service Tariff” means this Service Tariff No. 50.

III. Monthly Rates and Charges

A. Monthly Rates

1. Customer who has been approved for an ECSB award pursuant to Section 183(h) of the Economic Development Law is listed and shall pay the rates shown in Table I.

The rates shown in Table I are subject to increase at any time at the sole discretion of the Trustees. Upon such a determination, the tariff charges may be revised in accordance with Section IV.B.

2. Upon expiration of the ECSB award, Customer shall pay rates based on the market costs of energy and capacity (ICAP/UCAP) including locational capacity costs, and NYISO Charges as specified in Section G and any transmission charges not otherwise recovered hereunder, as may be incurred by Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by Authority.

B. Billing Demand

The billing demand shall be the sum of the specific consumers' billing demands. A specific consumers' billing demand shall be the greater of: a) such consumer's maximum 30 minute integrated demand established during the billing period; b) 75 percent of such consumer's contract demand.

C. Monthly Charges

Demand: the monthly demand charge shall be the product of the demand rate set forth in Table I and the billing demand, as defined above.

Energy: the monthly energy charge shall be the product of the energy rate set forth in Table I and the amount of energy used under this Service Tariff.

D. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

E. Contract Demand

The total amount of EDP allocated to Company for resale to EDP Customer during the billing period as measured at the point of delivery from Company to EDP Customer.

F. Other Transmission Related Charges

Customer shall pay such transmission costs for delivery as may be required in Customer's Contract.

G. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority, if any, for services provided by the NYISO or any successor organization pursuant to its OATT or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time):

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customer that are assessed on the Authority by the NYISO under provisions of its OATT or other tariffs; and
6. Any charges assessed on the Authority with respect to service to any Customer under this Service Tariff for facilities needed to meet deliverability requirements, maintain reliability or incurred in connection with the NYISO's Comprehensive System Planning Process (including both economic projects and reliability backstop projects), applicable tariffs or required to be paid by the Authority in accordance with law, whether charged by the NYISO or other third party.

The NYISO Charges in this section, if any, incurred by Authority on behalf of Customer are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

H. Resale Without Mark-up

The Company's entitlement to Economic Development Power is contingent upon the Company not marking up or adding a profit component to the actual cost it incurs to purchase such power and energy when the Company resells such power and energy to qualified Customers. The foregoing limitation shall not prohibit the Company from charging rates that it deems appropriate for the recovery of all costs associated with the delivery of Economic Development Power resold by the Company as such rates are approved by the New York State Public Service Commission.

I. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from Customer if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

IV. General Provisions

General Provisions for service supplementing or modifying the Rules are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase.

B. Adjustment of Rates

The monthly rates and charges contained in this Service Tariff may be revised by Authority from time to time on not less than thirty (30) days written notice to Customer.

C. Adjustment of Charges

1. Power Factor

Not less than 95 percent lagging or leading, as measured or adjusted to the high side of Authority's transformers, provided that Authority shall supply or absorb such additional reactive power as may be desirable, insofar as in its judgment it is able to do so.

2. Distribution Losses

Appropriate adjustments will be made to reflect distribution losses to the Customer's points of receipt. Such adjustments shall be determined by the Authority or the Company depending on whose system is being utilized.

D. Payment by Customer for Firm Power Service

Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

E. Conflicts

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Contract, the provisions of the Contract shall govern.

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Exhibit "1g-E"
December 15, 2009



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Service Tariff for Customer under the
Economic Development Programs

Economic Development Power – Direct Firm Power Service

Service Tariff No. 50A

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Table of Contents

To be completed with final version

Schedule of Rates for Firm Power and Energy Service		Leaf No.
I.	Applicability	x
II.	Abbreviations and Terms	x
III.	Monthly Rate, Charges and Credits	
	A. Monthly Rates	x
	B. Minimum Monthly Charge	x
	C. Billing Demand	x
	D. Billing Period	x
	E. Contract Demand	x
	F. NYISO Transmission and Related Charges	x
	G. Customer Resales Prohibited	x
	H. Taxes and Other Charges	x
IV.	General Provisions	
	A. Character of Service	x
	B. Adjustment of Rates	x
	C. Adjustment of Charges	x
	D. Credit for Alternate Sale of Power	x
	E. Apportionment between Contracts	x
	F. Continuance and Termination of Service	x
	G. Payment by Customer for Firm Pumped-Storage Power Service	x
	H. Conflicts	x

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Schedule of Rates for Firm Power and Energy Service For Economic Development Power

I. Applicability

To the sale of firm power for direct use by Customer (as defined below) whose Contract (as defined below) has been approved by Authority.

II. Abbreviations and Terms

A. The following abbreviations are used:

ECSB	Energy Cost Savings Benefit
EDP	Economic Development Power
kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator
OATT	Open Access Transmission Tariff

B. The term “Authority” means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term “Contract” means an executed applicable Agreement for the Sale of Economic Development Power and Energy between Authority and Customer (as defined below), inclusive of all amendments, extensions or other agreements.

D. The term “Customer” means an EDP customer who has an approved Contract with the Authority.

E. The term “NYISO” also refers to any successor organization.

F. The term “Rules” means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.

G. The term “Service Tariff” means this Service Tariff No. 50A.

III. Monthly Rates and Charges

A. Monthly Rates

1. Customer who has been approved for an ECSB award pursuant to Section 183(h) of the Economic Development Law is listed and shall pay the rates shown in Table I.

The rates shown in Table I are subject to increase at any time at the sole discretion of the Trustees. Upon such a determination, the tariff charges may be revised in accordance with Section IV.B.

2. Upon expiration of the ECSB award, Customer shall pay rates based on the market costs of energy and capacity (ICAP/UCAP) including locational capacity costs, NYISO Charges as specified in Section F and any transmission charges not otherwise recovered hereunder, as may be incurred by Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by Authority.

B. Billing Demand

The billing demand shall be the greater of: a) such Customer's maximum 15 minute integrated demand established during the billing period; b) 75 percent of such Customer's contract demand.

C. Monthly Charges

Demand: The monthly demand charge shall be the product of the demand rate set forth in Table I and the billing demand, as defined above.

Energy: The monthly energy charge shall be the product of the energy rate set forth in Table I and the amount of energy used under this Service Tariff.

D. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month, but subject to the billing cycle requirements of the utility in whose service area Customer's facilities are located and at which EDP is delivered.

E. Contract Demand

The contract demand of each EDP Customer will be the amount of EDP allocated to such Customer by Authority's Trustees.

F. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its OATT or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time):

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to the Customer or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customer that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to any Customer under this Service Tariff for facilities needed to meet deliverability requirements, maintain reliability or incurred in connection with the NYISO's Comprehensive System Planning Process (including both economic projects and reliability backstop projects), applicable tariffs or required to be paid by the Authority in accordance with law, whether charged by the NYISO or other third party.

The NYISO Charges in this section incurred by Authority on behalf of Customer are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

G. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from Customer if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

IV. General Provisions

General Provisions for service supplementing or modifying the Rules are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase.

B. Adjustment of Rates

To the extent not inconsistent with Contract, the rates and charges contained in this Service Tariff may be revised by Authority from time to time on not less than thirty (30) days written notice to Customer.

C. Delivery

For the purpose of this Service Tariff, Power and/or Energy shall be deemed to be offered when Authority is able to supply Power and Energy and NYISO transmits it to its designated points of interconnection with Customer's transmission agent(s). If, despite such offer, there is a failure of delivery by Customer or its transmission agent(s), such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Payment by Customer to Authority

1. The Customer shall pay the Authority for Firm Power and Energy during any billing period the higher of either (i) the sum of a), b) and c) below or (ii) the minimum monthly demand charge as defined herein:
 - a. The demand charge per kilowatt for Firm Power & Energy specified in this Service Tariff or any modification thereof applied to the Customer's billing demand (as defined in General Provision E, below) for the billing period; and
 - b. The energy charge specified in this Service Tariff or any modification thereof applied to the amount of firm energy delivered by Authority to Customer during such billing period as determined by a load splitter percentage, if applicable, in accordance with the Contract.
 - c. A charge representing reimbursement to the Authority for all applicable taxes incurred by the Authority as a result of providing the EDP allocated to Customer.

E. Delivery Point

The delivery point is the point where the incoming lines of the utility in whose service area the Customer's facilities for receipt of the EDP are located are attached to such facilities of Customer.

F. Load Splitter

Where firm power is delivered under this Service Tariff in conjunction with other power, the amounts supplied by Authority hereunder shall be apportioned as provided in Customer's Contract.

G. Supplementary Provision

Sections 454.2 (c) and 454.5 of the Rules are inapplicable to this Service Tariff.

H. Payment by Customer for Firm Service

Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

I. Conflicts

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Contract, the provisions of the Contract shall govern.

h. Decrease in Westchester County Governmental Customer Rates – Notice of Adoption

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve a modification in the rates for the sale of firm power to the Westchester County Governmental Customers (‘Customers’) in 2010. This proposed action is consistent with the rate-setting process set forth in the Supplemental Electricity Agreements executed by the Customers and the Authority and in accordance with the State Administrative Procedure Act (‘SAPA’).

“This proposed final action seeks approval to decrease the production rates of the Customers by 14.17% as compared to 2009 rates. The decrease would be effective with the January 2010 bills.

BACKGROUND

“At their meeting of September 29, 2009, the Trustees directed the publication in the *New York State Register* (‘State Register’) of a notice that the Authority proposed to decrease the production rates by 14.17%. The *State Register* notice was published on October 21, 2009 in accordance with SAPA. Since this proposal would decrease revenues to the Authority, a public forum was not held. The public record was closed on December 7, 2009.

“In addition to the rate decrease, in 2010 the Customers will be subject to an Energy Charge Adjustment, under which the Authority passes through all actual variable costs to the Customers. This cost-recovery mechanism employs a monthly charge or credit that reflects the difference between the projected variable costs of electricity recovered by the tariff rates and the monthly actual variable costs incurred by the Authority. This billing mechanism is already in effect and will continue through 2010.

DISCUSSION

“As stated in the Notice of Proposed Rulemaking, the Customers’ production rates are based on the 2010 *pro forma* Cost of Service (‘COS’). The projected 2010 COS is \$46.8 million and the current or 2009 rate revenues are \$54.5 million, resulting in an over-recovery of \$7.7 million, or 14.17%. There have been no changes to the 2010 COS or projected revenues since September’s NOPR. The 2009 and final 2010 proposed rates with the 14.17% reduction are shown in Exhibit ‘1h-A.’

FISCAL INFORMATION

“The adoption of the 2010 production rate decrease would result in an estimated reduction in revenues of \$7.7 million.

RECOMMENDATION

“The Manager – Market Analysis and Tariff Administration recommends that the Trustees authorize the Corporate Secretary to file a Notice of Adoption with the New York State Department of State for publication in the *New York State Register* of a decrease in production rates for the Westchester County Governmental Customers.

“It is also recommended that the Senior Vice President – Marketing and Economic Development, or his designee, be authorized to issue written notice of adoption to the affected customers.

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Senior Vice President – Marketing and Economic Development, the Senior Vice President – Corporate Planning and Finance and I concur in the recommendation.”

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

RESOLVED, That the Senior Vice President – Marketing and Economic Development or his 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 Corporate Secretary of the Authority be, and hereby is, directed to file such notices as may be required with the New York State Department of State for publication in the *New York State Register* and to submit such other notice as may be required by statute or regulation concerning the rate decrease; and be it further

RESOLVED, That the Chairman, the Vice 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, 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 and General Counsel.

WESTCHESTER COUNTY GOVERNMENTAL CUSTOMERS
PRODUCTION RATES

CONVENTIONAL		Demand Rates		Base Energy Rates	
		\$/kW-mo.		Cents/kWh	
Service Class		Current	2010 Final	Current	2010 Final
62	General Small	n/a	n/a	11.182	9.598
64	Commercial & Industrial Redistribution	15.25	13.09	5.757	4.941
66	Westchester Street Lighting	n/a	n/a	9.400	8.068
68/82	Multiple Dwellings Redistribution	13.48	11.57	5.939	5.097
69	General Large	11.11	9.54	6.219	5.338

TIME-OF-DAY		Demand Rates		Base Energy Rates			
				On-Peak		Off-Peak	
Service Class		Current	2010 Final	Current	2010 Final	Current	2010 Final
64	Commercial & Industrial Redistribution	12.52	10.75	8.300	7.124	4.590	3.940
68/82	Multiple Dwellings Redistribution	12.08	10.37	8.581	7.365	4.700	4.034
69	General Large	9.20	7.90	8.876	7.618	4.622	3.967

Rider A	Back-up and Maintenance power			17.678	15.173	3.211	2.756
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The on-peak period for energy is weekdays from 7:00AM to 7:00PM, excluding holidays.
The off-peak period for energy is all other hours.

SC Notes:

In addition to the base energy rates, a monthly energy charge adjustment will apply.
The on-peak period for demand is weekdays from 8:00AM to 6:00PM, including holidays.
The on-peak period for energy is weekdays from 8:00AM to 10:00PM, including holidays.
The off-peak period for demand and energy is all other hours.

**i. 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 ‘1i-A’ in support of projects and programs for the Authority’s Business Units/Departments and Facilities. Detailed explanations of the recommended awards, including the nature of such services, the bases for the new awards if other than to the lowest-priced bidders 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 (‘EAPs’) require the Trustees’ approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of \$3 million, as well as personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source or non-low bidder.

“The Authority’s EAPs also require the Trustees’ approval when the cumulative change- order value of a personal services contract exceeds the greater of \$500,000 or 25% 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 \$1 million or 25% of the originally approved contract amount not to exceed \$3 million.

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 \$47,200 to \$4.5 million. 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.

“The following is a detailed summary of each recommended contract award.

Contract Awards in Support of Business Units/Departments and Facilities:

Corporate Communications

“In its continuing effort to meet its legislated mission and to help meet New York State’s overall energy policy goals, the Authority continues to undertake a number of short- and long-term projects to enhance its energy generation and transmission capabilities, as well as to increase the availability of alternative energy and energy efficiency technologies statewide. To help achieve as transparent and extensive a public education and stakeholder outreach effort as possible, the successful implementation of the Authority’s significant new initiatives and

continuing projects will require well-coordinated, comprehensive and multichannel strategic and tactical communications undertakings. To this end, the Authority is seeking assistance in meeting its ambitious public education and stakeholder outreach goals by retaining the services of full-service communications firms with a broad range of strategic and tactical expertise to assist the Authority with the development and/or implementation of extensive public education and stakeholder outreach. The firms, working with Authority staff and other project partners, when appropriate, would help formulate key strategic messages and delivery platforms to help inform the general public, community and other stakeholders and decision makers (including, but not limited to, area residents, environmental and business groups, civic organizations, local/state and regulatory agencies and public officials). Bid documents for such services (**Q09-4557**) were downloaded electronically from the Authority's Procurement Web site by 66 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Eleven proposals were received and evaluated. Based on the bidders' respective qualifications, record and depth of experience in public outreach and strategic communications in the energy industry or related industries, as set forth in their proposals, staff determined that six firms were most qualified to provide such services and would best be able to provide the particular areas of expertise that may be required to meet the varied needs of the Authority's new initiatives and continuing projects. Staff therefore recommends award of contracts to the following six most technically qualified firms: **Arch Street Communications, Inc., Crowley Webb and Associates, Empire Government Strategies, Eric Mower and Associates, MJ Bradley & Associates, LLC and Zimmerman/Edelson, Inc.** (PO#s TBA). Their respective strengths, range of talents and areas of expertise, extensive experience and strong regional or statewide presence complement each other to establish a formidable resource for the Authority to draw on. Additionally, many of the bidders partnered with one or more subcontractors to expand and/or enhance their qualifications, areas of expertise or range of services to be provided. The firms that were not selected lacked the depth of relevant or related experience in the energy sector or related industries, were limited in the range of projects they could support and did not have levels of expertise or proposals as strong as those of the six recommended firms. The contracts would become effective on or about January 1, 2010 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contracts, \$1.25 million. Such contracts will be closely monitored for utilization levels, available approved funding and combined total expenditures. (It should be noted that Arch Street Communications is a New York State-certified Woman-Owned Business Enterprise ('WBE').)

Video Production Services

"The four contracts with **CSL Enterprises, Inc. dba Reel Vision Productions ('CSL'; Q09-4627), EMSTAR Media, Inc. ('EMSTAR' Q09-4626), Pioppi Video Entertainment Corp. ('Pioppi'; Q09-4625)** and **Thomas Ng ('Ng'; Q09-4628; PO#s TBA)** would provide for various video-related services for the Authority (including videography, video editing, video producer-director-editor services, video systems maintenance engineer and video production assistant/technician services). Each of the four bid documents was downloaded electronically from the Authority's Procurement Web site by at least 19 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Multiple proposals were received in response to three of the Requests for Proposals ('RFPs') for the respective services. Based on a review of the submitted proposals, staff recommends award of three contracts to CSL, EMSTAR and Ng, the lowest-priced bidders that meet all qualifications and bid requirements, as set forth in the respective RFPs, and whose proposed rates are competitive and reasonable. Additionally, one proposal was received in response to the RFP for video producer-director-editor services. Procurement staff followed up with vendors that declined to bid; their reasons for not bidding included, but were not limited to, the work not being in the scope of their services, their current work load being too heavy or they had downloaded the bid documents for information purposes only. Staff recommends award of a fourth contract to Pioppi, which meets all qualifications and bid requirements for the specialized video producer-director-editor services, as set forth in the RFP, and whose proposed rates are competitive and reasonable. The contracts would become effective on or about January 1, 2010 for an intended term of up to three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contracts, \$900,000. Specific allocations under each contract will be managed according to actual demand for the type of service required. Such contracts will be closely monitored for utilization levels, available approved funding and combined total expenditures.

Energy Marketing and Business Development

Energy Services and Technology ('ES&T')

“As one of the utilities in the forefront of the SmartGrid initiative, the Authority currently has a network of nine Phasor Measurement Units ('PMUs') installed and operating at seven key substations on its high-voltage transmission system in New York State, with a 10th unit to be installed at the St. Lawrence/FDR Power Project switchyard. These satellite-synchronized measurement and monitoring units provide a highly precise snapshot of events (system disturbance data) in the power system. Such PMU data is used continuously by the Authority, the New York Independent System Operator ('NYISO') and other utilities to analyze various system disturbance events, as part of the U. S. Department of Energy and North American Electric Reliability Corporation ('NERC') North American Synchrophasor Initiative ('NASPI'). The Authority's PMUs have been in operation since 1992 and require maintenance and upgrade, as computer systems become obsolete and new hardware and software are developed. The continued maintenance of these PMUs is very important in order to ensure a continuous stream of valuable real-time phasor data to the Energy Management System at the Authority's Energy Control Center, as well as to NYISO, NERC and other utilities (via NASPI), provide networking capability and maintain continuity of operations. At their meeting of December 14, 2004, the Trustees approved the award of a five-year contract to **Macrodyne, Inc. ('Macrodyne')** to provide for such maintenance and support services, including hardware and software engineering services, as well as spare parts for the Authority's network of PMUs. Regular software upgrades provided as part of continuing system enhancement are also included. Since the existing contract is expiring and the need for such services is ongoing, staff recommends the award of a new contract to **Macrodyne (Q09-4654; PO# TBA)** to provide for the continuation of such services. The contract is awarded on a sole-source basis, since Macrodyne is the original equipment manufacturer and, as such, is uniquely qualified to maintain these units, which provide valuable information to various entities for the continuity of reliable operations. The new contract would become effective on or about January 1, 2010 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$250,000.

“In 2007, the Authority awarded a contract to **Test Laboratories International, Inc. ('TLI')**, as the result of competitive bidding, to provide for furnishing, installing, validating and performance monitoring of new Network-Based Fault Data Analyzer ('NBFDA') software on existing Authority hardware platforms for Digital Fault Recorders ('DFRs'). The DFRs provide a vital source of information for fault investigation and disturbance analysis on the Authority's transmission lines and generating stations. The NBFDA enables Authority staff and crews to quickly detect, locate, analyze and repair transmission line faults, in compliance with NERC recommendations. The continued maintenance of the NBFDA software is very important in order to provide adequate support to the Authority's operations team to quickly resolve any emergent issues identified as the result of fault data collection and analysis. To this end, staff recommends the award of a new contract to **TLI (Q09-4657; PO# TBA)** to provide for the continuation of such services. The contract is awarded on a sole-source basis, since TLI is the original software developer and, as such, is uniquely qualified to provide such services (including, but not limited to, technical support for configuring and adding new DFRs, troubleshooting and maintaining the software, implementing software modifications and upgrades, developing software enhancements to incorporate new features, such as improving its analysis capabilities and user interface, as may be required). The new contract would become effective on or about January 1, 2010 for an intended term of up to two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$47,200.

Enterprise Shared Services

Information Technology for Corporate Support Services

“The contract with **FirstCall Network, Inc. ('FirstCall') (Q09-4610; PO# TBA)** would provide for a vendor-hosted, web-based, automated Call Tree Notification system that contacts Authority employees, contractors, tenants, customers and others, as necessary, in both emergency and non-emergency situations. The Call Tree is an integral part of the Authority's Business Continuity and Disaster Recovery efforts. Bid documents were downloaded electronically from the Authority's Procurement website by 29 firms, including those that may have responded to a

notice in the New York State *Contract Reporter*. Seven proposals were received and evaluated based on criteria that included, but were not limited to, meeting the functional requirements set forth in the Request for Quotations ('RFQ'); product quality, ease of use and support; implementation experience; application security; technical merit of the proposal and price. After initial evaluation, the four highest-priced proposals were not evaluated further. The three remaining bidders were invited to make presentations and demonstrate their applications to Authority staff. Their respective products were evaluated further based on the following criteria: application functionality and administration, pricing, restrictions to the type of calls generated, organizational stability and application security (compliance with 'SAS70' standards). Of these three, the lowest-priced bidder did not meet all functional and security requirements; the other bidder did not meet all functional and technical requirements and their actual price was higher than initially indicated. Staff therefore recommends award of a contract to FirstCall, the lowest-priced qualified bidder, which meets all the functional and technical requirements as set forth in the RFQ. The product meets all Authority requirements for activation, staffing (24/7/365), devices supported, data input and reporting. There are no restrictions on the type of calls generated or the numbers of users and contacts. Additionally, FirstCall is SAS70 compliant and has communication centers in three different power grids within the country for redundancy and ease of failover. The contract would become effective on March 1, 2010 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$83,200.

Corporate Support Services

"Due to the need to commence services, the contract with **Over Rock, LLC ('Over Rock') (Q09-4595; 4500181184)** for on-call masonry, snow removal and landscaping services for the Authority's Clarence D. Rappleyea Building (White Plains Office), as well as snow removal for an off-site storage warehouse in Pleasantville, New York, became effective on November 1, 2009. The contract award, in the initial amount of \$50,000, was authorized in accordance with the Authority's Guidelines for Procurement Contracts and EAPs, subject to the Trustees' ratification and approval at their next scheduled meeting. Bid documents were downloaded electronically from the Authority's Procurement website by 26 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Five proposals were received and evaluated. Bidders could submit proposals for any or all of the three services categories. The Authority reserved the right to award one or multiple contracts. Based on its experience and ability to perform such work, in addition to its competitive pricing, staff recommends award of one contract for all three services to Over Rock, the lowest-priced bidder, which is qualified to perform such services and meets the bid requirements. It should also be noted that the building and grounds are LEED-EB Gold Certified by the United States Green Building Council ('USGBC'), requiring the landscape contractor to make every effort to maintain the certification by using acceptable practices approved by the USGBC. The intended term of the contract is up to five years, subject to the Trustees' ratification and approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$3 million.

Power Supply

"The contract with **DCB Elevator Co., Inc. ('DCB'; 20046085; PO# TBA)** would provide for monthly maintenance services for approximately 25 elevators, escalators and wheelchair lifts located in various buildings at the Niagara Project (including the Robert Moses Power Plant, the Lewiston Pump Generating Plant, Power Vista, the General Maintenance Building and other support facilities), as well as for on-call repairs performed on a time-and-material basis. The Authority conducted a mini-bid among five pre-approved contractors for the geographic region, based on a New York State Office of General Services contract for such services. Bid documents were sent to the five invited bidders. Four proposals were received and evaluated. Staff recommends award of a contract to DCB, the lowest-priced bidder, which is qualified to perform such services, meets the bid requirements and has provided satisfactory service under an existing contract for such work. The new contract would become effective on or about January 1, 2010 for an intended term of up to four years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$350,000.

“The contract with **Garnet River, LLC** (**‘Garnet River’**; **Q08-4457**; **PO#s TBA**) would provide for software application migration services (i.e., code conversion) in support of the Energy Scheduling & Accounting (**‘ES&A’**) system software upgrade at the Energy Control Center. Such services are necessitated by the discontinuation of support by another vendor for the existing FORTE software, which is one of the main components of the Authority’s ES&A application. Staff’s investigation of upgrade options determined that code migration (from FORTE to JAVA, which is more of the industry standard) is the preferred and more cost-effective solution, rather than replacement of the entire system. The resulting migrated code will retain the exact functionality of the existing FORTE system, no business processes will change and no user training will be required. Bid documents were downloaded electronically from the Authority’s Procurement website by 59 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Five proposals were received and evaluated. Staff recommends award of contracts to Garnet River, the lowest-priced bidder, which is technically qualified to perform such work and meets the bid requirements. The contract would become effective on December 16, 2009 for an intended term of up to five years, subject to the Trustees’ approval, which is hereby requested. Staff anticipates that the implementation of the code migration should be completed within six months. The remaining period is for maintenance support, as may be required, to commence upon acceptance by the Authority of the ES&A code migration. Approval is also requested for the total amount expected to be expended for the term of the contract, \$1.4 million (including contingency to allow for additional enhancements, as may be required).

“The contract with **Holzmacher, McLendon and Murrell, PC** (**‘H2M’**) (**Q09-4617**; **PO# TBA**) would provide for environmental sampling and laboratory analysis at the Authority’s Southeastern New York (**‘SENY’**) plants, in compliance with State Pollutant Discharge Elimination System (**‘SPDES’**), Major Oil Storage Facility (**‘MOSF’**) and Resource Conservation and Recovery Act (**‘RCRA’**) testing requirements, as well as New York State Department of Health (**‘NYS DOH’**) and Department of Environmental Conservation (**‘DEC’**) methodologies and reporting requirements and New York City Department of Environmental Protection (**‘NYC DEP’**) Waste Water Directives. The provider must also maintain NYS DOH Environmental Laboratory Approval Program (**‘ELAP’**) certification for non-potable water and solid and hazardous waste. Services include, but are not limited to, the identification of various contaminants/levels in wastewater, waste oils, soil samples and hazardous waste, at prescribed frequencies or on an ‘as needed’ basis. Bid documents were downloaded electronically from the Authority’s Procurement website by 33 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Six proposals were received and evaluated. Staff recommends award of a contract to H2M, the lowest-priced bidder, which is qualified to perform such services, meets the bid requirements and has provided satisfactory service under an existing contract for such work. The new contract would become effective on or about January 1, 2010 for an intended term of up to three years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$350,000.

“The contract with **Konecranes, Inc.** (**‘Konecranes’**) (**Q09-4555**; **PO# TBA**) would provide for upgrade design and installation, maintenance, repair and related inspection services for cranes and hoists at all Authority operating plants and facilities, as needed. Services also include providing spare parts and materials, safety bulletin analyses and resulting required repairs, OSHA compliance inspections and any other crane-related work, as may be required. All services will be performed in accordance with Authority site operating and safety procedures and all applicable codes and standards, including, but not limited to, manufacturers’ specifications and industry standards, Occupational Safety and Health Administration regulations and all local, State and federal requirements. Bid documents were downloaded electronically from the Authority’s Procurement website by 32 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Seven proposals were received and evaluated based on proposal completeness, experience, safety record, cost, etc. The three lowest-priced proposals were evaluated further. Based on historical usage data and quoted hourly rates, staff calculated the projected costs of various typical work activities for each of four work durations (1-, 4-, 8- and 15-day) for the major facilities. Staff recommends award of a contract to Konecranes, the lowest-priced evaluated bidder, which is qualified to perform such services and meets the bid requirements. The firm has a proven record of experience in such services and demonstrated the necessary resources, training, qualifications and financial stability to guarantee quality routine and/or emergency repairs and to ensure that all work is performed in accordance with all applicable standards and requirements. The contract would become effective on or about January 1, 2010 for an intended term of up to five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$1.125 million.

“The two contracts with **Miller Environmental Group, Inc. (‘Miller’)** and **WRS Environmental Services, Inc. (‘WRS’)** (Q09-4566) would provide for general environmental services for the Authority’s SENY plants (including Poletti, 500 MW, Flynn and the Small Clean Power Plants). Such services would consist primarily of cleaning process equipment (including, but not limited to, tanks, oil/water separators, economizers, burners, etc.); transporting and disposing of hazardous materials generated by such cleaning and providing environmental and safety training to the Authority, as may be required. Bid documents were downloaded electronically from the Authority’s Procurement website by 58 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Six proposals were received and evaluated on the following criteria: completeness of the proposal (including, but not limited to, description of the bidder’s spill response and clean-up capabilities and land oil spills; amount and type of available equipment and staging locations; U. S. Coast Guard Oil Pollution Act of 1990 (‘OPA 90’) certification for response in a marine environment; current waste transporter permit; description of health/safety and training programs); distance of equipment to the SENY facility, etc. Based on their inability to meet some of the foregoing requirements, three bidders were eliminated from further consideration. The three qualified bidders were then ranked based on a cost analysis for response and clean-up of a typical land oil spill scenario calculated on each bidder’s hourly rates. Staff recommends award of contracts to two firms: Miller, the lowest-priced bidder that is qualified to perform such services, meets the bid requirements and has provided satisfactory services under an existing contract for such work; and WRS, the next-lowest-priced qualified bidder that meets the bid requirements. The award of contracts to two firms would ensure sufficient resources and services in case of equipment failures or other unforeseen situations. The contracts would become effective on or about January 1, 2010 for an intended term of up to three years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contracts, \$600,000. Such contracts will be closely monitored for utilization levels, available approved funding and combined total expenditures.

“The contract with **Sara L. Mendelsohn, MD, PLLC (‘Dr. Mendelsohn’)** (Q09-4615; PO# TBA) would provide for annual physical examinations and miscellaneous medical services for approximately 25 employees at the Richard M. Flynn Plant, as required by all applicable safety and health standards, federal and State requirements and Authority policy. Services include, but are not limited to, annual physical examinations and records management services, as well as respirator clearance tests, where applicable, and additional testing for crane operators and various occupational/industrial exposures, such as asbestos and high noise. Bid documents were downloaded electronically from the Authority’s Procurement website by seven firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Two proposals were received and evaluated. Staff recommends award of a contract to Dr. Mendelsohn, the lower-priced bidder, who has the technical qualifications and credentials to perform such services and meets the bid requirements. The contract would become effective on or about January 1, 2010 for an intended term of up to three years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$50,000.

“The contract with **Siemens Water Technologies (‘Siemens’)** (Q09-4622; PO# TBA) would provide for the rental of mobile trailer-mounted demineralizer units and related specialized equipment and services for portable demineralized water treatment systems to support the Small Clean Power Plants located at six sites in New York City and one in Brentwood, Long Island. The vendor will own, operate and maintain the equipment that will supply demineralized water for injection into the Authority’s LM6000 combustion turbines, as well as for cleaning the machines and for power enhancement using the Sprint system. Bid documents were downloaded electronically from the Authority’s Procurement website by six firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Three proposals were received and evaluated. Staff recommends award of a contract to Siemens, the lowest-priced bidder, which is qualified to perform such services, meets the bid requirements and has provided satisfactory service under an existing contract for such equipment and services. The contract would become effective on or about January 1, 2010 for an intended term of up to five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$4.5 million.

“At their meeting of June 29, 2004, the Trustees approved the award of a contract to Stone & Webster, Inc. for design services for three Habitat Improvement Projects and for improvements to the Wilson Hill Wildlife Management Area (‘WHWMA’), in support of the implementation of environmental improvement projects at the St. Lawrence/FDR Power Project (‘Project’) required for relicensing compliance. Construction of several components

of the WHWMA improvements was delayed due to several factors. Foremost among these were: (1) reconsideration by local stakeholders and the New York State Department of Environmental Conservation ('NYS DEC') of the approach to water level management, resulting in the addition of the new pumphouse to the project scope; (2) extended discussions with NYS DEC and local stakeholders regarding the use and finished surface of the new dike, which will provide a second accessway to the Wilson Hill community and (3) discovery of a potentially historic structure (buried remnants of a pre-1860s 'corduroy road') during excavation for the new dike base, requiring investigation under the Authority's Historic Properties Management Plan and ultimately resulting in the redesign of the new dike. Since the original contract is expiring, construction of significant components of the WHWMA improvements has not been completed, and current Procurement Guidelines prohibit the term of a personal services contract from exceeding five years, staff recommends the award of a new contract to **Stone & Webster Engineering New York, P.C. ('Stone & Webster')** (Q09-4653; PO# TBA) to provide for the continuation of design and engineering support services related to the ongoing refurbishment of dikes and construction of a new pumphouse at the WHWMA. Continued design and engineering support is needed for the pumphouse during, and upon completion of, construction to address design questions that may arise during construction and to furnish the record drawings for the completed installation. As the Engineer of Record for these facilities, Stone & Webster is familiar with all the design bases and other considerations that influenced their design, and would be the only firm in a position to readily vouch for the adequacy of the design and to furnish sealed record drawings. The same holds true for the record drawings that are still needed for the completed installations designed by Stone & Webster for the outlying dikes. The new contract would become effective on or about January 1, 2010 for an intended term of up to two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$250,000 (using unspent funds from the expiring contract).

FISCAL INFORMATION

"Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2010 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 Vice President – Engineering, the Vice President – Project Management, the Vice President – Project Development, Licensing and Compliance, the Vice President – Environment, Health and Safety, the Vice President – Procurement, the Chief Information Officer, the Chief Technology Development Officer, the Director – Corporate Support Services, the Director – Media Relations, the Director – Video Production Services, the Director – Asset and Maintenance Management, the Regional Manager – Northern New York, the Regional Manager – Western New York, the Regional Manager – Southeastern New York, the General Manager – Clark Energy Center and the Director of Operations (Flynn), recommend that the Trustees approve the award of multiyear procurement contracts to the companies listed in Exhibit '1i-A,' for the purposes and in the amounts discussed within the item and/or listed in the Exhibit.

"The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Executive Vice President and Chief Engineer – Power Supply, the Senior Vice President – Power Supply Support Services, the Senior Vice President – Enterprise Shared Services, the Senior Vice President – Corporate Communications, the Senior Vice President – Energy Services and Technology, 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 contracts set forth in Exhibit "1i-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 Chairman, the Vice 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, 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 and General Counsel.

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

EXHIBIT "1i-A"
December 15, 2009

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
CORPORATE COMMUNIC.	Q09-4557; 6 awards: 1. ARCH STREET COMMUNICATIONS, INC. Pawling, NY 2. CROWLEY WEBB AND ASSOCIATES Buffalo, NY 3. EMPIRE GOVERNMENT STRATEGIES Uniondale, NY and White Plains, NY 4. ERIC MOWER AND ASSOCIATES Albany, NY 5. MJ BRADLEY & ASSOCIATES, LLC New York, NY 6. ZIMMERMAN / EDELSON, INC. Great Neck, NY (PO #s TBA)	01/01/10 (on or about)	Provide for public outreach and strategic communications services	12/31/14	B/P			\$1,250,000*
								*Note: represents aggregate total for up to 5-year term
CORPORATE COMMUNIC. - VIDEO PRODUCTION SERVICES	4 related awards: 1. CSL ENTERPRISES, INC. dba Reel Vision Productions Saugerties, NY (Q09-4627; PO# TBA) 2. EMSTAR MEDIA, INC. White Plains, NY (Q09-4626; PO# TBA) [continued on next page]	01/01/10 (on or about)	Provide for various video-related services	12/31/12	B/P			\$900,000*
								*Note: represents aggregate total for up to 3-year term

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")

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
Video-related awards continued:								
3. PIOPPi VIDEO ENTERTAINMENT CORP. New York, NY (Q09-4625; PO# TBA)								
4. THOMAS NG Brooklyn, NY (Q09-4628; PO# TBA)								
ENERGY MARKETING & BUS DEV - ES&T - R&TD	MACRODYNE, INC. Clifton Park, NY (Q09-4654; PO# TBA)	01/01/10 (on or about)	Provide for maintenance and upgrades of Phasor Measurement Unit network, including software/hardware engineering services & parts	12/31/14	S/P			\$250,000*
							*Note: represents total for up to 5-year term	
ENERGY MARKETING & BUS DEV - ES&T - R&TD	TEST LABORATORIES INTERNATIONAL, INC. College Station, TX (Q09-4657; PO# TBA)	01/01/10 (on or about)	Provide for technical support, software modifications and upgrades for the Network Based Fault Data Analyzer software for Digital Fault Recorders	12/31/11	S/P			\$47,200*
							*Note: represents total for 2-year term	
ENTERPRISE SHARED SERVICES - IT for Corp Supp Services	FIRSTCALL NETWORK, INC. Baton Rouge, LA (Q09-4610; PO# TBA)	03/01/10	Provide for Call Tree notification system (application and implementation services)	02/28/15	B/S			\$83,200*
							*Note: represents total for up to 5-year term	

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")

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
ENTERPRISE SHARED SERVICES - Corp Support Services	OVER ROCK, LLC Valley Cottage, NY (Q09-4595; 4500181184)	11/01/09	Provide for on-call masonry, landscaping and snow removal services for the Rappleyea Building	10/31/14	B/S	\$50,000		\$3,000,000*
							*Note: represents aggregate total for 5-year term	
POWER SUPPLY-NIAGARA	DCB ELEVATOR CO., INC. Lewiston, NY (20046085; PO# TBA)	01/01/10 (on or about)	Provide for elevator maintenance services at the Niagara Project	12/31/13	B/S			\$350,000*
							*Note: represents total for up to 4-year term	
POWER SUPPLY-TRANSMISSION	GARNET RIVER LLC Albany, NY (Q08-4457; PO# TBA)	12/16/09	Provide for migration (code conversion) services for Energy Scheduling & Accounting software upgrade	12/15/14	B/P			\$1,400,000*
							*Note: represents total for up to 5-year term	
POWER SUPPLY-SENY PLANTS	HOLZMACHER, McLENDON AND MURRELL, PC (H2M) Melville, NY (Q09-4617; PO# TBA)	01/01/10 (on or about)	Provide for environmental sampling and laboratory analysis for SENY plants	12/31/12	B/S			\$350,000*
							*Note: represents total for up to 3-year term	
POWER SUPPLY-PSSS - Asset & Maint. Management	KONECRANES, INC. Henrietta, NY (Q09-4555; PO# TBA)	01/01/10 (on or about)	Provide for crane upgrade design & installation, maintenance, repair & inspection services Authoritywide	12/31/14	B/S			\$1,125,000*
							*Note: represents total for up to 5-year term	

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Procurement (Services) Contracts – Awards
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<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
POWER SUPPLY- EH&S and SENY Plants	Q09-4566; 2 awards: 1. MILLER ENVIRONMENTAL GROUP Calverton, NY 2. WRS ENVIRONMENTAL SERVICES Yaphank, NY (PO#s TBA)	01/01/10 (on or about)	Provide for general environmental services for SENY plants	12/31/12	B/S			\$600,000*
							*Note: represents total for up to 3-year term	
POWER SUPPLY- FLYNN	SARA L. MENDELSON, MD, PLLC Woodbury, NY (Q09-4615; PO# TBA)	01/01/10 (on or about)	Provide for annual physicals and other medical examinations for employees of the Flynn Plant	12/31/12	B/P			\$50,000*
							*Note: represents total for up to 3-year term	
POWER SUPPLY- SCPPs	SIEMENS WATER TECHNOLOGIES Fallsington, PA (Q09-4622; PO# TBA)	01/01/10 (on or about)	Provide for mobile trailer-mounted demineralized water treatment systems for the SCPPs	12/31/14	B/E			\$4,500,000*
							*Note: represents total for up to 5-year term	
POWER SUPPLY- PSSS - Project Dev., Licensing & Compliance + STL	STONE & WEBSTER ENGINEERING NEW YORK, PC (an affiliate of Shaw Power Group) Stoughton, MA (Q09-4653; PO# TBA)	01/01/10 (on or about)	Provide for continuation of design and engineering support for the ongoing refurbishment of dikes and construction of a new pumphouse at the Wilson Hill Wildlife Management Area at the St. Lawrence Project	12/31/11	S/P			\$250,000*
							*Note: represents total for up to 2-year term	

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

2. Discussion Agenda

a. President and Chief Executive Officer's Report

On behalf of his neighbors and friends on Long Island, President Kessel welcomed the Trustees to their first meeting on Long Island. He said that having the meeting on Long Island was part of the effort to have the Trustees' Meetings all over the State. He said that the Authority has a very important relationship with Long Island and the Long Island Power Authority ("LIPA"), noting also the power the Authority provides to LIPA for resale to the Brookhaven National Laboratory. He said that the Authority has two plants on Long Island, the Flynn plant at Holtsville and the Brentwood plant, as well as a number of transmission lines. He added that the Authority had been the contractor for the decommissioning of the Shoreham nuclear power plant.

President Kessel provided an overview of his activities during his first year on the job. He said that it had been an exciting and challenging year, and cited the efforts of the Authority's dedicated and hard-working employees. President Kessel said that he had met three to four times during his first year with the Regional Managers and had met with the Authority's union employees and that he meets once a month with his senior staff and their direct reports (40-45 people in total). Starting in January, he and Mr. Gil Quiniones will meet once a month with just senior staff, as well as the individual business units. President Kessel said that he has an advanced, ambitious and full agenda for the coming year and that he expects the Authority will continue to make even more progress in 2010.

President Kessel said that his objectives for his first year had been to: (1) restore the Authority's integrity and reputation,; (2) focus on upstate New York; (3) upgrade the State's transmission system, including the possibility of a major north-south transmission line; (4) continue to pursue ambitious energy efficiency and renewable energy goals; (5) manage the Authority's finances efficiently and (6) operate and maintain the Authority's assets to the highest standards possible. He gave the following update on the progress that had been made toward these objectives:

Restoring the Authority's Integrity:

- *Cooperated fully with the New York State Office of the Attorney General investigation of past Authority practices.*
- *Eliminated the Authority's Office of Inspector General.*
- *Restructured the Travel Office.*

- *Reviewed the use of and expenses connected with the Authority's plane and set new criteria for its use to enhance cost-effective operation. President Kessel reminded the Trustees that he flew commercial whenever feasible.*
- *Established new internal controls and audit practices.*
- *Continually reviewed and reassessed internal activities.*
- *Complied diligently with State laws that govern public authorities.*
- *Increased transparency by holding Trustees' Meetings at various locations around the State.*
- *Conducted extensive public and media outreach.*
- *Enhanced the Authority web site with videos and other new features.*

Enhancing the Authority's Reputation and Building Goodwill

- *Unprecedented outreach to all levels of government, key business and environmental stakeholders, media outlets and editorial boards statewide, municipal and electric cooperative partners and major customers.*

Upstate Focus

- *79 business trips north of White Plains:*
 - *Western New York: 27 visits, including 24 to Buffalo/Niagara area. 1,850 new or saved jobs at Erie Canal Harbor Development Project, Yahoo (125), Steel Development (200), Globe Specialty Metals (138), GEICO (300), University of Buffalo Solar Project and Great Lakes Offshore Wind Project.*
 - *North Country: 18 visits, including 13 to Massena/Watertown area. More than 1,000 new or saved jobs at ALCOA (900), North Country Stimulus Program (3,500 businesses and farms received 9% rate discount), pushed for approval of land swap to complete the Tri-Lakes Transmission Line Improvement Project (which necessitated an amendment to the State Constitution).*
 - *Central New York: 13 visits, including 4 to Syracuse area.*
 - *Capital District: 21 visits, including 20 to Albany.*
 - *Hudson Valley, New York City, Long Island and Washington: 14 events.*

Upgrading Transmission System

Need a 21st century system

- *Existing system in good state of repair and robust.*
- *Need Smart Grid technologies to enhance reliability and energy efficiency.*
- *Hydro-Quebec North/South transmission system would import hydropower from Canada and make existing wind power in New York State deliverable beyond local generation area.*
- *Hudson Transmission Project.*

Energy Efficiency Projects

More ambitious than ever

- *More than \$1 billion invested over life of programs.*
- *New investment records of \$135-\$145 million for 2009.*
- *400 projects in various stages of development.*

Renewable Energy Goals

Wind and solar power

- *Great Lakes Offshore Wind Initiative (thanks to Mr. Jordan Brandeis and his team, Ms. Sarah Barish-Straus, Mr. Guy Sliker and Mr. Richard Hackman):*
 - *RFP issued December 1.*
 - *Tremendous national and worldwide interest.*
 - *Huge boost to Western New York economy.*
 - *Significant local support.*
- *100 MW Solar Initiative (thanks to Mr. Angelo Esposito and his team):*
 - *Will issue RFP within next few weeks.*
 - *Significant interest already.*
- *Long Island/New York City Offshore Wind Project:*
 - *RFP possible in the spring of 2010.*

The Authority's Finances

Solid (thanks to Mr. Joseph Del Sindaco and Mr. Donald Russak)

- *Kept expenses under control in 2009.*
- *Modest increase in 2010 budget.*
- *Bond rating excellent.*
- *Making reasonable and needed investments in generation and transmission assets.*

Power Supply Operations

The Gold Standard

- *Highly dedicated and professional team of management and union personnel (led by Mr. Edward Welz and Mr. Steven DiCarlo).*
- *High percentage of facility availability.*
- *Superior safety record.*
- *Constantly seeking to improve operations.*
- *Working with municipal and rural electric cooperatives.*
- *Working with Long Island Power Authority with regard to National Grid's sale of its Long Island plants.*

2010

Will continue to:

- *Improve and enhance the Authority's reputation.*
- *Use energy wisely to create and retain jobs in Western New York, North Country and other areas of State.*
- *Seek expanded capability to create and retain jobs through new legislation.*
- *Pursue ambitious energy efficiency and renewable energy goals.*
- *Efficiently manage Authority finances.*
- *Operate and maintain Authority's assets to the highest standards.*

President Kessel finished his overview by saying that the Authority has a great team in place and that there would be more of an internal focus in 2010.

Trustee Eugene Nicandri said that congratulating staff on their professionalism and performance only goes so far and that Authority employees are entitled to appropriate pay raises and incentive

awards. He said that providing employees with raises/incentives would increase State income tax revenues and help the Authority hire and retain good people, with no outlay of tax dollars. President Kessel said that he was in discussions with the Governor's Office about raises for non-union employees. Vice Chairman Foster said that the Trustees had discussed this with President Kessel before and that he wanted President Kessel to publicly commit to come back to the Trustees at the February 2010 meeting to present a proposal. President Kessel said he would be getting back to the Trustees very shortly on this issue. Vice Chairman Foster said that if the Governor's Office does not agree with the Trustees about raises for Authority employees, the Trustees may have to decide what their next step will be. Chairman Townsend asked President Kessel to put this item on the Trustees' January meeting agenda.

Chairman Townsend said that he'd like to see the Authority doing more in terms of wind power and Smart Grid projects and asked that staff prepare presentations that would provide the Trustees with more specifics on these two issues. He said that overall he was very pleased with President Kessel's performance during his first year and that he would give President Kessel an "A-minus." He said that he had been at the Canal Project event in Buffalo on Saturday and that it was obvious that President Kessel had turned around Western New York media and local politicians, but that it was important to maintain this new attitude on their part for the next four to five years. Chairman Townsend also asked that Ms. Terry Brown ensure that the legal documents for the Canal Side project have "teeth" in them.

Trustee Curley said that he was particularly glad to hear about the harmonious relationship President Kessel has developed with his colleagues and with the Trustees. He said that he had been very pleased to hear President Kessel say, on more than one occasion, "I'll have to take that up with my board," when approached by various stakeholders. He said that this good working relationship has not gone unnoticed on the federal level, either, specifically in the House of Representatives. President Kessel acknowledged that his relationship with the Trustees had been a little difficult at first.

Trustee Nicandri said that as part of the due diligence required by the recent amendment to the Public Authorities Law signed by the Governor, he would like to sit in on one of President Kessel's senior staff meetings. President Kessel suggested that he sit in on the January senior staff meeting.

b. Chief Operating Officer's Report

The Power Authority surpassed its year-to-date targets for both system wide net generation and transmission reliability through the end of November. In addition, with a month remaining to add to the total, NYPA exceeded the full year's goal for investment in energy efficiency projects.

Because there was no submittal in November, this report covers developments over the past two months.

POWER SUPPLY

Plant Performance

System wide net generation for the year through the end of November was 24,987,667 megawatt hours (MWH), surpassing the target of 23,957,654 MWH.^{1,2} The plants were available to produce electricity 92 percent of the time during that period, while the unforced capacity rating was 98 percent, compared with the target of 98.5 percent.³

There was no significant forced generation outages in October, extending the period without such events to four consecutive months.⁴ However, a significant forced outage occurred from November 29 through December 1 at the 500-megawatt combined-cycle plant because of an interruption of service on the plant's computer system. One of the three affected units was out of service for 40 hours, while the two others resumed operation on November 30 after being shut down for 27 and 33 hours, respectively.

The total lost opportunity costs of all unscheduled generation outages during October and November were \$27,000 and \$11,000, respectively, compared with generation revenues of \$161.5 million and \$143.1 million. The year-to-date lost opportunity cost through November was \$930,000, compared with revenue of \$1.85 billion—or 0.05 percent of total revenue.

Performance during October and November:

October

*Net generation: 2,174,071 MWH (target—2,178,190 MWH)
Plant availability: 84 percent
Unforced capacity rating: 99.8 percent (target—98.5 percent)*

November

*Net generation: 2,240,538 MWH (target—2,219,201 MWH)
Plant availability: 83.5 percent
Unforced capacity rating: 96.6 percent (target 98.5 percent)*

October marked the first month of 2009 in which system wide net generation was below the target. This was attributable to lower-than-anticipated river flows.

Transmission Performance

The transmission reliability for the year through the end of November was 97.50 percent, exceeding the target of 96.27 percent.⁵

The reliability results for October and November:

*October: 92.54 percent (target 90.58 percent)
November: 98.64 percent (target 97.49 percent)*

There were three forced transmission outages in October and two in November. The October outages were attributable to emergency circuit breaker repairs for a portion of the 765-kilovolt line from Quebec to Massena (less than one hour), replacement of a capacitor at the Marcy Substation (less than 14 hours) and replacement of a defective voltage transformer at the Marcy Substation (less than nine hours).^{6,7,8} The November outages, both for unknown causes, occurred for less than two hours and for 13 hours, respectively, at the Marcy Substation. All four outages at Marcy resulted from problems on Capacitor Bank 1.⁹

Life Extension and Modernization Programs

Three of the four pump-generating units at the Blenheim-Gilboa Pumped Storage Power Project resumed operation in November as work continued on the fourth as part of the project's Life Extension and Modernization (LEM) program.¹⁰ The entire project had been removed from service in September to permit a dewatering of the upper reservoir that was required for replacement of the spherical valve on the fourth unit, which is now undergoing a full-scale refurbishment.¹¹

Completion of the current work, expected in June 2010, will mark the conclusion of the four-year LEM project.

Refurbishment of the 12th of the 16 units at the St. Lawrence-Franklin D. Roosevelt Power Project continued on schedule for a planned completion in December. The entire LEM program at St. Lawrence-FDR is expected to be completed in 2013.

Transmission Initiatives

System Planning Study—NYPA and National Grid continue to conduct a combined system planning study and have provided Con Edison and the Long Island Power Authority (LIPA) with detailed information on this effort. As stated in my October report, the study is focusing on three options for a transmission line that would carry power from Canada and upstate renewable energy projects to New York City, with the potential for an increase of 1,500 megawatts in transfer capability. In addition, NYPA and National Grid are pursuing a non-disclosure agreement with Hydro-Quebec Trans Energie (HQTE), the entity that operates the transmission system in Quebec and markets system capacity. The agreement will facilitate further studies with HQTE.

NYPA and National Grid have shared the results of their preliminary economic studies with Con Edison and LIPA in preparation for a coordinated effort to carry out more-detailed economic analyses. (The four organizations have signed a non-disclosure agreement covering the system planning and economic studies.)

Tri-Lakes Power Project—New York State voters on November 3 approved by 67 percent to 33 percent an amendment to the State Constitution authorizing the use of two miles of Forest Preserve land for part of the new 46-kilovolt power line that will help to resolve longstanding power delivery problems in the Tri-Lakes region of the Adirondack Park.¹² President and CEO Kessel had promoted public awareness of the amendment's importance in appearances in the project area and on Long Island and in a letter to newspapers throughout the state.

The line, built through a cooperative effort by the Authority, National Grid and the villages of Lake Placid and Tupper Lake, has been in service since last May, but approval of the amendment resolved the last remaining legal issue.

The amendment, previously passed by two separately elected State Legislatures, was strongly supported by the environmental community because use of the Forest Preserve land along a state road averted construction in a more-sensitive forest and wetland area. As a further benefit, the amendment provides for the state to receive

at least 10 acres of forest property from National Grid in return for transfer to the utility of no more than six acres of Forest Preserve land for use on the line's right-of-way. (The actual conveyance from National Grid is expected to exceed 43 acres.)

NYPA obtained regulatory approvals for the 23-mile line and financed its construction. We will transfer ownership to National Grid in 2012.

Organizational Realignment

The ongoing assessment of potential operational interfaces between the Power Generation and Transmission units is proceeding toward completion in the first quarter of 2010.

Meanwhile, additional recommendations for realignment surfaced as a result of the intense activity associated with preparation for self-certification of compliance with the North American Electric Reliability Corporation's reliability standards for Critical Infrastructure Protection.¹³ (This initiative is discussed in further detail in the Corporate Services and Administration—Information Technology—section of this report on Page 7.) Our consultant, Scott Madden, is reviewing the recent recommendations.

Also being reviewed are potential interfaces between the Energy Control Center, Energy Resource Management and Power Generation operations, with the goal of identifying organizational synergies 10 years after the restructuring of the state's electricity markets and the formation of the New York Independent System Operator.¹⁴

ENERGY SERVICES AND TECHNOLOGY

Energy Efficiency Investment

NYPA's investment in energy efficiency projects during October and November brought the year-to-date total to \$129.2 million, surpassing the annual target of \$120 million. Overhead cost recovery in the two months resulted in a drop in the yearly figure to 98 percent, but kept us within reach of the annual goal of 100 percent.

The figures for October and November:

October

*Investment: \$12.5 million
Overhead Cost Recovery: 58 percent*

November

*Investment: \$12.2 million
Overhead Cost Recovery: 95 percent*

Clean-energy benefits

Year-to-date clean-energy benefits provided by NYPA through the end of November totaled 215,400 megawatt hours (MWH), keeping the Authority on course to attain the annual goal of 234,000 MWH. The year-to-date total included 50,300 MWH from new energy efficiency projects and 165,100 MWH from operation of new and previously existing renewable energy projects and purchases of renewable energy attributes.¹⁵

The figures for October and November:

October

*Total clean-energy benefits: 17,732 MWH
Energy efficiency: 6,732 MWH
Renewable energy projects and attributes: 11,000 MWH*

November

*Total clean-energy benefits: 21,711 MWH
Energy efficiency: 4,711 MWH
Renewable energy projects and attributes: 17,000 MWH*

Advancing Clean Technologies

100-Megawatt Solar Project—We remain on track to issue a Request for Proposals in December to potential developers for this project.¹⁶ Follow-up meetings with various stakeholders were held in October, with the New York State Education Department and the New York State Energy Research and Development Authority among the participants.

The Metropolitan Transportation Authority (MTA) has decided to participate in the project, which entails a public-private partnership to install up to 100 megawatts of solar photovoltaic capacity at sites throughout the state. As I reported last March, we had been working with the MTA to develop a solar power

purchase agreement associated with the installation of solar panels at the agency's facilities. Those plans have now been postponed, but may be reconsidered, depending on the outcome of the 100-megawatt initiative.

SUNY Canton Wind Project—A feasibility study completed for NYPA in November indicated that installation of a 600-kilowatt wind turbine at the State University of New York College at Canton may be feasible. The project, which would provide electricity to the campus, would also include the installation of a battery energy storage system to enable the wind power to better meet peak loads.

Advanced Technology

Sound Cable Project Protection System—Staff in November completed repairs to the cathodic protection system for the Authority's 345-kilovolt Sound Cable Project.¹⁷ The system, installed in 1999, prevents corrosion of the four transmission cables that run eight miles beneath Long Island Sound from Westchester County to Nassau County, extending their life expectancy by at least 15 years. Staff repaired malfunctioning equipment, installed new control systems and incorporated new technologies that were not available during original construction of the \$300 million project. Titanium anodes were used to ensure the system's endurance.¹⁸ The system also includes wireless communication and a dedicated server to allow remote access for data verification.

White Plains Office Fuel Cell—Installation of a 200-kilowatt fuel cell adjacent to the White Plains building is continuing, with startup scheduled for late December or January. The unit was delivered on October 31.

Construction

New York City Department of Sanitation, 26th Street (Manhattan)—Construction began in October on this \$856,000 project, which includes efficient lighting and motors as well as occupancy sensors. Annual energy cost savings of about \$130,000 are anticipated, along with a yearly reduction of almost 820 tons of carbon dioxide emissions. The project is expected to be completed in the first quarter of 2010.

New York City Department of Environmental Protection, Red Hook (Brooklyn)—All critical milestones have been completed on or ahead of schedule for this \$36 million project at the Red Hook Water Pollution Control Plant, discussed in my September report. The project remains on track for completion in June 2011.

New York State Office of General Services, Empire State Plaza (Albany)—Construction is expected to begin in the spring of 2010 on this \$240,000 project at the Plaza’s East Garage. The project, scheduled for completion by the end of 2010, will include controls that will reduce indoor perimeter lighting when outdoor light is available and will provide access and lighting to only the first level during nights and weekends. Annual energy cost savings of almost \$40,000 and a reduction of about 230 tons in yearly carbon dioxide emissions are anticipated.

Weatherization

Housing Authorities—The distribution of weatherization kits is expected to begin this month to approximately 16,000 residents of Westchester County and New York City housing authority units.

Municipal and Rural Cooperative Systems—Twelve municipal electric systems and rural cooperatives have enrolled in this weatherization program, and Customer Installation Commitments are in development.¹⁹

MARKETING AND ECONOMIC DEVELOPMENT

Replacement Power/Expansion Power Contract Extensions

An evaluation of long-term contract extensions for Western New York businesses that receive replacement power and expansion power from the Niagara Power Project is expected to be completed by the end of the year.²⁰

As noted in my October report, the majority of the current contracts expire on January 1, 2013, for replacement power and on July 1, 2013, for expansion power. Numerous businesses have requested extensions, both to facilitate investment decisions and to permit greater certainty with respect to costs.

In a related matter, the Trustees will be asked at the December meeting to approve “bridge” extensions through the 2013 dates for 51 contracts that are scheduled to expire sooner. Action on this item, involving 42 companies, will complete the process of extending all replacement power and expansion power contracts that would otherwise expire before 2013. New long-term contracts with these companies that result from the current evaluation would take effect on January 1 or July 1 of that year, depending on the class of power.

CORPORATE SERVICES AND ADMINISTRATION

Procurement

The Authority continues to substantially exceed its annual goal of providing at least 6 percent of applicable contract awards to New York State-certified minority- and women-owned business enterprises (MWBEs).²¹ We expect the value of awards to MWBEs through the end of the year to surpass \$55 million, or more than 20 percent of the applicable total. The figures cover direct contracts and subcontracts, including construction-related work.

Debra White, NYPA's manager of supplier diversity, was named a 2009 Champion for Diversity in the September/October issue of DiversityPlus magazine. Ms. White was among 25 winners selected from almost 100 nominees submitted by M/WBE suppliers from throughout the nation. Winners were chosen based on significant accomplishments in promoting diversity and represented such organizations as General Motors, Walt Disney, AT&T, American Express and New York Life.

INFORMATION TECHNOLOGY

Power Net—The Information Technology group successfully launched an expanded Power Net—the Intranet service for NYPA employees—in the SharePoint environment.²² The new Power Net provides employees with additional information about the Authority, advanced search capabilities, an updated phone directory with employee photos (subject to individual option), contact information and organizational reporting structures.

Critical Infrastructure Protection—The Authority is completing a Critical Infrastructure Protection project, as required by the North American Electric Reliability Corporation (NERC), with the goal of ensuring that all procedures for protecting NYPA's critical cyber assets are in place by the end of the year. The compliance initiative, carried out over the past two years, has been a major effort involving development of new work processes, deployment of staff and installation of new hardware and software.

This is the first year in which NERC has required individual electric utilities to certify compliance with its infrastructure protection requirements.

CORPORATE SUPPORT SERVICES

Business Continuity Plans—Development of a Business Continuity Plan is under way at the Frederick R. Clark Energy Center, with completion expected by the spring. Similar efforts will begin at the Authority's other major generation and transmission facilities early in 2010. The plans are intended to ensure that essential business operations continue during and after an emergency or other unforeseen event affecting a facility, major systems or key personnel.

The annual Headquarters Business Continuity Plan exercise was held on December 2 in the White Plains Office, with approximately 80 staff members participating in a simulated drill to test readiness to execute the plan.

Fifth-Floor Renovation—A renovation of the fifth floor in the White Plains building will be completed by the end of December, with staff moving into the area in early January. The project has met Certified Interior Standards for commercial buildings under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program.²³ (The standards apply to such features as construction materials, lighting and measures to enhance air quality.) Groups relocating to the renovated area will include Enterprise Shared Services Administration, Corporate Support Services Administration, Procurement, Travel and Flight Operations, Facility Management and Environmental Health and Safety.

FLEET MANAGEMENT

A fleet disposal auction on November 21 resulted in net sales for the Authority of \$230,000. The auction, the second conducted under a three-year contract with J.J. Kane Auctioneers, was held at National Grid's facility in Rome, N.Y. Vehicles auctioned by NYPA included cars, trucks, off-road and construction equipment and miscellaneous fleet items.

POWER RESOURCE PLANNING AND ACQUISITION

Great Lakes Offshore Wind Project (GLOW)

President and CEO Kessel on December 1 announced the release of the Request for Proposals (RFP) for the Great Lakes Offshore Wind Project (GLOW). Proposals are due by June 1, 2010, and awards are anticipated by the end of next year. The RFP and related documents are available on the NYPA Web site, which will also

include pertinent information from reports by our consultants, as well as questions and answers of general interest to bidders and the public.

The GLOW project team expects to obtain additional reports from our consultants on such matters as site screening and vessel and port availability.

Long Island-New York City Offshore Wind Project

Meeting on November 12, the Executive Committee of the Collaborative for the Long Island-New York City Offshore Wind Project agreed to issue a Request for Proposals to potential developers in April 2010.²⁴

Outreach efforts continue with the federal Minerals Management Service, which would handle much of the permitting for a project on the Atlantic coast. Collaborative members are also working on a Memorandum of Understanding on cost sharing for the project, and drafts are being circulated.

Hudson Transmission Partners Project

Negotiations with Hudson Transmission Partners on potential cost-cutting measures continue, along with discussions with customers on costs and benefits of the project.

Village of Solvay Request for Proposals

Thirteen responses to the Request for Proposals to manage incremental load for the Village of Solvay municipal system in Onondaga County were received on October 29.²⁵ The responses included financial hedge offers and physical plant bids from existing and proposed facilities.²⁶ Staff is working with the village to evaluate the proposals and expects to recommend that the Trustees approve an award to one or more suppliers at the January meeting.

OFFICE OF THE CHIEF OPERATING OFFICER

Federal Stimulus Package

On November 24, the Authority was awarded \$720,000 under the U.S. Department of Energy's (DOE) Smart Grid Demonstration Grant program to cover half the cost of its proposal to test dynamic thermal circuit ratings technology on three 230-kilovolt NYPA transmission lines in Northern New York. The technology, consisting of advanced instrumentation and software, will enable real-time monitoring of the lines' capacity.

This will allow the lines to accommodate increased power flows from generating sources in the region, primarily wind power plants.

Funding for the \$1.4 million project will also come from NYPA and a grant for 10 percent of the total from New York State. The Moses-Willis, Willis-Ryan and Moses-Adirondack lines will be involved in the program, scheduled to begin next year. NYPA submitted its proposal in conjunction with the Electric Power Research Institute.²⁷

The Authority also stands to receive a share of a \$37.3 million grant awarded to the New York Independent System Operator (NYISO) on October 27 under the DOE's Smart Grid Investment Grant program. The NYISO proposal, which NYPA supported, calls for installation of 35 new phasor measurement units (PMUs) and 19 phasor data concentrators (PDCs) to enhance control, monitoring and communications on the statewide transmission system.^{28,29} The Authority could receive up to \$200,000 for four PMUs and one PDC.

In a separate initiative, NYPA on November 30 submitted a proposal for funding under the DOE's Energy Workforce Training for the Electric Power Sector program. The Authority and Siemens Power Technology International have developed an advanced power systems engineering curriculum that NYPA will offer to employees in the Power Supply unit as part of our employee development and succession planning efforts.

Comprehensive Emergency Management Plan

A draft of the Authority's Comprehensive Emergency Management Plan (CEMP) was presented to senior management in November. In contrast to the Business Continuity Plans, discussed previously, the CEMP establishes a command and control structure to manage an emergency or other unanticipated event and provides for effective communication with external agencies, such as police and fire departments, involved in the response.

GLOSSARY

¹ *Net generation*—The energy generated in a given time period by a power plant or group of plants, less the amount used at the plants themselves (station service) or for pumping in a pumped storage facility.

² *Megawatt hour*—The amount of electricity needed to light ten thousand 100-watt light bulbs for one hour. A megawatt is equal to 1,000 kilowatts and can power about 800 homes, based on national averages.

³ *Unforced capacity rating*—All power plants have an installed capacity, or ICAP, meaning the amount of power they could generate under perfect conditions. Since conditions are not always perfect and plants are shut down, there is a second measurement, called the unforced capacity, or UCAP, which is how much power a plant actually can produce. For New York State power plants, this measurement is influenced by the amount of time a plant is forced out of service when it is called into service through the New York Independent System Operator to provide energy.

⁴ *Outage*—The removal of a power plant or transmission line from service. Outages may be scheduled for purposes such as anticipated maintenance, or forced by unexpected events. A significant forced or emergency outage of an individual generating unit is an event of more than 72 hours in duration, entailing a repair cost of more than \$75,000 or resulting in more than \$50,000 of lost revenues. A significant forced or emergency outage of an individual transmission line is an event that directly affects the reliability of the state's transmission network, or the availability of any component of the network, for more than eight hours or has a repair cost of more than \$75,000.

⁵ *Transmission reliability*—A measurement of the impact of forced and scheduled outages on the statewide system's ability to transmit power.

⁶ *Circuit breaker*—A mechanical switching device that connects a generator to the electric grid or disconnects it from the grid. The flow of current is interrupted when a circuit breaker is open.

⁷ *Capacitor*—A device that can store an electrical charge and is used to support system voltage. (Voltage is a measurement of the force that pushes electricity through a transmission line, much as water is forced through a hose.) The performance of a transmission line, especially those of medium length or longer, depends on maintaining voltage at certain levels. The maximum amount of power a line can transmit is reduced as voltage decreases.

⁸ *Voltage transformer*—A device used to step down a transmission system's high voltage to a safe level that can be used for metering, instrumentation and relaying circuits.

⁹ *Capacitor bank*—A collection of individual capacitors. There are two capacitor banks at the Marcy Substation, each consisting of 720 capacitors and associated equipment. Each bank is about 90 feet long, 60 feet wide and 20 feet tall.

¹⁰ *Life Extension and Modernization program*—A major initiative by the Power Authority to ensure that a particular power project operates at maximum efficiency far into the future. In Life Extension and Modernization programs currently under way at the St. Lawrence-Franklin D. Roosevelt and Blenheim-Gilboa projects, the turbines are being replaced and the generators and other components significantly refurbished.

¹¹ *Spherical valve*—A component at the bottom of the powerhouse that receives water that has surged downward from the Blenheim-Gilboa project's upper reservoir and releases it to spin a turbine-generator to produce electricity. The project has four spherical valves, one for each of its four pump-generating units. Each spherical valve is about nine feet in diameter and can be closed within 30 seconds if necessary to shut off water from the upper reservoir.

¹² *Forest Preserve*—An area of the Adirondack Park, encompassing almost 3 million acres, that is to remain “forever wild” under ownership of the state. Sale or lease of Forest Preserve lands requires an amendment to the State Constitution.

¹³ *North American Electric Reliability Corporation (NERC)*—The organization that develops and enforces mandatory reliability standards for the bulk power system in the United States, issues long-term and seasonal reliability forecasts and monitors the power system. (NERC standards are also mandatory and enforceable in parts of Canada.)

¹⁴ *New York Independent System Operator*—A not-for-profit organization that operates New York State’s transmission system, administers the state’s wholesale electricity markets and engages in planning and forecasting to ensure the future reliability of the statewide power system.

¹⁵ *Renewable energy attributes*—The environmental, social and economic features of renewable energy that may be sold separately from the energy itself; NYPA obtains such attributes on behalf of its New York City governmental customers.

¹⁶ *Request for Proposals*—A formal solicitation of bids for a project.

¹⁷ *Cathodic protection system*—NYPA’s cathodic protection system for the Sound Cable Project consists of a series of sensors in Long Island Sound and control devices at nearby transition stations. Corrosion is prevented by offsetting stray current in the cables with an equal amount of current from other sources.

¹⁸ *Anodes*—Conductors through which an electric current flows.

¹⁹ *Customer Installation Commitments*—Agreements by participating customers authorizing NYPA to proceed with implementation of energy efficiency projects. If a customer elects to terminate a project after executing the agreement, it will be obligated to reimburse the Authority for all expenses incurred to that point.

²⁰ *Replacement power and expansion power*—Two blocks of hydroelectric power from the Niagara Power Project, totaling 445 megawatts and 250 megawatts, respectively, that are reserved under state law for use by businesses in Western New York, generally within 30 miles of the project.

²¹ *Applicable contract awards*—The reportable expenditures that are used to calculate the percentage value of the contracts awarded to minority- and women-owned firms. Specialty procurements such as major power plant components and natural gas are excluded from this category.

²² *SharePoint*—A new technology enabling multiple Intranet users to simultaneously access the same data.

²³ *U.S. Green Building Council*—An organization that promotes practices in building construction and redesign that contribute to human health, a clean environment and the efficient use of energy and water. The Council administers the Leadership in Energy and Environmental Design (LEED) green building certification program, a national system for rating buildings in the areas of energy efficiency, sustainable site development, water savings, materials and resources selection and indoor environmental quality. In January 2007, NYPA marked the White Plains building’s designation as the first existing building in New York State to earn a LEED Gold rating, the second highest of four LEED categories.

²⁴ *Collaborative*—The public-private partnership involved in planning for the Long Island-New York City Offshore Wind Project. In addition to NYPA, it includes Con Edison, the Long Island Power Authority, the New York City Economic Development Corporation, the New York State Energy Research and Development Authority, the Port Authority of New York and New Jersey and the Metropolitan Transportation Authority.

²⁵ *Incremental load*—The energy requirements of a municipal electric system or rural cooperative in excess of its hydroelectric allocation from the Power Authority. NYPA is responsible for arranging to meet the incremental

needs of its 12 full-requirement customers—eight municipal systems (including Solvay) and all four of the state’s rural cooperatives.

²⁶ *Hedge offers—Transactions that reduce the risk of existing supply prices that are subject to volatility. Purchasing a fixed price hedge against an otherwise floating price reduces the risk of high prices, but also reduces the opportunity for lower prices. The hedge provides price certainty and usually includes a risk premium to compensate the party that is providing the hedge and ultimately absorbs the price fluctuation risk.*

²⁷ *Electric Power Research Institute (EPRI)—The electric power industry’s international research and technology organization. The Power Authority has long been active in EPRI and has collaborated with the organization on a number of major initiatives.*

²⁸ *Phasor measurement units—Devices that measure and transmit data in real time, improving awareness of the state of a power system. The technology helps operators monitor the system, optimize use of the power grid, improve responses to system emergencies and collect real-time data to enhance system planning.*

²⁹ *Phasor data concentrators—Devices that collect and sort data from multiple phasor measurement units and transmit the data to operators.*

Trustee Nicandri commended the operations staff for the outstanding job they do and their diligent efforts, with Trustee Curley adding that all of the Trustees were grateful for the generation and transmission’s staff hard work.

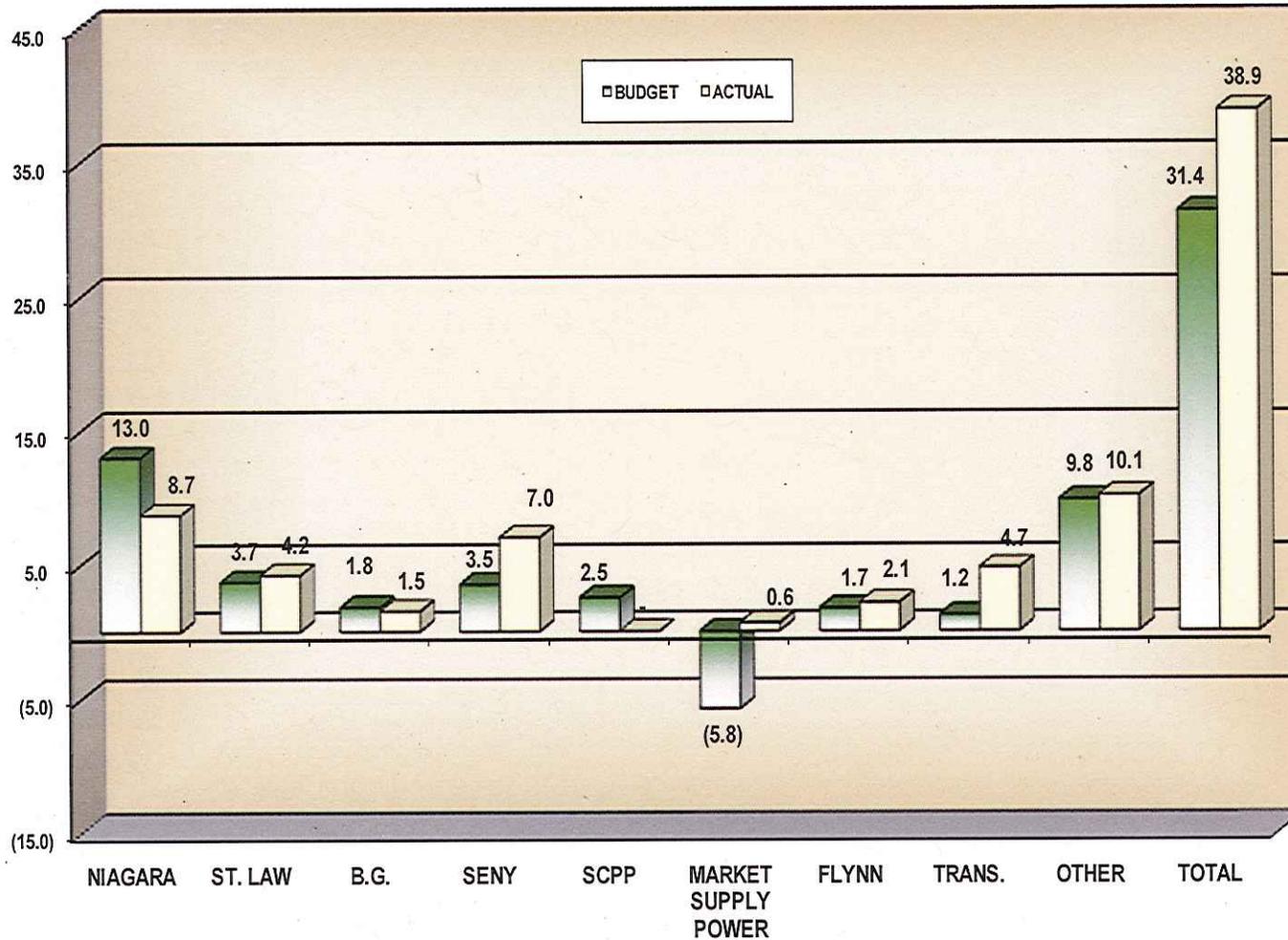
c. Chief Financial Officer's Report

Mr. Joseph Del Sindaco presented highlights of the report to the Trustees.

Mr. Joseph Del Sindaco said that the net income projection for 2009 had been decreased to \$259 million from \$274 million because the Authority had lost the lawsuit brought by some Power for Jobs customers, the costs for which would be charged in 2009.

NEW YORK POWER AUTHORITY
REPORT OF THE CHIEF FINANCIAL OFFICER
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

Net Income By Facility September 2009 (\$ in millions)

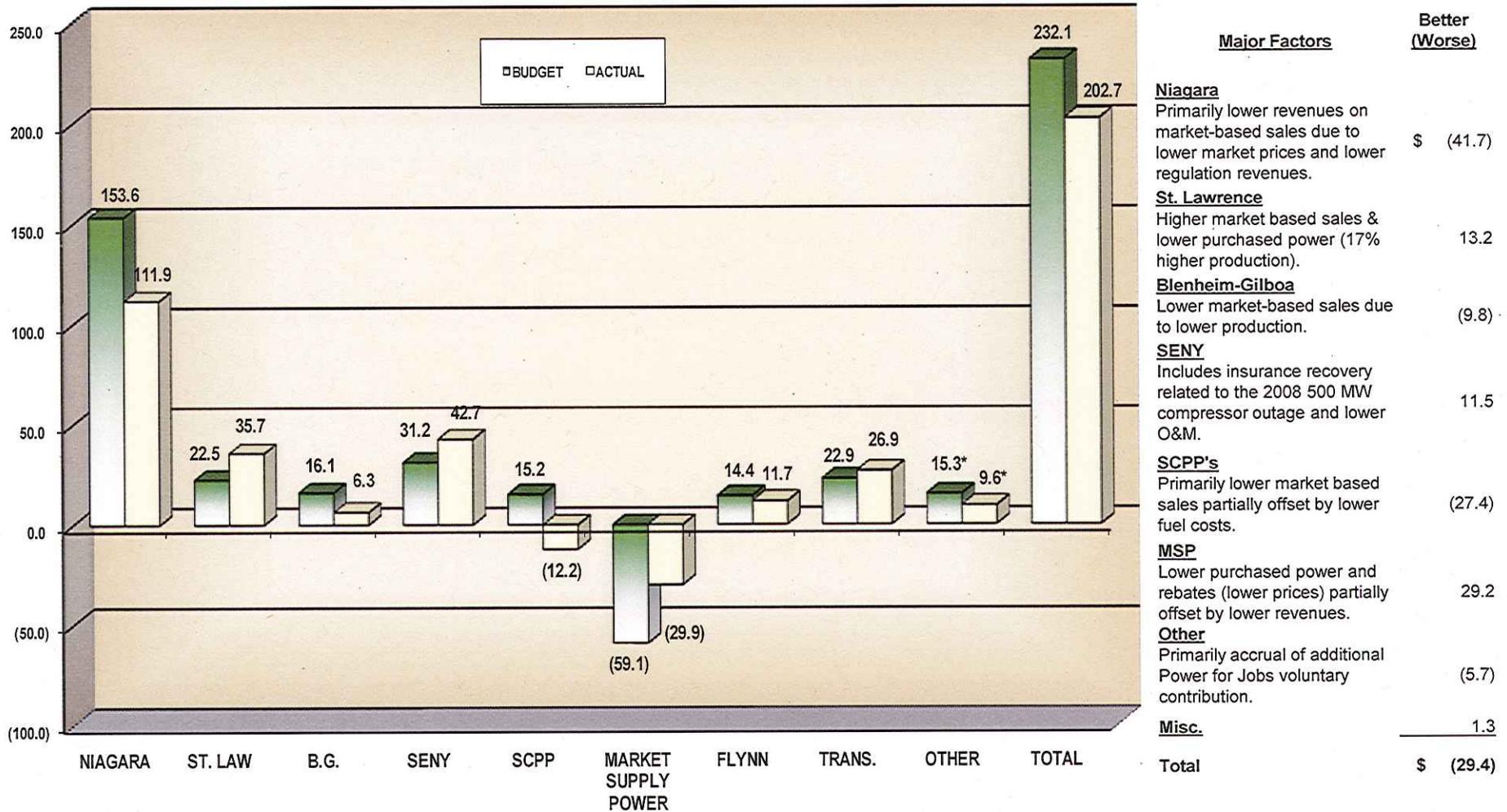


Major Factors	Better (Worse)
Niagara Primarily lower revenues due to lower prices on market-based sales partially offset by higher production (5%).	\$ (4.3)
SCPP's Lower market-based sales partially offset by lower fuel costs.	(2.5)
MSP Lower purchased power costs and rebates due to lower prices.	6.4
Transmission Includes \$2.5 insurance recovery related to the 2008 autotransformer failure.	3.5
Misc. Positive mark-to-market adjustment and SENY variance offset by Power for Jobs contribution.	4.4
Total	\$ 7.5

Net Income By Facility

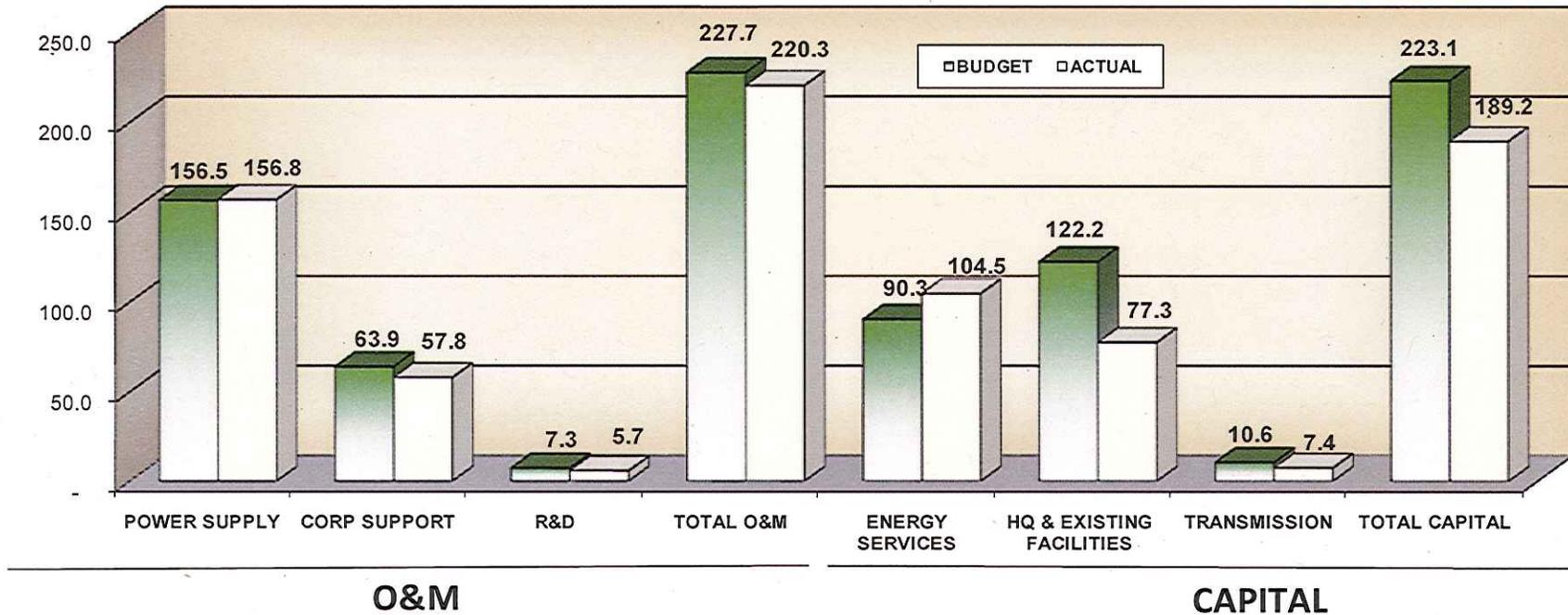
Nine Months Ended September 30, 2009

(\$ in millions)



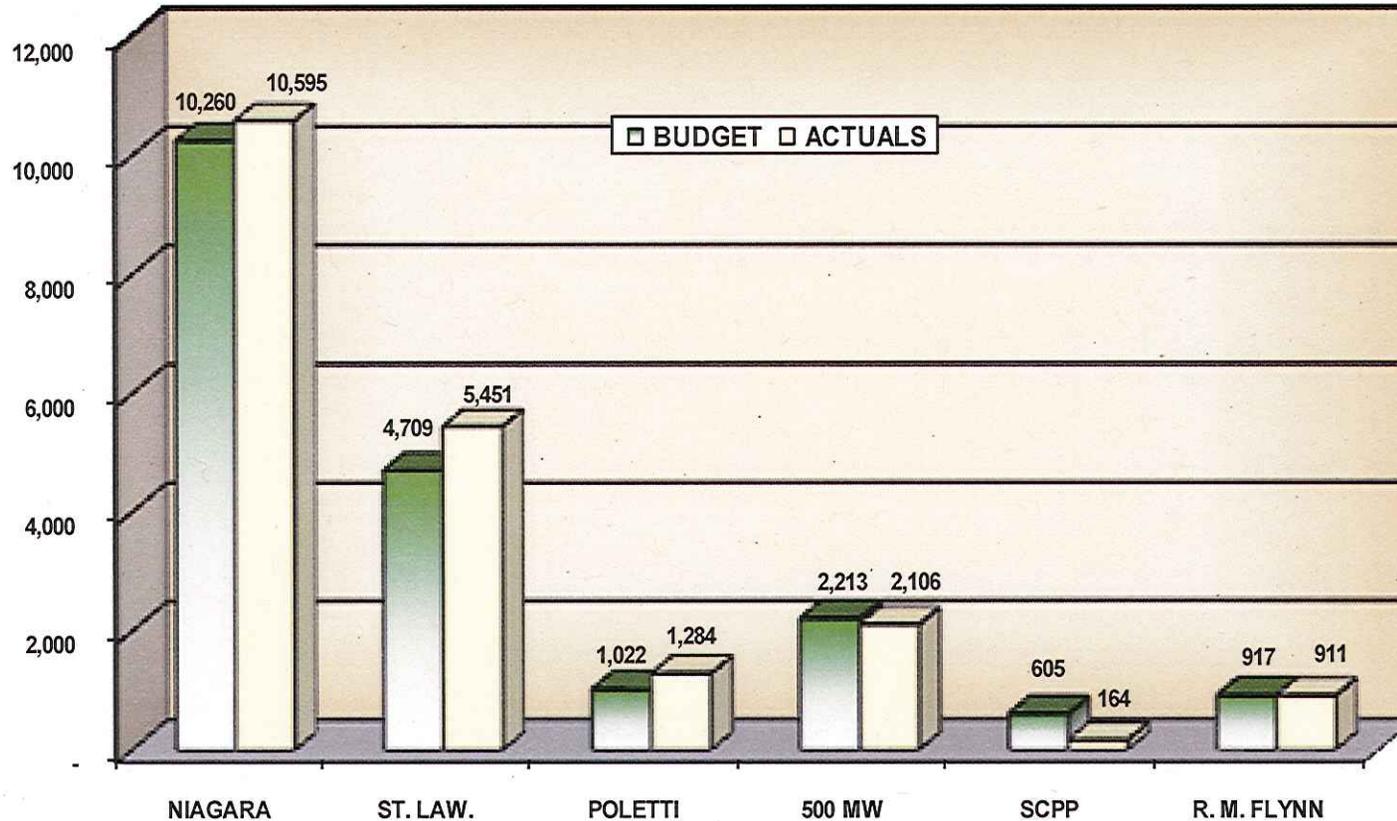
*Includes \$70 contribution to NY State (Actual & Budget).

O&M and Capital Expenditures Nine Months Ended September 30, 2009 (\$ in millions)



- Through September, O&M expenses were \$7.4 lower than the budget.
- Corporate Support expenses were under budget by \$6.1 due mostly to under spending for outside consultants, Energy Efficiency Program Evaluation and HR outside service programs in addition to greater than expected HQ building rental income.
- Power supply expenditures were slightly higher than budgeted. Higher expenditures at the SSCP's (unplanned outage at Harlem River #2) were substantially offset by lower spending for non-recurring projects at St. Lawrence.
- R&D expense were under budget due to lower than expected spending for power generation technology improvements and transmission technology programs.
- Lower capital expenditures at HQ and Existing Facilities were primarily due to delays in various projects such as the St. Lawrence LEM and Breaker Replacement.
- Energy Services expenditures were over budget due to accelerated construction activity related to NYCHA's Castle Hill Boiler and CUNY & Brooklyn College Steel Trap Replacement Project.
- Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of \$14.8 for 2009. There were no new expenditures authorized this month.

Generation YTD September 2009 (MWH in thousands)

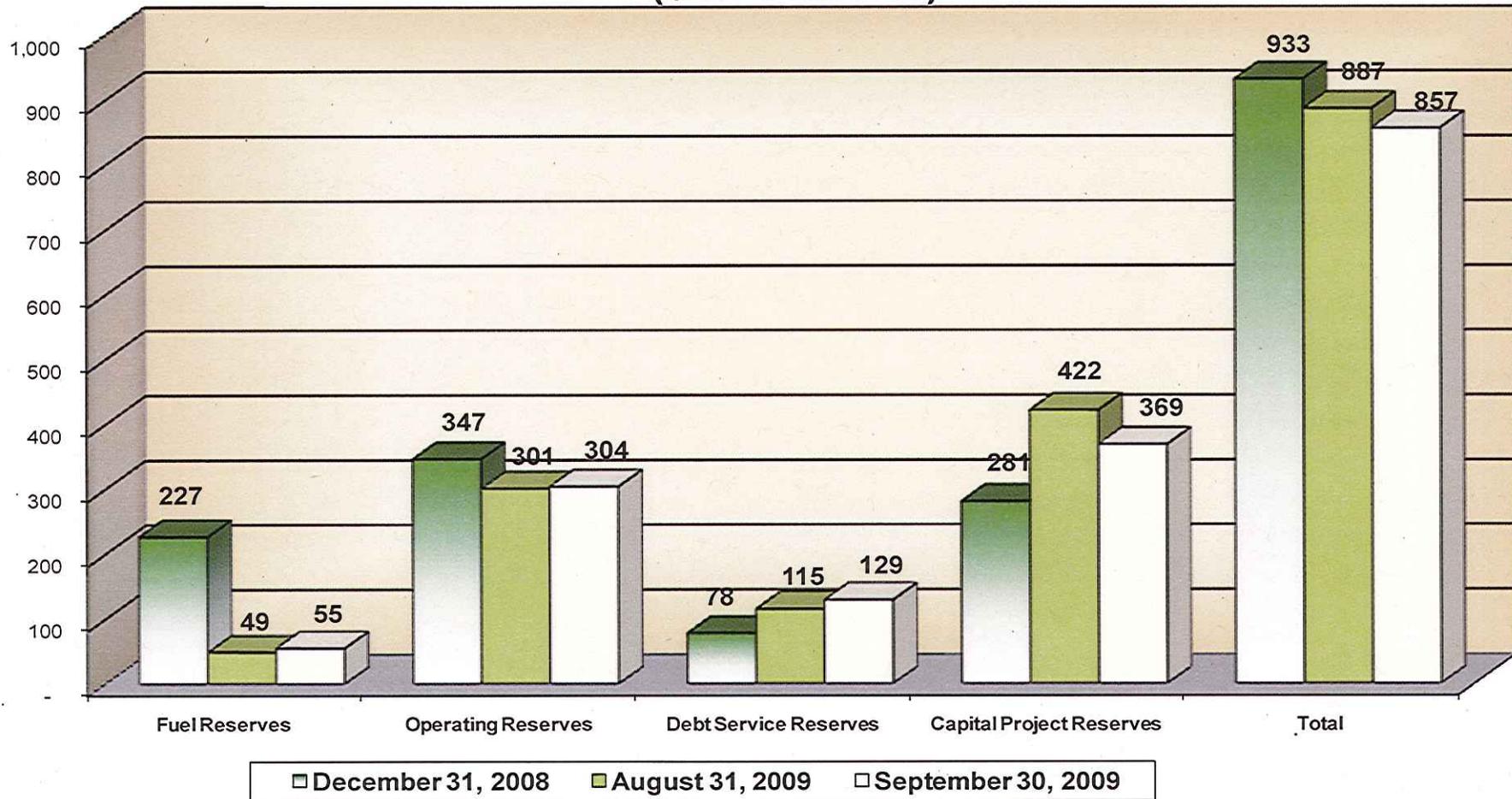


GENERATION MONTH OF SEPTEMBER 2009

	BUDGET	ACTUAL	%
NIAGARA	1,007	1,033	3%
ST. LAW	514	600	17%
POLETTI	119	143	20%
500 MW	260	251	-3%
SCPP	71	12	-83%
FLYNN	102	102	-
BG	(28)	9	-132%
SM. HYDRO	9	7	-22%
Total	2,054	2,157	5%

Production for September was 5% higher than anticipated resulting in 5% higher generation for the year-to-date. Through September, net generation was higher at Poletti, St. Lawrence and Niagara, partially offset by lower production at the SCPP's and 500 MW Plant.

Operating Fund As of September 30, 2009 (\$ in millions)

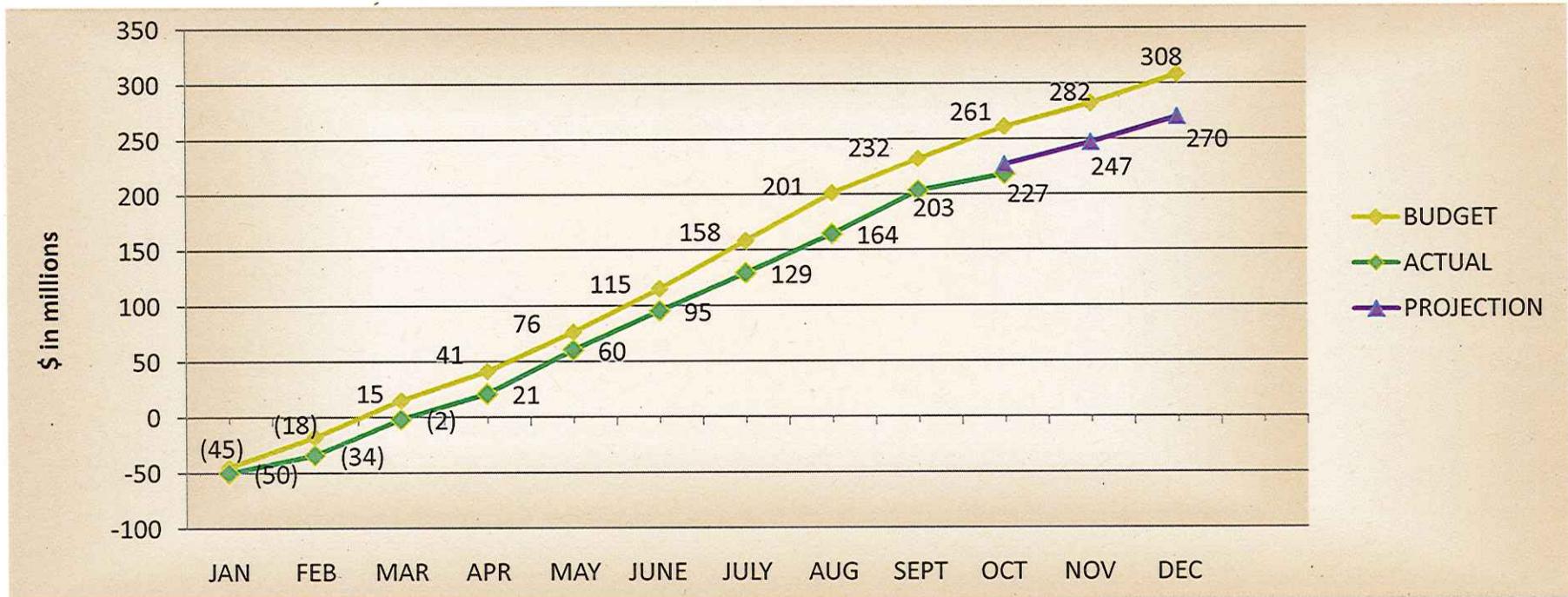


The year-to-date decrease in the fuel reserve balance resulted primarily from a \$215 Temporary Asset Transfer to NY State as authorized by the Trustees on February 3, 2009. The September balance of \$55 represents the unallocated portion of the Energy Reserve Fund (\$54) plus the balance in the Nuclear Spent Fuel Fund (\$1). Collateral for Commodity Futures Contracts held by counterparties total \$16. In September, a \$103 Temporary Asset Transfer was made from the Capital Project Reserve to NY State as authorized by the Trustees on February 3, 2009 and as reaffirmed on July 29, 2009.

Net Income Projection

Year ended December 31, 2009

(\$ in millions)



Major Assumptions:

- 2009 Hydro generation is projected to be slightly above budget by approximately 1.3 Twh. Niagara generation is currently forecast at 3.0% above budget, and St. Lawrence generation is expected to be 13.6% above budget. A drop in market prices (down 36%) is the primary driver of a \$68 decrease in Niagara net income. In addition, the use of expansion power revenues to reduce bills via an Industrial Incentive Award contributed to Niagara's decline in net income. As for St. Lawrence, lower market prices and the North Country Stimulus program are mitigated by higher generation and increased sales into the ISO market, with projected net income of \$12 above budget.
- The Markey Supply Power segment, a net buyer of market-based energy, benefits from the drop in market prices. MSP net income for 2009 reflects an improvement of \$48, with an overall estimated 2009 net loss for this market sector of \$28.
- Blenheim- Gilboa year-end projected net income is under budget by \$12 due to lower market prices and reduced generation.
- The Small Clean Power Plants' 2009 net income is approximately \$31 below budget due to lower market prices and reduced generation, with an overall estimated 2009 net loss for this market sector of \$18.
- An additional voluntary contribution to the State's General Fund in the amount of \$12.5, related to the P4J Program extension, is included in the projection.

STATEMENT OF NET INCOME
For the Nine Months Ended September 30, 2009
(in Millions)

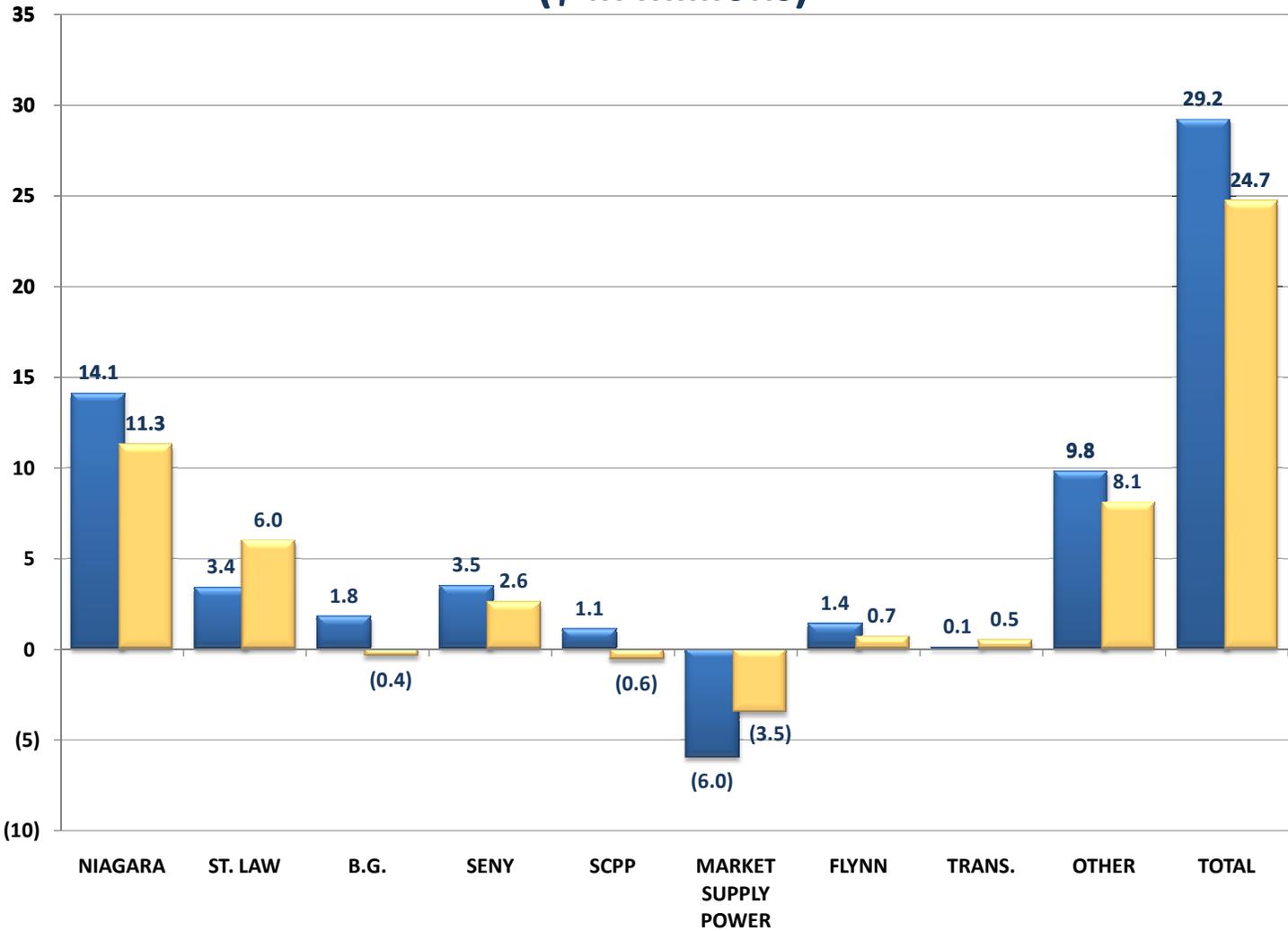
Annual Budget		Actual	Budget	Variance Favorable/ (Unfavorable)
	Operating Revenues			
\$2,081.9	Customer	\$1,392.5	\$1,576.6	(\$184.1)
805.4	Market-based power sales	465.0	638.7	(173.7)
62.3	Ancillary services	27.6	48.1	(20.5)
88.0	NTAC and other	76.3	68.1	8.2
955.7	Total	568.9	754.9	(186.0)
3,037.6	Total Operating Revenues	1,961.4	2,331.5	(370.1)
	Operating Expenses			
1,060.3	Purchased power	634.2	817.3	183.1
516.5	Fuel consumed - oil & gas	273.8	395.2	121.4
95.8	Ancillary services	57.0	72.3	15.3
441.6	Wheeling	331.5	345.3	13.8
304.5	Operations and maintenance	220.3	227.7	7.4
160.7	Depreciation and amortization	121.8	120.5	(1.3)
115.0	Other expenses	95.3	86.7	(8.6)
(10.4)	Allocation to capital	(5.7)	(7.7)	(2.0)
2,684.0	Total Operating Expenses	1,728.2	2,057.3	329.1
353.60	Net Operating Revenues	233.2	274.2	(41.0)
	Nonoperating Revenues			
89.8	Post nuclear sale income	78.2	78.2	-
43.9	Investment income	42.4	31.8	10.6
(3.7)	Mark to market - investments	(6.4)	(2.7)	(3.7)
130.0	Total Nonoperating Revenues	114.2	107.3	6.9
	Nonoperating Expenses			
70.0	Contributions to New York State	70.0	70.0	-
105.7	Interest and other expenses	74.7	79.4	4.7
175.7	Total Nonoperating Expenses	144.7	149.4	4.7
(45.7)	Net Nonoperating Income (Loss)	(30.5)	(42.1)	11.6
\$307.9	Net Income (Loss)	\$202.7	\$232.1	(\$29.4)

**COMPARATIVE BALANCE SHEETS
September 30, 2009**

		September 2009	September 2008	December 2008
Assets				
Current Assets				
	Cash	\$0.1	\$0.1	\$0.1
	Investments in government securities	880.5	998.1	961.1
	Interest receivable on investments	6.6	8.7	7.1
	Accounts receivable - customers	126.8	215.0	159.0
	Materials and supplies, at average cost:			
	Plant and general	82.3	84.8	84.5
	Fuel	30.1	29.4	38.6
	Prepayments and other	128.2	185.7	188.6
	Total Current Assets	1,254.6	1,521.8	\$1,439.0
Noncurrent Assets				
Restricted Funds				
	Investment in decommissioning trust fund	905.0	927.5	811.8
	Other	98.6	86.5	99.8
	Total Restricted Funds	1,003.6	1,014.0	911.6
Capital Funds				
	Investment in securities and cash	188.8	263.2	215.2
	Total Capital Funds	188.8	263.2	215.2
Net Utility Plant				
	Electric plant in service, less accumulated depreciation	3,334.2	3,377.2	3,370.6
	Construction work in progress	145.8	141.6	157.6
	Net Utility Plant	3,480.0	3,518.8	3,528.2
Other Noncurrent Assets				
	Receivable - NY State	318.0	-	-
	Deferred charges, long-term receivables and other	522.8	436.0	503.3
	Notes receivable - nuclear plant sale	178.5	190.4	182.2
	Total other noncurrent assets	1,019.3	626.4	685.5
	Total Noncurrent Assets	5,691.7	5,422.4	5,340.5
	Total Assets	\$6,946.3	\$6,944.2	\$6,779.5
Liabilities and Net Assets				
Current Liabilities				
	Accounts payable and accrued liabilities	\$864.1	\$818.1	\$924.8
	Short-term debt	268.4	280.6	272.5
	Total Current Liabilities	1,132.5	1,098.7	1,197.3
Noncurrent Liabilities				
Long-term Debt				
	Revenue bonds	1,230.8	1,312.1	1,233.0
	Adjustable rate tender notes	137.5	144.0	144.0
	Commercial paper	421.7	537.5	469.0
	Total Long-term Debt	1,790.0	1,993.6	1,846.0
Other Noncurrent Liabilities				
	Nuclear plant decommissioning	905.0	927.5	811.8
	Disposal of spent nuclear fuel	215.8	214.9	215.5
	Deferred revenues and other	133.5	192.3	142.0
	Total Other Noncurrent Liabilities	1,254.3	1,334.7	1,169.3
	Total Noncurrent Liabilities	3,044.3	3,328.3	3,015.3
	Total Liabilities	4,176.8	4,427.0	4,212.6
Net Assets				
	Accumulated Net Revenues - January 1	2,566.8	2,268.4	2,268.4
	Net Income	202.7	248.8	298.5
	Total Net Assets	2,769.5	2,517.2	2,566.9
	Total Liabilities and Net Assets	\$6,946.3	\$6,944.2	\$6,779.5

NEW YORK POWER AUTHORITY
REPORT OF THE CHIEF FINANCIAL OFFICER
FOR THE TEN MONTHS ENDED OCTOBER 31, 2009

Net Income by Facility October 2009 (\$ in millions)



Major Factors

Niagara

Primarily lower revenues due to lower prices on market-based sales.

(\$2.8)

St. Lawrence

Higher market-based sales and lower purchased power (14% higher production).

2.6

Blenheim-Gilboa

Lower prices on UCAP sales.

(2.2)

SCPP's

Lower market-based sales partially offset by lower fuel costs.

(1.7)

MSP

Lower purchased power costs due to lower prices.

2.5

Misc.

Primarily accrual of additional Power for Jobs voluntary contribution.

(2.9)

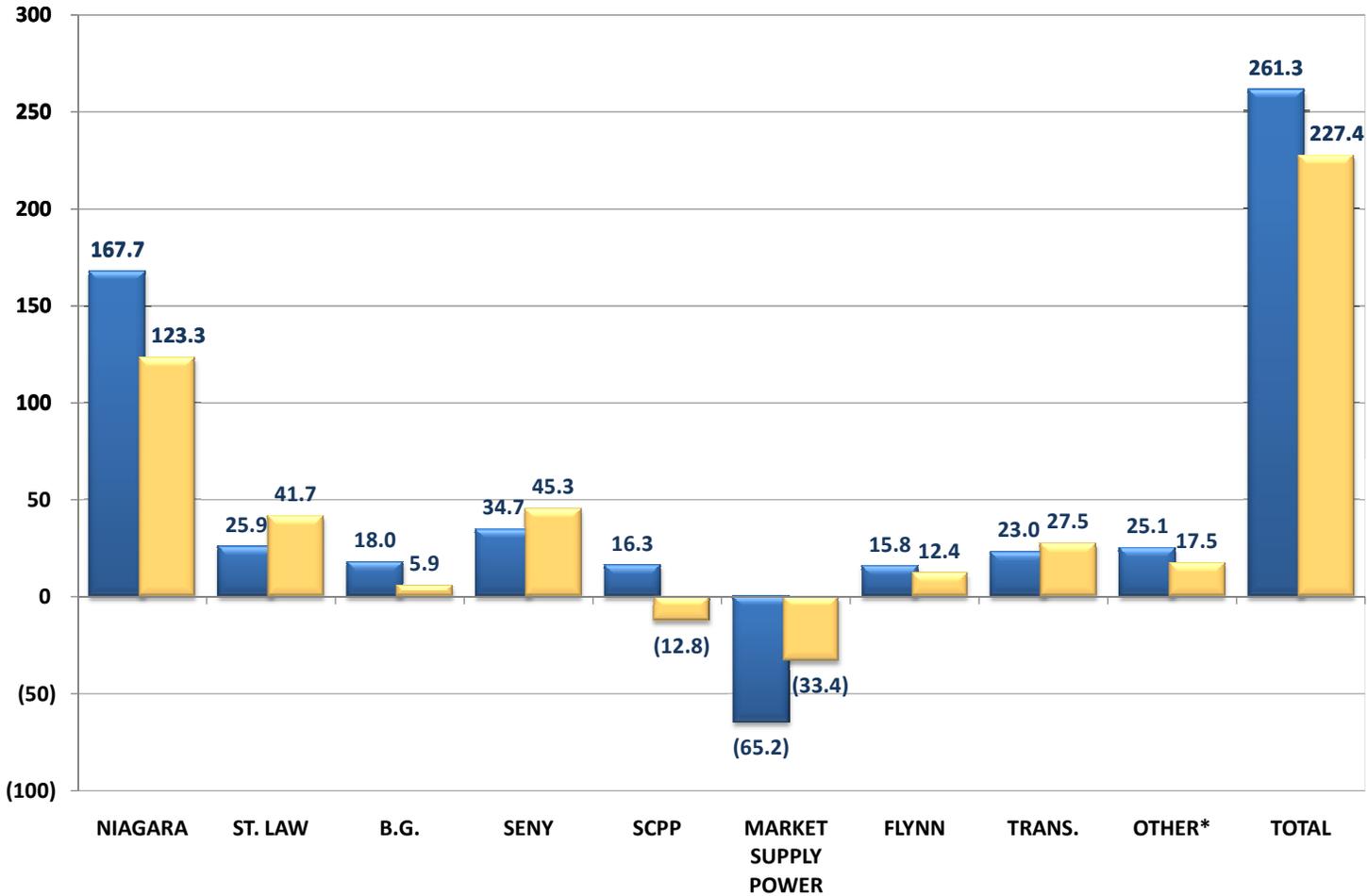
TOTAL

(\$4.5)

Net Income by Facility

Ten months ended October 31, 2009

(\$ in millions)



* Includes \$70 million contribution to NY State (Actual & Budget)

Major Factors

Niagara

Primarily lower revenues on market-based sales due to lower market prices and lower regulation revenues.

**Better
(Worse)**

(\$44.4)

St. Lawrence

Higher market based sales & lower purchased power (16% higher production).

15.8

Blenheim Gilboa

Lower market-based sales due to lower production.

(12.1)

SENY

Includes insurance recovery related to the 2008 500 MW compressor outage and lower O&M.

10.6

SCPP's

Primarily lower market based sales partially offset by lower fuel costs.

(29.1)

MSP

Lower purchased power (lower prices) partially offset by lower revenues.

31.8

Other

Primarily accrual of additional Power for Jobs voluntary contribution.

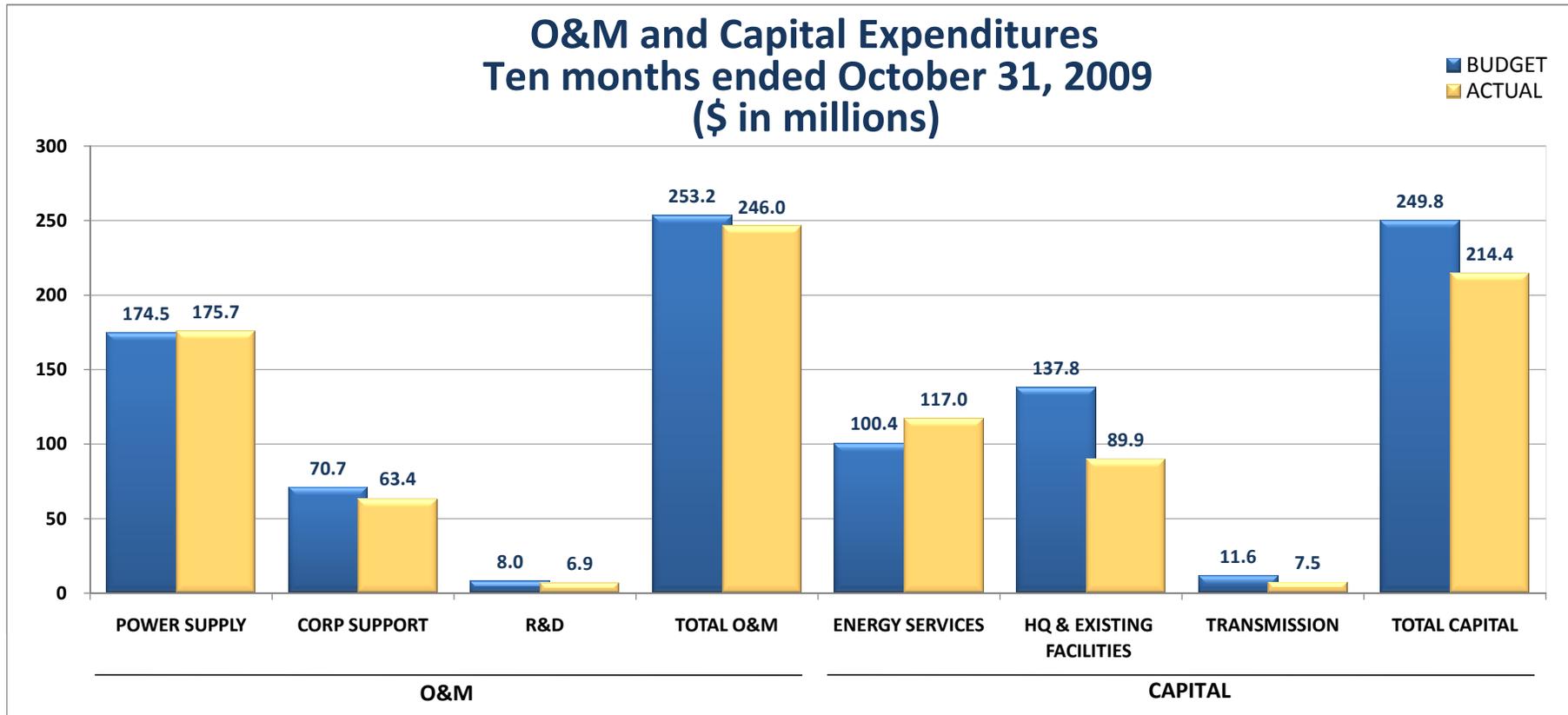
(7.6)

Misc.

1.1

TOTAL

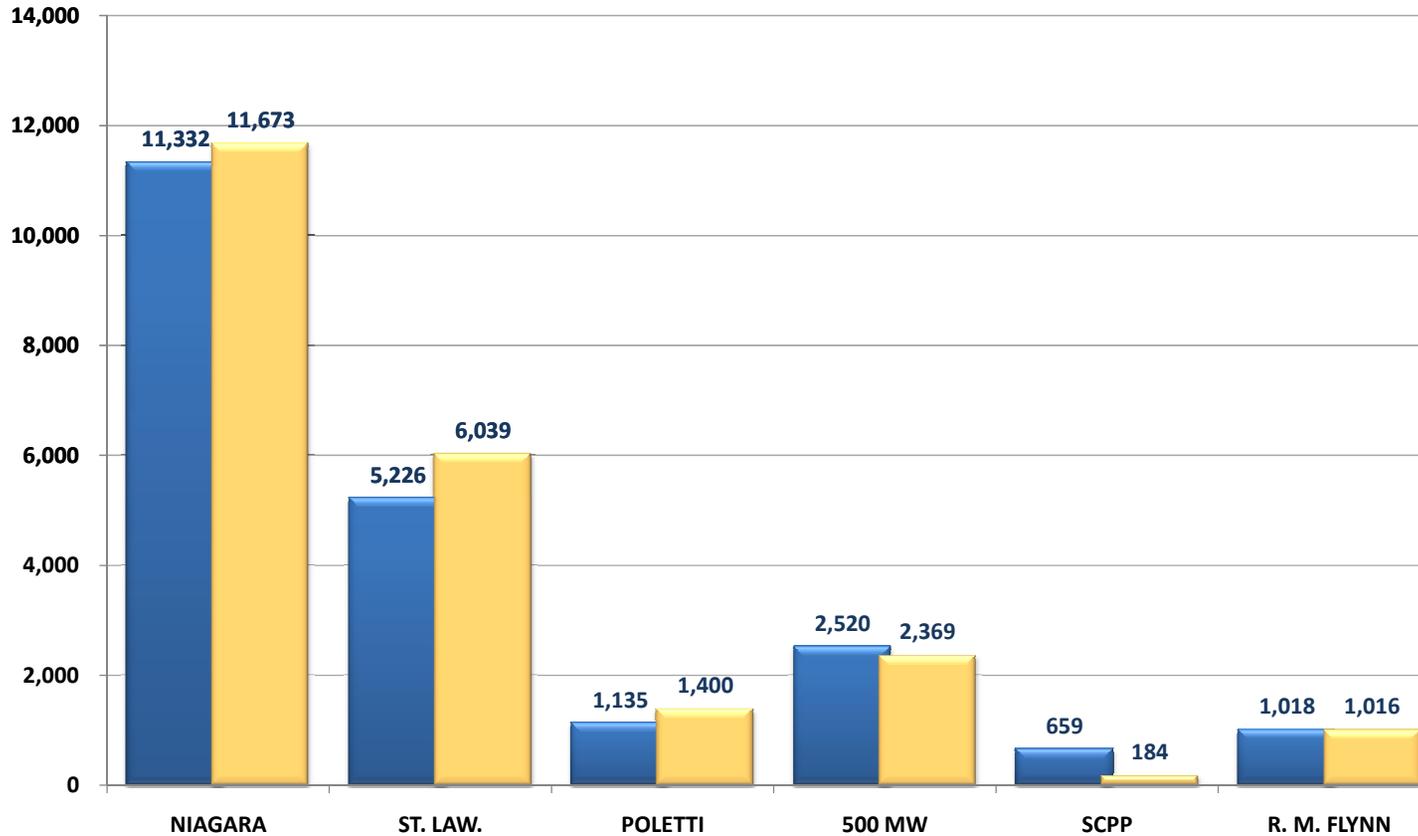
(\$33.9)



- Through October, O&M expenses were \$7.2 lower than the budget.
- Corporate Support expenses were under budget by \$7.3 due mostly to under spending for outside consultants, Energy Efficiency Program Evaluation and HR outside service programs in addition to greater than expected HQ building rental income.
- Power supply expenditures were \$1.2 higher than budgeted. Higher expenditures at the SCPP's (unplanned outage at Harlem River #2) were substantially offset by lower spending for non-recurring projects at St. Lawrence.
- R&D expense were under budget due to lower than expected spending for power generation technology improvements and transmission technology programs.
- Lower capital expenditures at HQ and Existing Facilities were primarily due to delays in various projects such as the B-G, St. Lawrence LEM and the 500 MW spare GSU and 120 MVA transformers.
- Energy Services expenditures were over budget due to accelerated construction activity related to NYCHA's Castle Hill Boiler and CUNY & Brooklyn College Steel Trap Replacement Project.
- Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of \$20.5 for 2009. The following expenditures were authorized this month:

STL	St. Lawrence Fiber Optic Line	\$1.6
WPO	5th Floor Renovation	\$2.0
ECC	ESA Software Upgrade	\$2.1

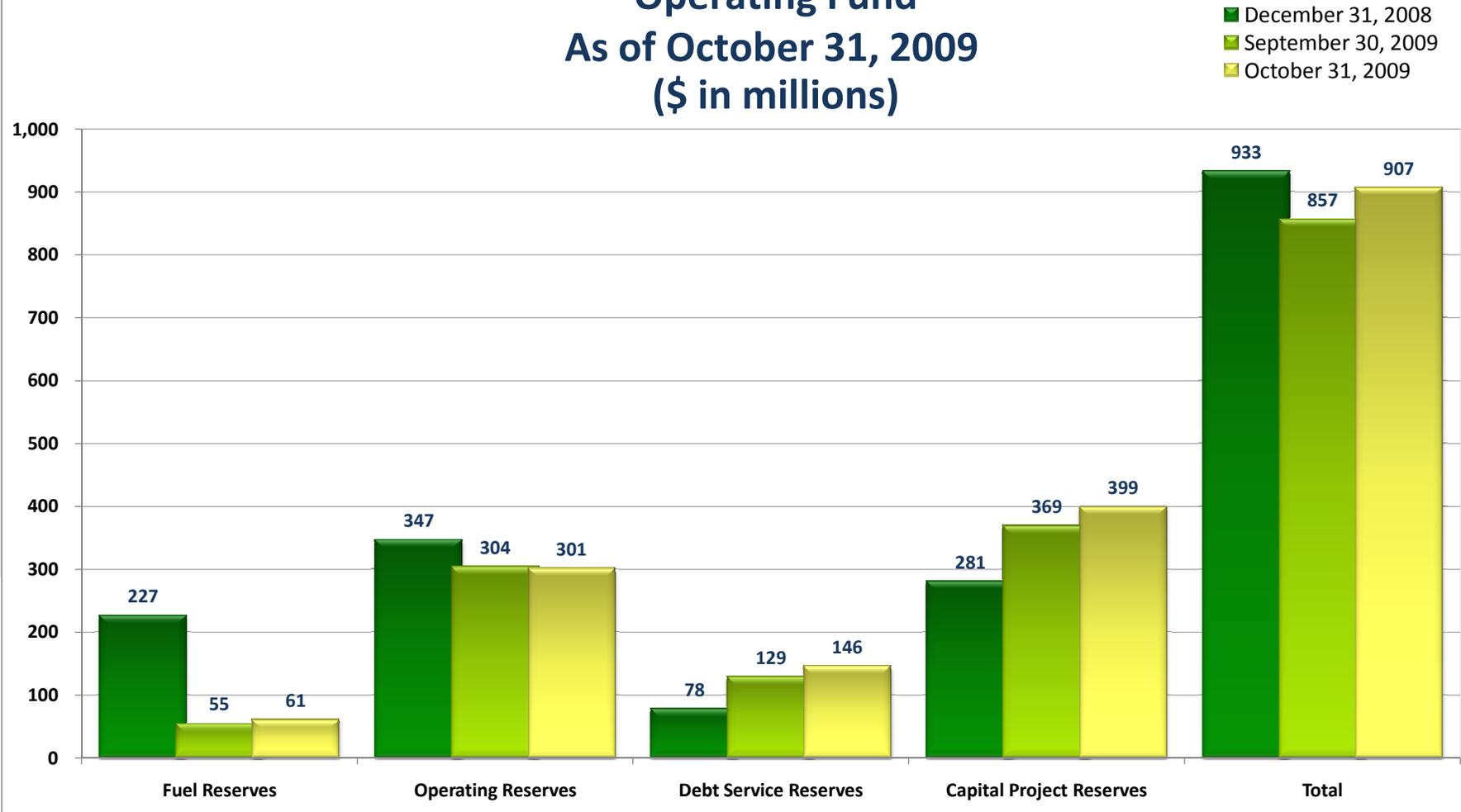
Generation YTD October 2009 (MWH in thousands)



GENERATION			
Month of October 2009			
	BUDGET	ACTUAL	%
NIAGARA	1,072	1,078	1%
ST. LAW	517	588	14%
POLETTI	113	116	3%
500MW	306	263	-14%
SCPP	54	20	-63%
FLYNN	102	105	3%
BG	-	(11)	-
SM. HYDRO	14	15	7%
Total	2,178	2,174	-

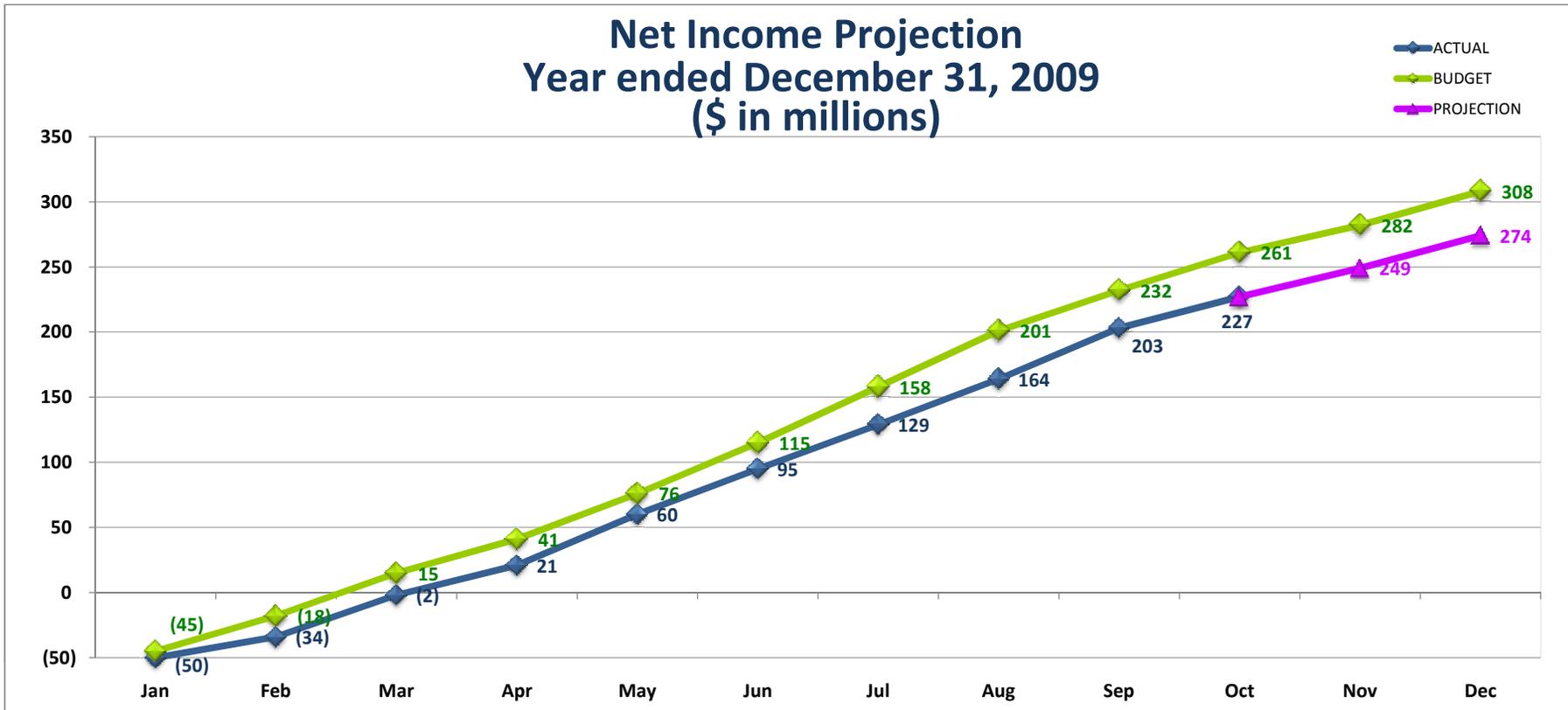
Production for October was slightly lower than anticipated resulting in 5% higher generation year-to-date. Through October, generation was higher at Poletti, St. Lawrence, and Niagara, partially offset by lower production at SCPP's and the 500 MW Plant.

Operating Fund As of October 31, 2009 (\$ in millions)



The year-to-date decrease in the fuel reserve balance resulted primarily from a \$215 Temporary Asset Transfer to NY State as authorized by the Trustees on February 3, 2009. The October balance of \$61 represents the unallocated portion of the Energy Reserve Fund (\$60) plus the balance in the Nuclear Spent Fuel Fund (\$1). Collateral for Commodity Futures Contracts held by counterparties total \$10. In September, a \$103 Temporary Asset Transfer was made from the Capital Project Reserve to NY State as authorized by the Trustees on February 3, 2009 and as reaffirmed on July 29, 2009.

Net Income Projection Year ended December 31, 2009 (\$ in millions)



Major Assumptions:

- 2009 Hydro generation is projected to be above budget by approximately 1.3 Twh. Niagara generation is currently forecast at 3.0 % above budget, and St. Lawrence generation is expected to be 13.6 % above budget. A drop in market prices (down 36 %) is the primary driver of a \$65 decrease in Niagara net income. In addition, the use of expansion power revenues to reduce bills via an Industrial Incentive Award contributed to Niagara’s decline in net income. As for St. Lawrence, lower market prices and the North Country Stimulus program are mitigated by higher generation and increased sales into the ISO market, with projected net income of \$21 above budget.
- The Market Supply Power segment, a net buyer of market-based energy, benefits from the drop in market prices. MSP net income for 2009 reflects an improvement of \$40 , with overall estimated 2009 net loss for this market sector of \$36.
- Blenheim-Gilboa year-end projected net income is under budget by \$13 due to lower market prices and reduced generation.
- The Small Clean Power Plants’ 2009 net income is approximately \$31 below budget due to lower market prices and reduced generation, with an overall estimated 2009 net loss for this market sector of \$19.
- An additional voluntary contribution to the State’s General Fund in the amount of \$12.5, related to the P4J Program extension, is included in the projection.
- The O&M budget will under run approximately \$3.5 by year end.

STATEMENT OF NET INCOME
For the Ten Months Ended October 31, 2009
(\$ in millions)

Annual Budget		Actual	Budget	Variance Favorable/ (Unfavorable)
	Operating Revenues			
\$2,081.9	Customer	\$1,535.1	\$1,746.8	(\$211.7)
805.4	Market-based power sales	512.2	705.0	(192.8)
62.3	Ancillary services	32.4	52.5	(20.1)
88.0	NTAC and other	84.6	73.6	11.0
955.7	Total	629.2	831.1	(201.9)
3,037.6	Total Operating Revenues	2,164.3	2,577.9	(413.6)
	Operating Expenses			
1,060.3	Purchased power	696.4	901.8	205.4
516.5	Fuel consumed - oil & gas	303.4	439.4	136.0
95.8	Ancillary services	62.5	80.0	17.5
441.6	Wheeling	366.8	382.2	15.4
304.5	Operations and maintenance	245.9	253.2	7.3
160.7	Depreciation and amortization	135.5	133.9	(1.6)
115.0	Other expenses	106.8	96.0	(10.8)
(10.4)	Allocation to capital	(7.0)	(8.6)	(1.6)
2,684.0	Total Operating Expenses	1,910.3	2,277.9	367.6
353.60	Net Operating Revenues	254.0	300.0	(46.0)
	Nonoperating Revenues			
89.8	Post nuclear sale income	86.9	86.9	-
43.9	Investment income	46.0	35.8	10.2
(3.7)	Mark to market - investments	(5.8)	(3.1)	(2.7)
130.0	Total Nonoperating Revenues	127.1	119.6	7.5
	Nonoperating Expenses			
70.0	Contributions to New York State	70.0	70.0	-
105.7	Interest and other expenses	83.7	88.3	4.6
175.7	Total Nonoperating Expenses	153.7	158.3	4.6
(45.7)	Net Nonoperating Income (Loss)	(26.6)	(38.7)	12.1
\$307.9	Net Income (Loss)	\$227.4	\$261.3	(\$33.9)

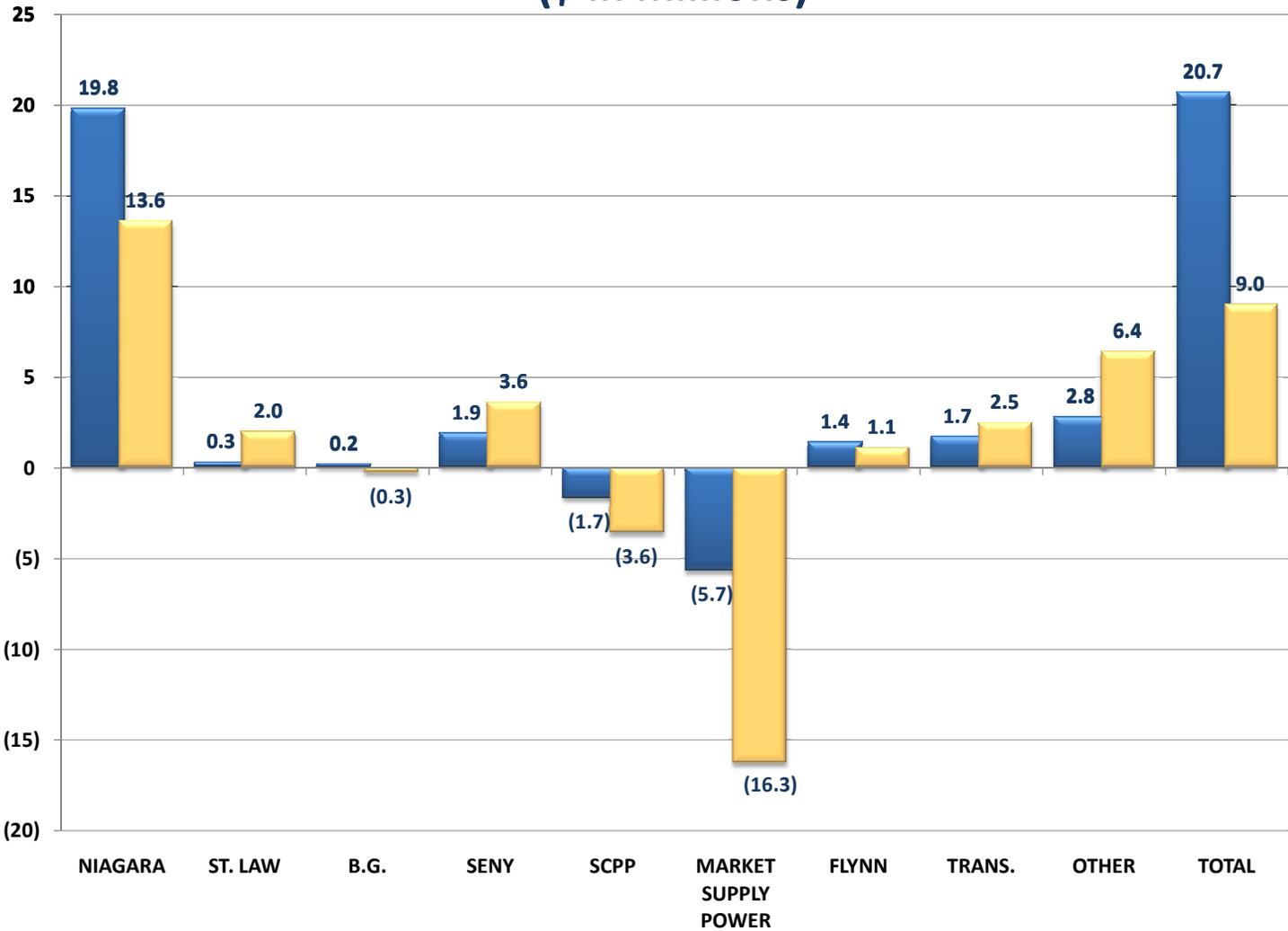
**New York Power Authority
Financial Reports**

**COMPARATIVE BALANCE SHEETS
October 31, 2009
(\$ in millions)**

Assets	October 2009	October 2008	December 2008
Current Assets			
Cash	\$0.1	\$0.1	\$0.1
Investments in government securities	930.9	1,036.0	961.1
Interest receivable on investments	5.7	8.1	7.1
Accounts receivable - customers	116.9	175.4	159.0
Materials and supplies, at average cost:			
Plant and general	82.6	84.3	84.5
Fuel	30.0	40.6	38.6
Prepayments and other	117.0	184.3	188.6
Total Current Assets	1,283.2	1,528.8	\$1,439.0
Noncurrent Assets			
Restricted Funds			
Investment in decommissioning trust fund	924.7	880.9	811.8
Other	95.8	86.3	99.8
Total Restricted Funds	1,020.5	967.2	911.6
Capital Funds			
Investment in securities and cash	189.5	246.8	215.2
Total Capital Funds	189.5	246.8	215.2
Net Utility Plant			
Electric plant in service, less accumulated depreciation	3,323.5	3,364.2	3,370.6
Construction work in progress	155.4	150.8	157.6
Net Utility Plant	3,478.9	3,515.0	3,528.2
Other Noncurrent Assets			
Receivable - NY State	318.0	-	-
Deferred charges, long-term receivables and other	560.9	439.5	503.3
Notes receivable - nuclear plant sale	187.2	199.2	182.2
Total other noncurrent assets	1,066.1	638.7	685.5
Total Noncurrent Assets	5,755.0	5,367.7	5,340.5
Total Assets	\$7,038.2	\$6,896.5	\$6,779.5
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$900.1	\$823.7	\$924.8
Short-term debt	281.8	270.8	272.5
Total Current Liabilities	1,181.9	1,094.5	1,197.3
Noncurrent Liabilities			
Long-term Debt			
Revenue bonds	1,230.6	1,311.8	1,233.0
Adjustable rate tender notes	137.5	144.0	144.0
Commercial paper	421.6	532.9	469.0
Total Long-term Debt	1,789.7	1,988.7	1,846.0
Other Noncurrent Liabilities			
Nuclear plant decommissioning	924.7	880.9	811.8
Disposal of spent nuclear fuel	215.8	215.1	215.5
Deferred revenues and other	131.9	190.6	142.0
Total Other Noncurrent Liabilities	1,272.4	1,286.6	1,169.3
Total Noncurrent Liabilities	3,062.1	3,275.3	3,015.3
Total Liabilities	4,244.0	4,369.8	4,212.6
Net Assets			
Accumulated Net Revenues - January 1	2,566.8	2,268.4	2,268.4
Net Income	227.4	258.3	298.5
Total Net Assets	2,794.2	2,526.7	2,566.9
Total Liabilities and Net Assets	\$7,038.2	\$6,896.5	\$6,779.5

NEW YORK POWER AUTHORITY
REPORT OF THE CHIEF FINANCIAL OFFICER
FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 2009

Net Income by Facility November 2009 (\$ in millions)



Major Factors

Niagara

Primarily lower revenues due to lower prices on market-based sales.

**Better
(Worse)**

(\$6.2)

St. Lawrence

Higher market-based sales (12% higher production).

1.7

SCPP's

Lower market-based sales partially offset by lower fuel costs.

(1.9)

MSP

Primarily potential additional PFJ obligations (\$12) based on October 2009 court decision.

(10.6)

Misc.

Primarily mark-to-market gain on the Authority's investment portfolio due to lower market interest rates.

5.3

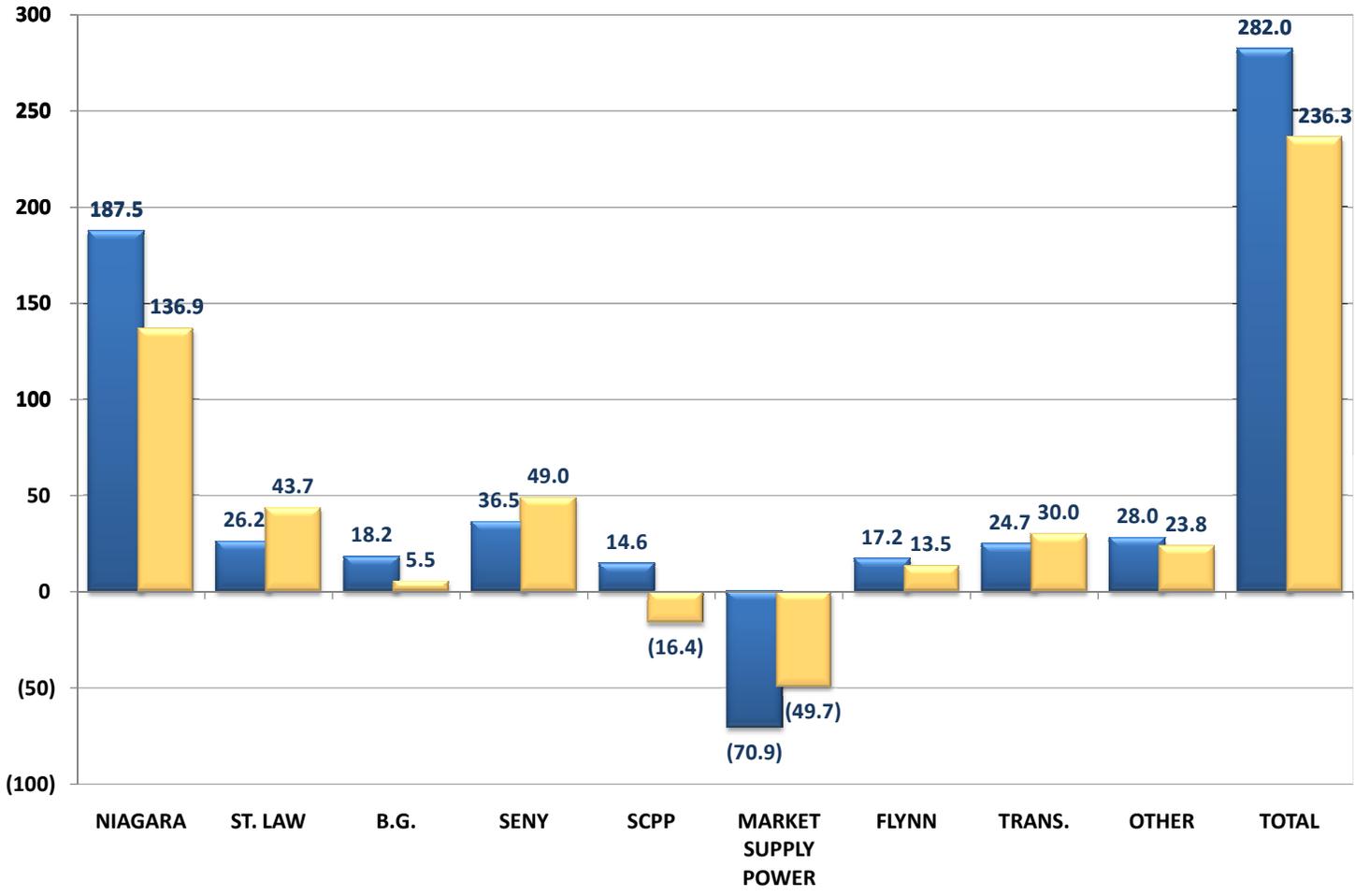
TOTAL

(\$11.7)

Net Income by Facility

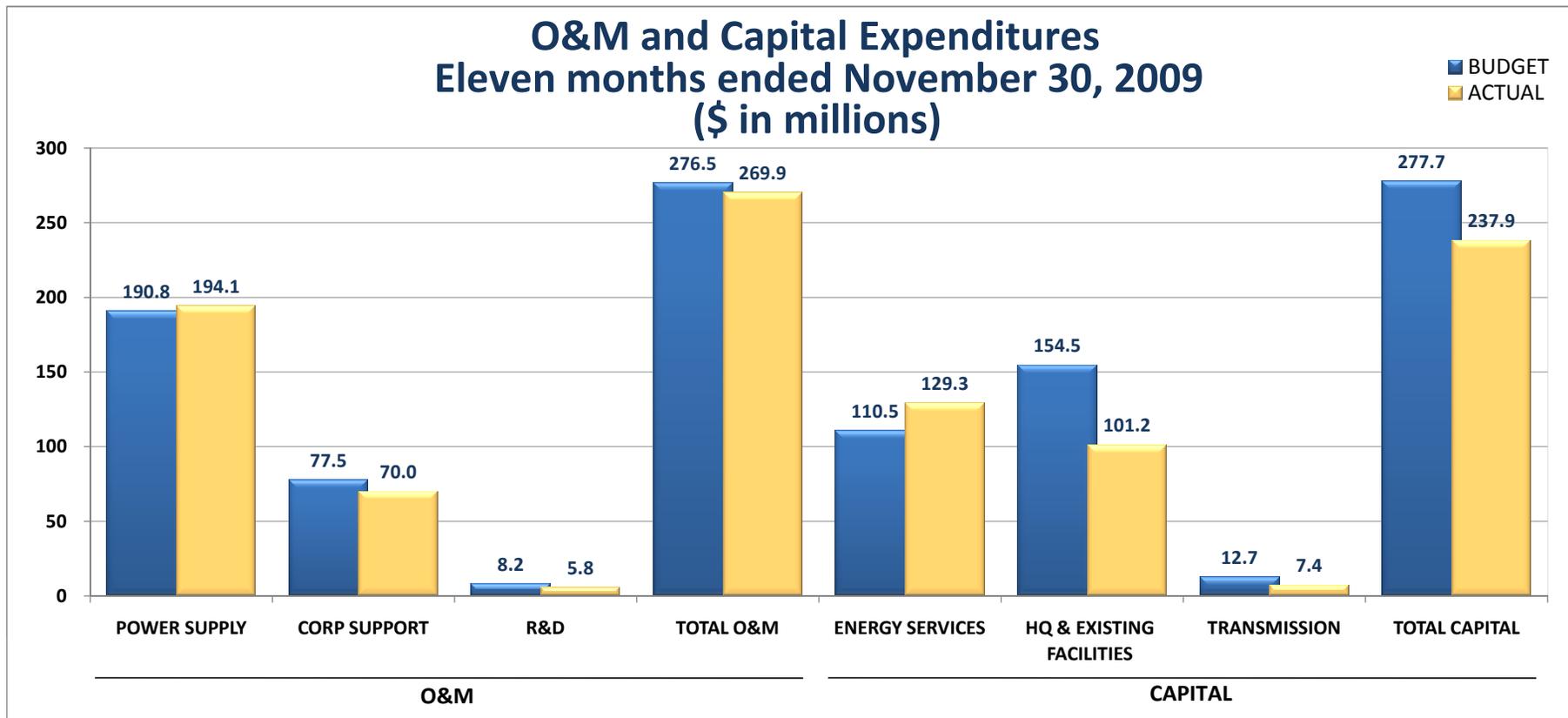
Eleven months ended November 30, 2009

(\$ in millions)



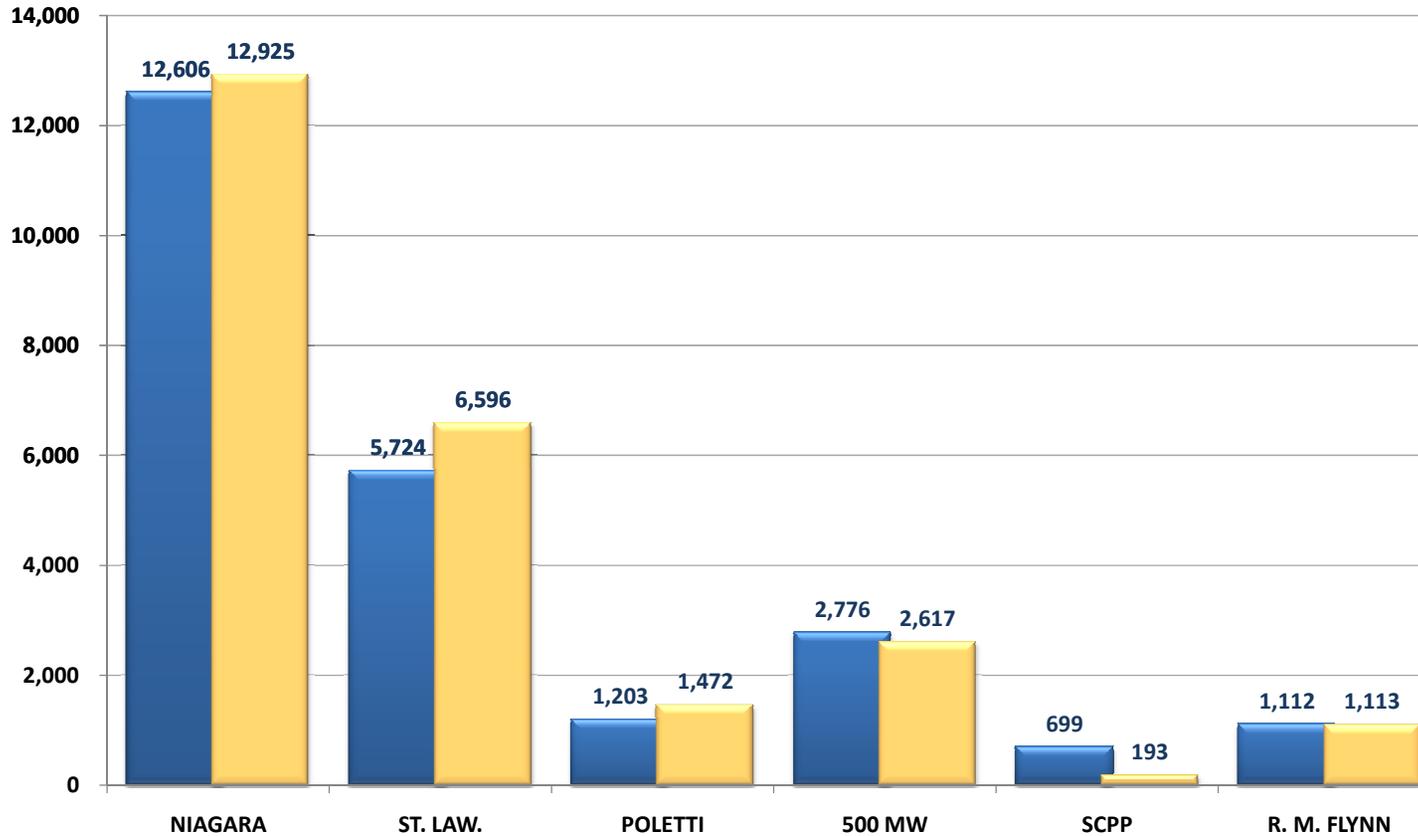
<u>Major Factors</u>	Better (Worse)
<u>Niagara</u> Primarily lower revenues on market-based sales due to lower market prices and lower regulation revenues.	(\$50.6)
<u>St. Lawrence</u> Higher market based sales & lower purchased power (15% higher production).	17.5
<u>Blenheim Gilboa</u> Lower market-based sales due to lower prices.	(12.7)
<u>SENY</u> Includes insurance recovery related to the 2008 500 MW compressor outage and lower O&M.	12.5
<u>SCPP's</u> Primarily lower market based sales partially offset by lower fuel costs.	(31.0)
<u>MSP</u> Lower purchased power (lower prices) partially offset by lower revenues and potential additional PFJ obligations (\$12) based on October 2009 court decision.	21.2
<u>Other</u> Primarily accrual of additional PFJ voluntary contribution partially offset by lower mark-to-market loss.	(4.2)
<u>Misc.</u>	1.6
TOTAL	(\$45.7)

O&M and Capital Expenditures Eleven months ended November 30, 2009 (\$ in millions)



- Through November, O&M expenses were \$6.6 lower than the budget.
- Corporate Support expenses were under budget by \$7.5 due mostly to under spending for outside consultants, Energy Efficiency Program Evaluation and HR outside service programs in addition to greater than expected HQ building rental income.
- Power supply expenditures were \$3.3 higher than budgeted. Higher expenditures at the SCPP's (unplanned outage at Harlem River #2), Poletti and the 500 MW plant (emergent contractor costs) were partially offset by lower spending for non-recurring projects at St. Lawrence.
- R&D expenses were under budget due to lower than expected spending for power generation technology improvements and transmission technology programs.
- Lower capital expenditures at HQ and Existing Facilities were primarily due to delays in various projects such as the St. Lawrence LEM and Relicensing, and underruns in the Niagara unit 4 standardization.
- Energy Services expenditures exceeded the budget due to accelerated construction activity related to NYCHA's Castle Hill Boiler and CUNY & Brooklyn College Steel Trap Replacement Project.
- Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of \$20.5 for 2009. There were no new expenditures authorized this month.

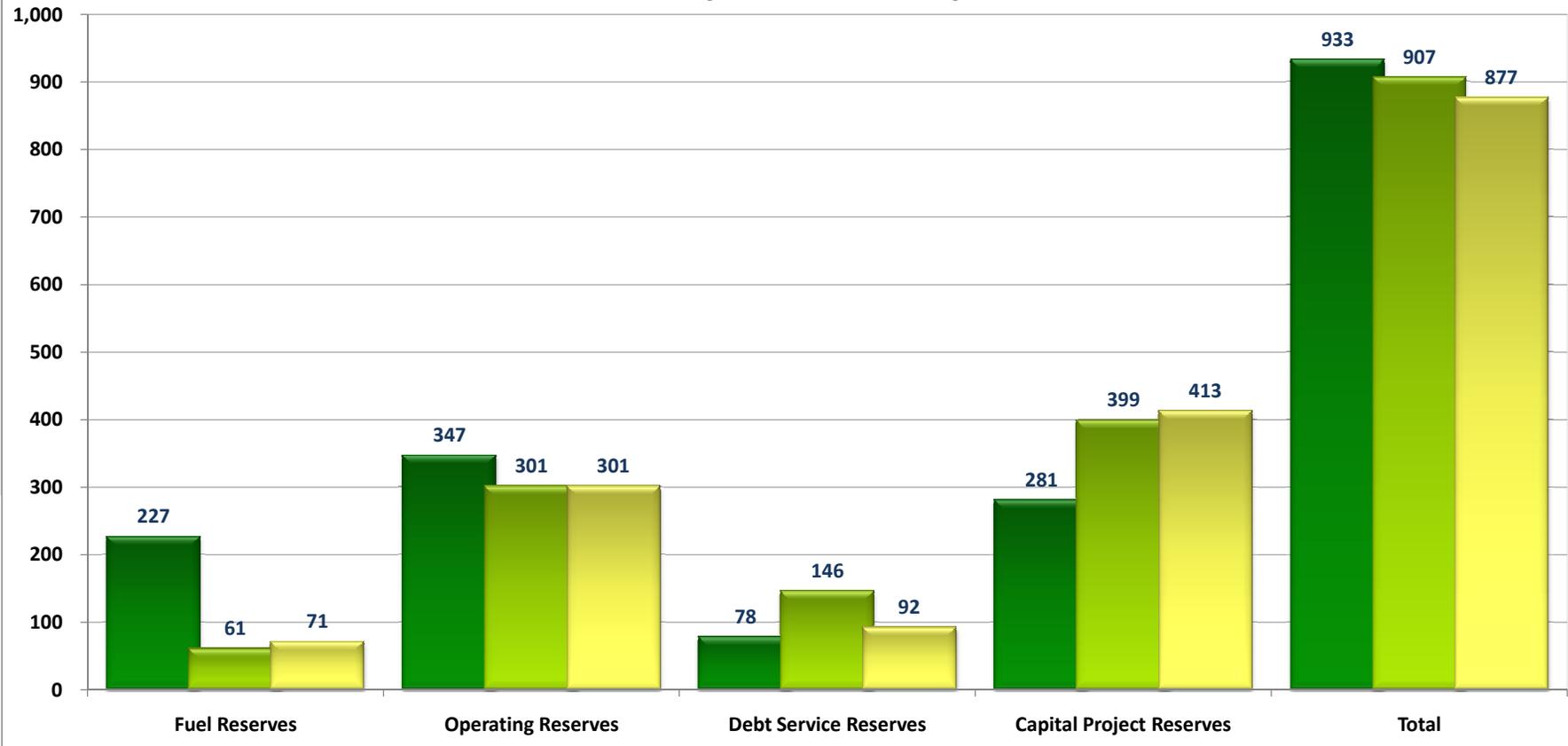
Generation YTD November 2009 (MWH in thousands)



GENERATION			
Month of November 2009			
	BUDGET	ACTUAL	%
NIAGARA	1,274	1,253	-2%
ST. LAW	498	558	12%
POLETTI	68	72	6%
500MW	257	248	-4%
SCPP	40	9	-78%
FLYNN	94	96	2%
BG	(31)	(14)	55%
SM. HYDRO	19	19	-
Total	2,219	2,241	1%

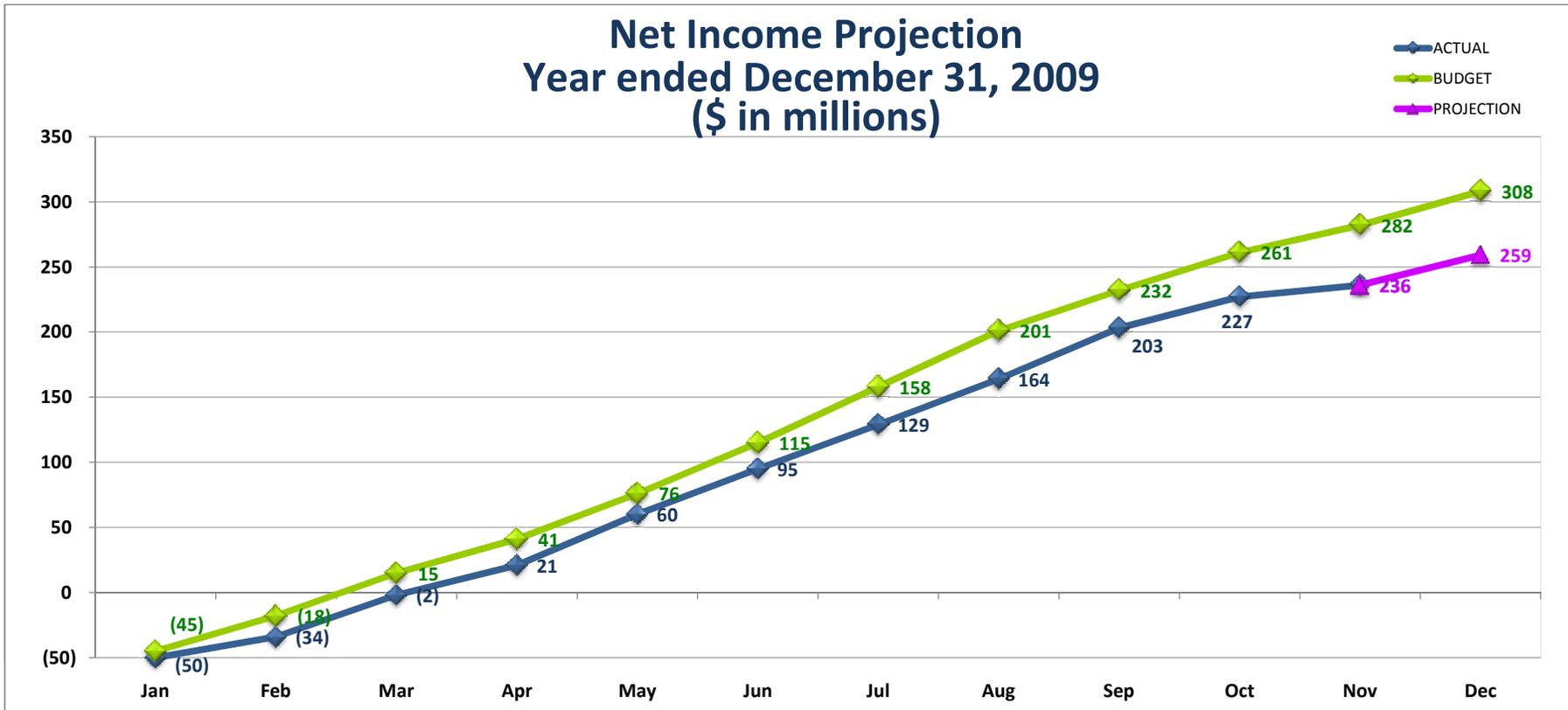
Production for November was 1% higher than anticipated resulting in 4% higher generation year-to-date. Through November, generation was higher at Poletti, St. Lawrence, and Niagara, partially offset by lower production at SCPP's and the 500 MW Plant.

Operating Fund As of November 30, 2009 (\$ in millions)



The year-to-date decrease in the fuel reserve balance resulted primarily from a \$215 Temporary Asset Transfer to NY State as authorized by the Trustees on February 3, 2009. The November balance of \$71 represents the unallocated portion of the Energy Reserve Fund (\$70) plus the balance in the Nuclear Spent Fuel Fund (\$1). In September, a \$103 Temporary Asset Transfer was made from the Capital Project Reserve to NY State as authorized by the Trustees on February 3, 2009 and as reaffirmed on July 29, 2009.

Net Income Projection Year ended December 31, 2009 (\$ in millions)



Major Assumptions:

- 2009 Hydro generation is projected to be above budget by approximately 1.3 Twh. Niagara generation is currently forecast at 3.0 % above budget, and St. Lawrence generation is expected to be 13.6 % above budget. A drop in market prices (down 36 %) is the primary driver of a \$63 decrease in Niagara net income. In addition, the use of expansion power revenues to reduce bills via an Industrial Incentive Award contributed to Niagara's decline in net income. As for St. Lawrence, lower market prices and the North Country Discount Program are mitigated by higher generation and increased sales into the ISO market, with projected net income of \$20 above budget.
- The Market Supply Power segment, a net buyer of market-based energy, benefits from the drop in market prices. MSP net income for 2009 reflects an improvement of \$22, with overall estimated 2009 net loss for this market sector of \$54.
- Blenheim-Gilboa year-end projected net income is under budget by \$13 due to lower market prices and reduced generation.
- The Small Clean Power Plants' 2009 net income is approximately \$32 below budget due to lower market prices and reduced generation, with an overall estimated 2009 net loss for this market sector of \$19.
- An additional voluntary contribution to the State's General Fund in the amount of \$12.5, related to the P4J Program extension, is included in the projection.
- The O&M budget will under run approximately \$3.5 by year end.
- This projection includes the accrual of a potential addition of \$12 to NYPA's PFJ obligations in the Market Supply Power segment based on an October 2009 court decision.

STATEMENT OF NET INCOME
For the Ten Months Ended November 30, 2009
(\$ in millions)

Annual Budget		Actual	Budget	Variance Favorable/ (Unfavorable)
	Operating Revenues			
\$2,081.9	Customer	\$1,670.7	\$1,905.4	(\$234.7)
805.4	Market-based power sales	551.1	755.6	(204.5)
62.3	Ancillary services	36.3	57.4	(21.1)
88.0	NTAC and other	93.3	80.3	13.0
955.7	Total	680.7	893.3	(212.6)
3,037.6	Total Operating Revenues	2,351.4	2,798.7	(447.3)
	Operating Expenses			
1,060.3	Purchased power	755.5	977.8	222.3
516.5	Fuel consumed - oil & gas	327.8	477.1	149.3
95.8	Ancillary services	68.8	87.8	19.0
441.6	Wheeling	394.3	412.0	17.7
304.5	Operations and maintenance	269.9	276.5	6.6
160.7	Depreciation and amortization	150.3	147.3	(3.0)
115.0	Other expenses	132.0	105.5	(26.5)
(10.4)	Allocation to capital	(7.7)	(9.5)	(1.8)
2,684.0	Total Operating Expenses	2,090.9	2,474.5	383.6
353.60	Net Operating Revenues	260.5	324.2	(63.7)
	Nonoperating Revenues			
89.8	Post nuclear sale income	88.3	88.3	-
43.9	Investment income	49.8	39.9	9.9
(3.7)	Mark to market - investments	(.3)	(3.4)	3.1
130.0	Total Nonoperating Revenues	137.8	124.8	13.0
	Nonoperating Expenses			
70.0	Contributions to New York State	70.0	70.0	-
105.7	Interest and other expenses	92.0	97.0	5.0
175.7	Total Nonoperating Expenses	162.0	167.0	5.0
(45.7)	Net Nonoperating Income (Loss)	(24.2)	(42.2)	18.0
\$307.9	Net Income (Loss)	\$236.3	\$282.0	(\$45.7)

**COMPARATIVE BALANCE SHEETS
November 30, 2009
(\$ in millions)**

Assets	November 2009	November 2008	December 2008
Current Assets			
Cash	\$0.1	\$0.1	\$0.1
Investments in government securities	906.1	950.3	961.1
Interest receivable on investments	5.9	6.7	7.1
Accounts receivable - customers	126.1	153.0	159.0
Materials and supplies, at average cost:			
Plant and general	82.4	84.4	84.5
Fuel	28.1	40.5	38.6
Prepayments and other	119.1	180.1	188.6
Total Current Assets	1,267.8	1,415.1	\$1,439.0
Noncurrent Assets			
Restricted Funds			
Investment in decommissioning trust fund	923.7	810.9	811.8
Other	94.1	84.8	99.8
Total Restricted Funds	1,017.8	895.7	911.6
Capital Funds			
Investment in securities and cash	187.1	234.1	215.2
Total Capital Funds	187.1	234.1	215.2
Net Utility Plant			
Electric plant in service, less accumulated depreciation	3,331.7	3,369.8	3,370.6
Construction work in progress	148.5	143.1	157.6
Net Utility Plant	3,480.2	3,512.9	3,528.2
Other Noncurrent Assets			
Receivable - NY State	318.0	-	-
Deferred charges, long-term receivables and other	579.6	451.2	503.3
Notes receivable - nuclear plant sale	168.7	180.7	182.2
Total other noncurrent assets	1,066.3	631.9	685.5
Total Noncurrent Assets	5,751.4	5,274.6	5,340.5
Total Assets	\$7,019.2	\$6,689.7	\$6,779.5
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$905.2	\$799.8	\$924.8
Short-term debt	282.0	268.3	272.5
Total Current Liabilities	1,187.2	1,068.1	1,197.3
Noncurrent Liabilities			
Long-term Debt			
Revenue bonds	1,193.0	1,233.3	1,233.0
Adjustable rate tender notes	137.5	144.0	144.0
Commercial paper	421.6	475.9	469.0
Total Long-term Debt	1,752.1	1,853.2	1,846.0
Other Noncurrent Liabilities			
Nuclear plant decommissioning	923.7	810.9	811.8
Disposal of spent nuclear fuel	215.8	215.3	215.5
Deferred revenues and other	137.3	188.9	142.0
Total Other Noncurrent Liabilities	1,276.8	1,215.1	1,169.3
Total Noncurrent Liabilities	3,028.9	3,068.3	3,015.3
Total Liabilities	4,216.1	4,136.4	4,212.6
Net Assets			
Accumulated Net Revenues - January 1	2,566.8	2,268.4	2,268.4
Net Income	236.3	284.9	298.5
Total Net Assets	2,803.1	2,553.3	2,566.9
Total Liabilities and Net Assets	\$7,019.2	\$6,689.7	\$6,779.5

3. Enhanced Energy Services Programs

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize certain enhancements to the Authority’s Energy Services Programs (‘ESP’). This request is in response to recently enacted legislation that amends the Public Authorities Law in relation to energy efficiency, clean energy and sustainable building initiatives.

“The new legislation, Chapter 477 of the Laws of 2009, clarifies and expands the Authority’s ability to carry out energy efficiency and clean energy projects for all public entities in the State and at facilities of recipients of the Economic Development Power, Expansion Power, Replacement Power, Preservation Power, High Load Factor Power, Municipal Distribution Agency Power and Power for Jobs programs administered by the Authority (each such recipient, a ‘Business Customer’). As deemed feasible and advisable by the Trustees, the law allows the Authority to add to the scope of projects and programs offered to these entities, as more fully described below.

BACKGROUND

“Since the 1980s, the Authority through its ESP has offered various types of energy services and clean energy programs to eligible participants throughout the State to help them lower their energy usage and/or achieve cleaner and more efficient use of energy and natural resources.

“As an outgrowth of the State’s continuing efforts in the areas of energy efficiency and clean energy technologies (e.g., its 45x15 goal to meet 45% of the State’s electricity needs through improved energy efficiency and renewable sources by 2015 and Executive Order No. 111, which requires agencies to reduce energy consumption while transitioning to renewable energy sources), Governor Paterson signed into law Chapter 477 of the Laws of 2009 on September 16, 2009. This new legislation amended Section 1005 of the Public Authorities Law by adding a new subsection 16 to enhance the Authority’s ability to provide energy efficiency, clean energy and green building programs and services to reduce energy consumption and mitigate environmental impacts from energy usage, consistent with the State’s energy and environmental policies. The legislation took effect immediately upon signature by the Governor; it expires three years thereafter. A copy of the new law is attached as Exhibit ‘3-A.’

“Under the law, as deemed feasible and advisable by the Trustees, the Authority is expressly authorized to finance and design, develop, construct, implement, provide and administer energy-related projects, programs and services for any public entity and for any Business Customer. ‘Energy-related projects, programs and services’ means energy efficiency projects and services; clean energy technology projects and services; high-performance and sustainable building programs and services and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.

DISCUSSION

“The recently enacted legislation builds on the Authority’s successful energy and resource conservation programs. The amendment clarifies and expands the Authority’s mandate to administer programs to reduce energy usage, reduce air pollution, conserve scarce natural resources and facilitate the use of clean energy sources. It also provides a streamlined process for public entities and the Authority’s Business Customers to access the Authority’s programs, technical expertise and available low-cost financing.

“The new law also grants the Authority statutory authorization to develop and implement sustainable building programs and services (including Leadership in Energy and Environmental Design (‘LEED’) and U. S. Green Building Council (‘USGBC’) programs) and to expand the scope of currently authorized ESP work to include services involving construction, installation and/or operation of facilities or equipment done in connection with any ESP projects, programs or services, provided that the Trustees deem such projects, programs and services feasible and advisable.

“These expanded services, if approved by the Trustees, will help the Authority better serve its customers’ needs. By adding to its ESP offerings, the Authority will enable its customers to avail themselves of its expertise and low-cost financing to realize maximum energy savings and conservation of natural resources at their facilities. The new legislation will enable the Authority to implement many requested measures that the Authority previously advised its customers it was unable to implement for lack of statutory authority. Examples of this are water conservation measures requested by the New York State Office of General Services and State University of New York campuses, and sustainability measures added to projects that would allow participants to achieve LEED certification.

FISCAL INFORMATION

“No additional funding is requested to implement the enhanced ESP. Existing funding will be provided from the proceeds of the Authority’s Commercial Paper Notes and/or Operating Fund. In addition, projects may be funded, in part, with monies from the Petroleum Overcharge Restitution (‘POCR’) fund. All Authority costs, including Authority overheads and the costs of advancing funds, but excluding any grant of POCR funds, will be recovered from the program participants similar to other Energy Services and Technology programs.

RECOMMENDATION

“The Senior Vice President – Energy Services and Technology recommends that the Trustees approve the enhancements to the Energy Services Programs described above.

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer and I concur in the recommendation.”

Ms. Helen Eisenfeld presented the highlights of staff’s recommendations to the Trustees. President Kessel said that the Authority would be hosting a series of events all over the State to highlight the Authority’s Energy Services work.

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

RESOLVED, That the Trustees hereby authorize the enhancement of the Authority’s Energy Services Programs (“ESP”) consistent with Chapter 477 of the Laws of 2009 as follows: (a) include as eligible participants all public entities and Business Customers and (b) include as projects, programs or services within ESP: high-performance and sustainable building projects, programs or services; technologies that reduce air and other pollution and conserve materials and resources such as water and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services; and be it further

RESOLVED, That the Authority’s Commercial Paper Notes and Operating Fund monies may be used to finance ESP projects, programs or services; and be it further

RESOLVED, That the Senior Vice President – Energy Services and Technology is authorized to determine which ESP projects will be deemed to be energy services projects within the meaning of Section (7) of Part P of Chapter 84 of the Laws of 2002 (the “Section (7) POCR Legislation”) to be funded in part with Petroleum Overcharge

Restitution (“POCR”) Funds allocated pursuant to the Section (7) POCR Legislation; and be it further

RESOLVED, That POCR funds allocated to the Authority by the Section (7) POCR Legislation may be used to the extent authorized by such legislation, in such amounts as may be deemed necessary or desirable by the Senior Vice President – Energy Services and Technology to finance projects within the ESP; and be it further

RESOLVED, That the Chairman, the Vice 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 and General Counsel.

CHAPTER TEXT:

LAWS OF NEW YORK, 2009

CHAPTER 477

AN ACT to amend the public authorities law, in relation to energy efficiency and clean energy initiatives of the power authority of the state of New York, and providing for the repeal of such provisions upon expiration thereof

Became a law September 16, 2009, with the approval of the Governor. Passed on message of necessity pursuant to Article III, section 14 of the Constitution by a majority vote, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 1005 of the public authorities law is amended by adding a new subdivision 16 to read as follows:

16. (a) As deemed feasible and advisable by the trustees, to finance and design, develop, construct, implement, provide and administer energy-related projects, programs and services for any public entity and any recipient of the economic development power, expansion power, replacement power, preservation power, high load factor power, municipal distribution agency power, and the power for jobs programs administered by the authority. In establishing and providing high performance and sustainable building programs and services authorized by this subdivision, the authority is authorized to consult standards, guidelines, rating systems, and/or criteria established or adopted by other organizations, including but not limited to the United States green building council under its leadership in energy and environmental design (LEED) programs, the green building initiative's green globes rating system, and the American National Standards Institute. The source of any financing and/or loans provided by the authority for the purposes of this subdivision may be the proceeds of notes issued pursuant to section one thousand nine-a of this title, the proceeds of bonds issued pursuant to section one thousand ten of this title, or any other available authority funds.

(b) For the purposes of this subdivision, the following words and terms shall have the following meanings unless the context indicates another meaning or intent:

(1) "Agency" means any agency, department, or office of the state of New York.

(2) "Energy-related projects, programs and services" means energy efficiency projects and services, clean energy technology projects and services, and high performance and sustainable building programs and services, and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.

(3) "Energy services contract" or "contract" means a contract pursuant to which the authority provides energy-related projects, programs and services.

(4) "High performance and sustainable building programs and services" means programs and services related to the renovation and retrofitting

EXPLANATION--Matter in italics is new; matter in brackets [-] is old law to be omitted.

of buildings through the incorporation of standards, guidelines, rating systems, and/or criteria relating to design and building techniques established by the authority pursuant to this section, which are addressed to such issues as energy efficiency, energy conservation, the use of renewable energy, the reduction of air and other pollution, and the conservation of materials and resources such as water.

(5) "Public entity" means an agency, public authority, public benefit corporation, public corporation, municipal corporation, school district, board of cooperative educational services, public university, fire district, district corporation, or special improvement district governed by a separate board of commissioners.

(6) "Public authority" means a public authority formed by or under the laws of the state of New York to the extent its facilities are located within the state, and the port authority of New York and New Jersey to the extent that its facilities are located within the state.

(7) "Public benefit corporation" means a public benefit corporation as defined in subdivision four of section sixty-six of the general construction law.

(8) "Public university" means the city university of New York including any senior college or community college as defined in section sixty-two hundred two of the education law, and the state university of New York including four-year colleges established pursuant to section sixty-three hundred seven of the education law and community colleges as defined in section sixty-three hundred one of the education law.

(c) Any public entity is authorized to enter into an energy services contract with the authority for energy-related projects, programs and services that are authorized by this subdivision, provided that (i) the authority issues and advertises written requests for proposals from third party providers of goods and services in accordance with the authority's procurement policies, procedures and/or guidelines, and (ii) the authority shall not contract with a third party provider of goods and services if such person is listed on a debarment list maintained and published in accordance with New York law, as being ineligible to submit a bid on or be awarded any public contract or subcontract with the state, any municipal corporation or public body.

(d)(i) Notwithstanding any other provision of law to the contrary, any energy services contract entered into by the authority with any public entity: (1) may have a term of up to thirty-five years duration, provided, however, that the duration of any such contract shall not exceed the reasonably expected useful life of any facilities or equipment constructed, installed or operated as part of such energy-related projects, programs and services subject to such contract; and (2) shall contain the following clause: "This contract shall be deemed executory only to the extent of the monies appropriated and available for the purpose of the contract, and no liability on account therefor shall be incurred beyond the amount of such monies. It is understood that neither this contract nor any representation by any public employee or officer creates any legal or moral obligation to request, appropriate or make available monies for the purpose of the contract." A school district or board of cooperative educational services may only enter into an energy services contract with the authority for such maximum term as is prescribed in the regulations promulgated by the commissioner of education or the useful life of the facilities or equipment being constructed, installed or operated, whichever is less.

(ii) Notwithstanding any other provision of law to the contrary, in order to provide an interest in real or other property necessary for the

construction of facilities or the operation of equipment provided for in an energy services contract, a public entity may enter into a lease or other agreement with the authority concerning real or other property to which it holds title or which is under its administrative jurisdiction, as is necessary for such construction or operation, for the same length of time as the term of the energy services contract and on such terms and conditions as may be agreeable to the parties thereto and are not otherwise inconsistent with law, and notwithstanding that such real or other property may remain useful to such entity for the purpose for which such real or other property was originally acquired or devoted or for which such real or other property is being used.

(e) Nothing contained in this subdivision is intended to limit, impair or affect the authority's legal authority to provide energy efficiency and energy services programs that existed as of the effective date of this subdivision.

(f) The authority shall complete and submit a report, on or before January thirty-first, two thousand twelve, on those activities undertaken pursuant to this subdivision to the governor, the speaker of the assembly, the temporary president of the senate, the minority leader of the senate, the minority leader of the assembly, the chair of the senate finance committee, the chair of the assembly ways and means committee, the chair of the assembly energy committee and the chair of the senate energy committee.

§ 2. This act shall take effect immediately and shall expire three years after it shall have become a law; provided that such expiration shall not affect the validity of any energy services contract authorized by this act and entered into prior to its expiration.

The Legislature of the STATE OF NEW YORK ss:

Pursuant to the authority vested in us by section 70-b of the Public Officers Law, we hereby jointly certify that this slip copy of this session law was printed under our direction and, in accordance with such section, is entitled to be read into evidence.

MALCOLM A. SMITH

Temporary President of the Senate

SHELDON SILVER

Speaker of the Assembly

4. Sustainability Action Plan

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the Authority’s Sustainability Action Plan, 2010-2012 (the ‘Plan’), which is attached as Exhibit ‘4-A.’

BACKGROUND

“Sustainability is not new to the Authority. From the Authority’s earliest days of developing renewable hydropower to help support local New York businesses to the Authority’s more recent forays into exploring off-shore wind, the Authority has always sought to be a leader in environmental stewardship and economic and community development. In an effort to unite many longstanding programs with new strategies, Authority staff has developed the Plan.

“In 2007, after a competitive bidding process, the Authority’s Trustees approved a contract with Ove, Arup and Partners (‘Arup’) to work with staff to develop a comprehensive sustainability plan. An internal team of Authority staff from various business units was assembled as the Sustainability Integration Review Team (‘SIRT’) to work with Arup to identify key issues and detail specific strategies for the Authority to improve its sustainability performance. The draft plan developed by the SIRT was never officially approved by the Trustees.

“In February 2009, the Authority hired a Chief Sustainability Manager who was charged with developing a new Plan that, following approval by the Trustees, will be implemented Authority-wide. The SIRT was reassembled and the Arup plan consulted in developing the new Plan. The Plan identifies 21 key focus areas and 41 separate action items, each with its own specific strategies, targets and budget.

“The Plan was presented to the Executive Leadership Team in June 2009 and has also been shared with several key external stakeholders throughout the State.

DISCUSSION

“Sustainability is defined as the ability to ‘meet today’s needs for environmental stewardship, economic prosperity and social equity without compromising future generations’ ability to meet these needs for themselves.’ Corporate sustainability is a growing discipline, as companies large and small evaluate the effects they have on the environment, the economy and the community. At a minimum, companies are simply disclosing the issues they are facing, but increasingly more are developing clear strategies to minimize their impacts.

“Governor Paterson’s Executive Order 4, Green Procurement and Sustainability, calls for agencies and authorities to develop sustainability plans. While the Authority began its corporate sustainability planning efforts before the Executive Order was issued, the intent of that directive has been incorporated in the Plan.

“The following guiding principle for integrating sustainability into the Authority’s activities was developed:

We believe that a company’s commitment to managing all aspects of its business through the lens of sustainability is a powerful indicator for its overall management quality and integrity. We will make choices at NYPA that reflect a ‘triple bottom line’ approach to sustainability by holistically integrating business objectives with environmental and social concerns. We will monitor and report on our progress in meeting the sustainability goals we have set for ourselves and strive to be leaders in sustainable innovation.

FISCAL INFORMATION

“The Plan leverages several existing initiatives and therefore many action items are covered by existing budgets. Several action items involve conducting studies and the Plan reflects the costs of the studies only, not the cost of implementing any recommendations from such studies. The budget for the Plan is \$4.668 million over three years, which is a combination of capital and O&M costs, as well as a new staff position in the Environment, Health and Safety department.

RECOMMENDATION

“The Director of Energy Policy and the Chief Sustainability Manager recommend that the Trustees approve the adoption of the Authority’s Sustainability Action Plan.

“The Chief Operating Officer, the Executive Vice President and General Counsel and I concur in the recommendation.”

Ms. Jenifer Becker presented the highlights of staff’s recommendations to the Trustees. Vice Chairman Foster said that he thought the Plan was a terrific idea and that he liked the degree of specificity in it. He said he looked forward to hearing about what is accomplished as the Plan progresses and asked if other Authorities are moving as quickly as the Power Authority is in this regard. Ms. Becker said that the New York State Office of General Services has a sustainability plan and that other State agencies’ sustainability plans are tailored to their individual situations.

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

RESOLVED, That the Authority’s Sustainability Action Plan, as described in the foregoing report from the President and Chief Executive Officer, and as detailed in Exhibit “4-A,” be, and hereby is, approved; and be it further

RESOLVED, That the Chairman, the Vice 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, 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 and General Counsel.

Generating Sustainability: NYPA's Sustainability Action Plan

	Action Area	Commitment		Specific Measures	Key Components	Targets	Staff Lead			
								2010	2011	2012
WORKPLACE										
W1	Culture of Sustainability	<i>We will create a culture of sustainability that recognizes and rewards contributions to NYPA's triple bottom line</i>	W1a	Raise employee awareness through workshops, education, communications and contests	<ul style="list-style-type: none"> • Maintain a sustainability page on NYPA intranet for ongoing updates, tips and progress reports • Circulate regular e-newsletters to all NYPA staff • Provide workshops at all NYPA sites on sustainability plan and related topics • Train key facilities personnel in green facilities management concepts • Offer healthy and nutritious food options whenever refreshments are served at NYPA meetings • Incorporate information about sustainability efforts into new hire materials/orientation 	Education/ communication plan rolled out by 1Q10; presentation at all sites by 1Q10; all identified facilities staff trained in LEED in 4Q10; new food options introduced by 4Q09; integration into new hire orientation by 1Q10	Chief Sustainability Manager (Jen Becker)	\$ 15,000	\$ 5,000	\$ 5,000
W2	Dynamic Workforce	<i>We will build and maintain an inclusive work environment where each individual's contribution is valued and respected while preserving institutional knowledge and providing career opportunities</i>	W2a	Enhance the skills and knowledge of our employees through a comprehensive succession planning program	<ul style="list-style-type: none"> • Implement consultant recommendations from Knowledge Loss Risk Assessment • Develop replacement plan for high risk positions • Identify potential successors for each mission critical position 	Completion of all key components with all BU Leaders and the integration of their data into the succession plan by 4Q09	VP, Human Resources (Agnes Harris)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
			W2b	Expand diversity programs at NYPA that seek to build upon our myriad of backgrounds and skill sets	<ul style="list-style-type: none"> • Develop a comprehensive communications plan and provide education and training for all employees • Establish an Executive/employee Diversity Council to help guide program • Establish mentoring program at NYPA 	Program to begin in 1Q10	Diversity Manager (Donna Robinson)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives

Generating Sustainability: NYPA's Sustainability Action Plan

	Action Area	Commitment		Specific Measures	Key Components	Targets	Staff Lead			
								2010	2011	2012
W3	Green Workspace	We will create healthy work environments for our staff that lead by example and utilize environmentally-friendly products and materials	W3a	Identify environmentally-friendly substitutes for commonly purchased products	<ul style="list-style-type: none"> Comply with procurement goals within Executive Order 4 Work with procurement agents on necessary changes to specs Submit annual E04 report to OGS 	Comply with relevant product specifications outlined in E04 on an ongoing basis; timely submittal of reports; first report due 8/1/09	Chief Sustainability Manager (Jen Becker)	No budget required	No budget required	No budget required
			W3b	Develop green guidelines for office renovations which promote access to natural light, indoor air-quality and workplace efficiency	<ul style="list-style-type: none"> Work with LEED AP consultant to develop guidelines and specifications for work place design and construction Work with EST and consultant to ensure that the engineering standards and practices for office construction and renovation are compliant with LEED-EB standards Specify furnishings and materials which adhere to LEED standards Develop implementation plan and review process to ensure that all new offices are constructed in compliance with new guidelines 	Policy developed by 1Q10; all office renovations to meet guidelines after policy approved	Director, Corporate Support Services (Susan Egginton)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
W4	Health and Safety	We will institute programs to enhance the health, safety and well-being of our employees	W4a	Conduct an Industrial Hygiene analysis at all NYPA generating sites with a particular emphasis on noise and indoor air quality	<ul style="list-style-type: none"> Develop study scope in consultation with project staff Solicit and select consultant to conduct studies Conduct surveys and develop recommendations 	Final survey report and data set available for each site by 4Q11	VP, EHS (John Kahabka)	\$ 75,000	\$ 125,000	TBD
			W4b	Establish a safety program for completing Job Safety Analyses (JSA)	<ul style="list-style-type: none"> Develop program scope and determine if it can be completed by in-house staff Develop JSA program Conduct trainings for Maintenance Resource Managers 	Program scope developed by 4Q10; Trainings for 100% of Maintenance Resource Mangers completed by 4Q11	VP, EHS (John Kahabka)	No budget required	\$ 50,000	\$ 50,000

Generating Sustainability: NYPA's Sustainability Action Plan

	Action Area	Commitment		Specific Measures	Key Components	Targets	Staff Lead			
								2010	2011	2012
COMMUNITY										
C1	Stakeholder Engagement	<i>We will engage with NYPA stakeholders in a respectful, productive manner and ensure that communities impacted by NYPA operations are treated fairly and with due process</i>	C1a	Develop an environmental justice action agenda that encompasses all of NYPA's activities, providing guidance on engagement with the communities near NYPA facilities, stakeholders and first nations	<ul style="list-style-type: none"> Develop an environmental justice action agenda Identify EJ groups and communities around NYPA facilities Monitor communications and activities with EJ communities in accordance with action agenda 	Policy approved by Governors Office by 2Q10; meetings with identified EJ groups at least once a year	Environmental Justice Liaison (Sobeida Cruz)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
			C1b	Continue to host NYPA Trustee meetings at various locations across the state where stakeholders are welcome to attend and observe	<ul style="list-style-type: none"> Host Trustee meetings, which are open to the public, on a rotating basis in various regions in the State Webcast the Trustee meetings and post minutes online Hold open Trustee Committee meetings and give advance notice to the public on the date and location 	Host at least 3 Trustee meetings a year outside of White Plains	Corporate Secretary (Karen Delince)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
C2	Community Investment	<i>We will support investment within communities where NYPA operates that furthers sustainability, social justice and community development</i>	C2a	Continue to support community efforts related to NYPA's mission and post recipients online	<ul style="list-style-type: none"> On an annual basis, post recipients of community investments on NYPA's website 	Post 2009 recipients by 1Q10	SVP, Public, Government and Community Affairs (Paul Finnegan)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
C3	Public Education and Communication	<i>We will communicate our sustainability performance in a transparent manner and utilize opportunities to educate the public on our initiatives</i>	C3a	Expand and promote the sustainability page on NYPA's website that demonstrates our commitment and tracks our progress	<ul style="list-style-type: none"> Develop content for expanded, dynamic NYPA webpage Go live with pages and publicize update Continue to update as initiatives progress 	Updated web page live by 1Q10; track number of hits to page over time	Director, Communications & Marketing Services (Nancy Ames)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
			C3b	Publish annual sustainability report to update public on progress of sustainability initiatives	<ul style="list-style-type: none"> Consult Global Reporting Initiative framework for guidance on reporting Track initiative progress to facilitate reporting Publish annual report in conjunction with NYPA's annual report 	1st report published in 1Q11 in conjunction with NYPA's 2010 annual report	Chief Sustainability Manger (Jen Becker)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives

Generating Sustainability: NYPA's Sustainability Action Plan

Action Area	Commitment	Specific Measures	Key Components	Targets	Staff Lead	2010	2011	2012	
ENVIRONMENT									
Carbon Reductions	<i>We will reduce our carbon emissions by looking at all aspects of our footprint and aggressively identify reduction opportunities</i>	E1a	Calculate carbon footprint per the Climate Registry protocol and publically disclose analysis	<ul style="list-style-type: none"> File as a transitional reporter for 2009 and 2010 Complete independent verification of data File as a full reporter for 2011 data cycle 	Entity wide carbon footprint calculated by 2011	VP, EHS (John Kahabka)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
		E1b	Conduct energy audits at all NYPA facilities and implement energy conservation measures	<ul style="list-style-type: none"> Schedule and conduct energy audits for all NYPA facilities Conduct audits and present results to Senior Management for approval Implement all approved measures 	Complete all audits within 6 months of assignments (3Q10) and implement all measures, including installation of all equipment, within 1 year of approval to proceed (4Q11); target 15% energy savings	VP, Project Development and Management (Paul Belnick)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
		E1c	Pursue LEED certification for all existing Visitor Centers and all new buildings	<ul style="list-style-type: none"> Hire consultant to perform in-depth LEED EB feasibility assessment for BG, NIA and STL Visitor Centers Determine costs and practicality of obtaining certification Implement necessary policies and modifications Design and build all new buildings to at least LEED NC Certified level per EO111 requirement 	Feasibility analysis for visitor centers completed by 4Q 11; necessary policies and modifications implemented by 4Q12; Niagara Warehouse to achieve LEED NC Gold by 4Q11; all new construction designed to LEED NC on an ongoing basis	SVP Energy Services & Technology (Angelo Esposito), EVP Power Supply (Ed Welz), SVP Enterprise Shared Services (Joan Tursi)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives

Generating Sustainability: NYPA's Sustainability Action Plan

	Action Area	Commitment		Specific Measures	Key Components	Targets	Staff Lead			
								2010	2011	2012
E1	Carbon Reductions (cont'd)	We will reduce our carbon emissions by looking at all aspects of our footprint and aggressively identify reduction opportunities	E1d	Develop a carbon reduction program for NYPA fossil fuel generation facilities to ensure compliance with federal climate change legislation	<ul style="list-style-type: none"> Hire staff person to assist with this and other sustainability studies administered by EHS Once federal climate legislation is finalized, develop study scope that addresses opportunities for carbon reductions and ensures compliance Solicit and select consultant to conduct study Conduct study and develop recommendations 	Report to be completed by 4Q11 (Date may change based on timing of legislation)	Director of Energy Policy (Victoria Simon), EVP Energy Supply (Ed Welz), SVP Energy Resource Management (Bill Nadeau), VP EHS (John Kahabka)	\$ 300,000	\$ 300,000	\$ 150,000
			E1e	Conduct a green Information Technology audit to identify energy and other savings	<ul style="list-style-type: none"> Hire consultant to perform study Conduct audit and develop recommendations 	Report completed by 4Q10	Chief Information Officer (Dennis Eccleston)	\$ 20,000	\$ 4,000	\$ 4,000
			E1f	Conduct a green fleet management study to maximize carbon reductions	<ul style="list-style-type: none"> EST and Fleet Management to develop study scope EST and Fleet Management to conduct study and develop recommendations 	Report completed by 2Q10	Chief Technology Officer (Rich Hackman); Director, Fleet Operations (Steve Nicholson)	No Budget required	No budget required	No budget required
			E1g	Collaborate with relevant entities to enact a comprehensive climate change policy	<ul style="list-style-type: none"> Monitor and assess congressional legislation to determine impact on NYPA Coordinate NYPA legislative strategy with Executive Chamber Participate in EPRI Climate Change Program, American Public Power Association (APPA), Large Public Power Council (LPPC) and Clean Energy Group (CEG) Climate Change and environmental initiatives Advocate NYPA issues and recommendations where appropriate 	Ongoing participation in collaborative initiatives: passage of legislation TBD	Executive Director, Regulatory Affairs (John Osinski), Director of Energy Policy (Victoria Simon), Chief Technology Officer (Rich Hackman), VP, EHS (John Kahabka)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives

Generating Sustainability: NYPA's Sustainability Action Plan

	Action Area	Commitment		Specific Measures	Key Components	Targets	Staff Lead			
								2010	2011	2012
E2	Water Management	<i>We will manage our water resources efficiently and optimize conservation opportunities</i>	E2a	Conduct audits of non-process water use at all NYPA facilities to reduce the use of potable water starting with NYPA's Visitor Centers in association with LEED EB efforts	<ul style="list-style-type: none"> Conduct water audits in association with LEED EB assessments at BG, NIA and STL Visitor Centers Conduct water audits at other NYPA facilities and develop recommendations for conservation of potable water Work with Engineering and Project Management to implement measures 	BG, NIA and STL audits completed by 2Q10; remaining audits completed by 4Q10	VP, EHS (John Kahabka), VP Project Development Management (Paul Belnick)	\$ 75,000	\$ 75,000	N/A
E3	Land Management	<i>We will manage the land under our care to protect sensitive habitats and species</i>	E3a	Complete the Habitat Improvement Projects (HIP) and Recreation Enhancement Project (REP) per the relicensing agreements for STL and NIA	<ul style="list-style-type: none"> Complete the 10 HIPs and 6 REPs currently planned for STL area Complete the 8 HIPs, 6 REPs planned for NIA areas Continue to work with stakeholders engaged in collaborative relicensing process to ensure smooth implementation 	STL projects completed by 4Q12 (management projects will continue to evolve); NIA projects completed by 4Q15	VP, Project Development, Licensing and Compliance (John Suloway)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
			E3b	Continue to manage the Right of Ways (ROW) according to the Integrated Vegetation Management Plan and implement EPRI recommendations	<ul style="list-style-type: none"> Review existing plan and consult with EPRI about best practices Modify plans as necessary to incorporate recommendations Implement revised plan 	Revised plan completed by 1Q13	VP, EHS (John Kahabka)/ SVP, Transmission (Steve Decarlo), Director, Real Estate (Mark O'Conner)	N/A	N/A	\$ 300,000
E4	Waste Management	<i>We will reduce and manage our waste stream in an environmentally-responsible manner</i>	E4a	Develop a waste management plan in order to obtain a 10% reduction per EO4 requirements	<ul style="list-style-type: none"> Determine scope of work and hire consultants to conduct waste audits at NYPA facilities Conduct audits and develop recommendations to meet a 10% reduction per EO4 requirements Implement waste reduction measures at NYPA facilities 	Audits completed by 4Q11	VP, EHS (John Kahabka)	\$ 75,000	\$ 25,000	\$ 15,000

Generating Sustainability: NYPA's Sustainability Action Plan

Action Area	Commitment	Specific Measures	Key Components	Targets	Staff Lead	2010	2011	2012	
MARKETPLACE									
		M1a	Continue to provide turn-key energy efficiency services, including consulting, financing and project management	<ul style="list-style-type: none"> Continue to market energy efficiency services to customers and eligible participants to reduce energy consumption Enhance existing energy services programs when needed to meet the goals of the Governor's "15 x 15" Plan 	On-going annual program; target MWh reduced: 50,000 by 4Q09; 60,000 by 4Q10; 80,000 by 4Q11	VP, Project Development and Management (Paul Belnick)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
		M1b	Explore rate structure for governmental customers that incentivizes demand side management	<ul style="list-style-type: none"> Complete rate re-design study currently underway by consultant that evaluates demand side management incentives as one component Hold periodic review meetings with customers for their input, approval and sign-off 	Consultant study completed by 2Q10; new tariff potentially in place by 3Q11	SVP, Marketing and Economic Development (Jim Pasquale)	Costs covered by existing initiatives	TBD	TBD
Renewable Energy	We will expand the amount of emissions-free, renewable energy available in New York State	M2a	Formalize and promote NYPA's ability to offer green power and credits to our customers	<ul style="list-style-type: none"> Complete program design that facilitates process for NYPA and customers Market program to customers to increase awareness of product offering 	Program rolled out to customers by 3Q10	SVP, Marketing and Economic Development (Jim Pasquale)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
		M2b	Increase distributed renewable energy generation in New York State	<ul style="list-style-type: none"> Implement \$21 million renewable energy plan statewide to support solar, wind and fuel cell installations Implement 100 MW of purchased solar capacity at distributed sites across the state 	\$21M fund allocated by 4Q10 targeting 6.3 MW; 100 MW RFP issued by 1Q10, systems installed by 4Q15	Chief Technology Development Officer (Rich Hackman)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives

Generating Sustainability: NYPA's Sustainability Action Plan

	Action Area	Commitment		Specific Measures	Key Components	Targets	Staff Lead			
								2010	2011	2012
M2	Renewable Energy (cont'd)	We will expand the amount of emissions-free, renewable energy available in New York State	M2c	Foster utility-scale renewable energy generation capacity in New York State	<ul style="list-style-type: none"> Pursue at least 120 MW of wind power off-shore of the Great Lakes Pursue up to 700 MW of wind power off-shore of New York City and Long Island (Downstate) Retain technical consultants to assist in necessary studies, RFP development and project management 	RFEI for Great Lakes issued by 2Q09; RFEI for Downstate by 3Q09; RFPs for at least one project issued by 4Q10; technical consultants contracted by 3Q09	VP, Power Resource Planning (Jordan Brandeis)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
			M2d	Continue to fund research of large-scale renewable energy storage	<ul style="list-style-type: none"> Develop feasibility study for up to 300MW compressed air energy storage system (CAES) for better wind integration Implement 100kW dispatchable solar PV system at CUNY LaGuardia Community College Fund EPRI programs on renewable energy integration and energy storage (EPRI P84, P173 and P174) 	Complete CAES feasibility study by 4Q10 and continue to participate in EPRI CAES collaborative through 4Q11; complete LaGuardia system by 4Q10	Chief Technology Officer (Rich Hackman)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
M3	Alternative Fuel Transportation	We will build upon our alternative-fuel transportation programs to accelerate market penetration	M3a	Continue to participate in national, state and regional programs to promote the development and demonstration of electric, hybrid-electric and plug-in hybrid electric vehicles	<ul style="list-style-type: none"> Continue to work with industry partners, such as EPRI and CalStart, on collaborative efforts to accelerate commercialization of electric-drive vehicles R&TD and MED to promote customer adoption of electric-drive vehicles 	Participate in EPRI and CalStart vehicle development and fleet purchase consortium programs on an annual basis; Develop vehicle specific marketing and outreach campaigns needed	Chief Technology Officer (Rich Hackman)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
			M3b	Develop and demonstrate renewable energy smart charge infrastructure for electric and plug-in hybrid vehicles	<ul style="list-style-type: none"> Design and construct solar energy charging station at a public facility such as train stations, municipal parking garages and college campuses Develop a smart charge protocol to match the intermittent output of renewable energy resources and enable better utilization with the electric distribution grid Demonstrate a range of plug-in vehicles and evaluate the technical feasibility of renewable energy smart charge infrastructure for a variety of applications 	Station location identified by 1Q10; Installations completed by 4Q11	Chief Technology Officer (Rich Hackman)	Costs covered by existing initiatives	Costs covered by existing initiatives	No budget required

Generating Sustainability: NYPA's Sustainability Action Plan

	Action Area	Commitment		Specific Measures	Key Components	Targets	Staff Lead			
								2010	2011	2012
M4	Clean Energy Procurement	<i>We will encourage the procurement of clean energy on behalf of our customers</i>	M4a	Establish policy regarding fuel source and environmental impact for bi-lateral energy contracts	<ul style="list-style-type: none"> Develop policy regarding bilateral contracts Communicate policy to customers 	Policy developed by 2Q10	Chief Sustainability Manager (Jen Becker), SVP Marketing and Economic Development (Jim Pasquale), VP Power Resource Planning	No budget required	No budget required	No budget required
M5	Economic Development	<i>We will utilize NYPA low priced power to create and maintain family supporting jobs.</i>	M5a	Continue to maximize NYPA power resources to attract business capital and quality jobs to New York State	<ul style="list-style-type: none"> Administer the Power For Jobs, Economic Development Power, Expansion, Replacement and Preservation Power, Municipal and Rural Cooperative Economic Development programs and others to retain and attract jobs and capital in New York State Work with Empire State Development to ensure a coordinated statewide approach to economic development Continue to build strong relationships with local stakeholders to identify potential opportunities. 	2,000 jobs attracted/retained in 2009: additional targets to be developed in conjunction with annual strategic planning process	SVP, Marketing and Economic Development (Jim Pasquale)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives

Generating Sustainability: NYPA's Sustainability Action Plan

	Action Area	Commitment		Specific Measures	Key Components	Targets	Staff Lead			
								2010	2011	2012
OPERATIONS										
O1	Strategic Planning	<i>We will ensure that our strategic plan reinforces our sustainability efforts and that sustainability remains a driving factor in our strategic planning process</i>	O1a	Incorporate sustainability into NYPA's strategic planning process	<ul style="list-style-type: none"> Explicitly add "Sustainability Analysis" to the Strategic Planning Update Process Confirm/Update Sustainability as key decision driver prior to development of new strategic plan Audit current strategic initiatives for Sustainability implications 	Alignment of sustainability initiatives with strategic plan by 4Q09; ongoing monitoring	Strategy Planning Specialist (Janis Archer)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
O2	Generation and Transmission Reliability	<i>We will maintain the reliability of NYPA's generation and transmission facilities for the benefit of our customers and New York State</i>	O2a	Continue to maintain generation and transmission equipment to meet and exceed industry reliability goals per NERC and FERC requirements	<ul style="list-style-type: none"> Provide reliable energy generation and transmission in accordance with strategic plan performance metrics 	Continue to meet internal reliability targets on an annual basis	EVP, Chief Engineer, Power Supply (Ed Welz)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives
			O2b	Facilitate interconnection of renewable power generation to NYPA's transmission infrastructure	<ul style="list-style-type: none"> Pursue increased transmission connections to Canadian hydro power and other sources Continue to supply resources as required to support renewable interconnections in compliance with the OATT 	Technical and economic feasibility evaluation complete by 2Q10 on transmission initiative; No impacts or delays as the result of Authority required processes activities	SVP, Transmission (Steve DeCarlo)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives

Generating Sustainability: NYPA's Sustainability Action Plan

	Action Area	Commitment		Specific Measures	Key Components	Targets	Staff Lead						
								2010	2011	2012			
O3	Generation and Transmission Efficiency	<i>We will improve the efficiency of NYPA's generation and transmission facilities for the benefit of our customers and New York State</i>	O3a	Complete the current hydropower Life Extension and Modernization (LEM) programs and evaluate similar programs for remaining hydro facilities and for transmission infrastructure	<ul style="list-style-type: none"> Complete LEM projects at STL, BG and RMNPP to increase hydropower efficiency and the life of the projects Evaluate future LEM project at LPGP Evaluate future LEM projects related to NYPA's transmission lines 	Meet the following efficiency targets (STL: 2-3.6%; BG: 6-7%; RMNPP: 1.5-2.5%) by 4Q12; LPGP evaluation complete by 4Q10; transmission assessment and recommendations for upgrade by 4Q10	EVP, Chief Engineer, Power Supply (Ed Welz), SVP, Transmission (Steve DeCarlo)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives			
			O3b	Integrate Smart Grid technology into NYPA's transmission system	<ul style="list-style-type: none"> Continue to install smart meters on NYPA transmission lines to support the NYISO upgrade program Participate in EPRI's Green Transmission Initiative including evaluating opportunities for Thermal Circuit Ratings and studying transmission line, substation equipment and generation facility auxiliary loss performance Expand the use of Phasor Measurements technology in NYPA's transmission operations 	Ongoing installation of smart meters; Thermal Circuit Rating evaluation completed by 4Q09; additional Phasor Measurement Unit installed by 4Q10	SVP, Transmission Steve DeCarlo, Chief Technology Officer (Rich Hackman)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives			
			O3c	Explore use of non-petroleum based oils in NYPA's electrical equipment	<ul style="list-style-type: none"> Review replacement specifications issued for oil filled electrical equipment for compatibility Begin to purchase based on revised specifications 	Ongoing review of engineering, design and specifications	VP, EHS (John Kahabka), VP Engineering (Brad Van Auken)	Costs covered by existing initiatives	Costs covered by existing initiatives	Costs covered by existing initiatives			
O4	Clean Energy Demonstrations	<i>We will lead by example and demonstrate clean energy technologies at our own facilities</i>	O4a	Install renewable distributed generation systems at select NYPA facilities	<ul style="list-style-type: none"> Identify appropriate sites for demonstrations, prioritizing integration into LEED EB efforts at the Visitor Centers Install systems at selected sites 	One site selection by 4Q10; systems installed by 4Q12	Chief Technology Officer (Rich Hackman)	Costs covered by existing initiatives	\$ 500,000	\$ 2,500,000			
O5	Climate Change Adaptation	<i>We will acknowledge the significant impact climate change can have on NYPA infrastructure and plan accordingly</i>	O5a	Identify climate change impacts on NYPA infrastructure and develop adaptation plan	<ul style="list-style-type: none"> Identify at-risk infrastructure Determine appropriate adaptation strategies to address risk Incorporate adaptation strategies into capital and O&M budget and planning where required 	Adaptation plan completed by 4Q10	SVP, EHS (John Kahabka)/ Director of Energy Policy (Victoria Simon)	Costs covered by existing initiatives	TBD	TBD			
TOTAL COST								\$	560,000	\$	1,084,000	\$	3,024,000

5. Membership in Electric Power Research Institute – Extension

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize the President and Chief Executive Officer to enter into a five-year extension of the Authority’s existing membership in the Electric Power Research Institute (‘EPRI’) effective January 1, 2010 for an estimated total increase of \$12.79 million.

BACKGROUND

“EPRI is the premier electric utility research organization, having a 2009 budget of \$313 million supported by approximately 425 members. Members include regulated utilities such as rural cooperatives, municipal and public power systems, investor-owned utilities and federal power agencies. Responding to the changing utility environment, EPRI has expanded its customer base to also serve unregulated and non-utility entities, international utilities, energy enterprise organizations involved in public benefit programs and equipment manufacturers.

“EPRI’s mission is to provide science- and technology-based solutions of value to its national and international members. The organization is aligned with various segments of the electric market in developing technologies, information and methods related to generation, delivery and use of electricity, with special attention to cost reduction, cost-effectiveness, environmental concerns and customer retention.

“EPRI’s large membership enables members to support and leverage a broad array of large-scale research and demonstration projects of mutual interest, some of which could not be supported by an individual entity alone because of their high cost.

DISCUSSION

“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 has been a member of EPRI since July 1, 1987.

“The EPRI membership fee is based on a formula that takes into account generation assets and transmission system peak capacity in MW. Since 1995, EPRI has provided its members with flexibility in regard to the selection of research program areas and services from its technology portfolio.

“On an annual basis, the Research and Technology Development Division, working together with its key stakeholders in various departments, identifies key targets for which the Authority and its customers would derive benefits from EPRI products and services. For 2009, staff selected approximately 38 programs and 11 sub-programs in the areas of power generation, transmission, environment, distributed resources, power quality and end-use customer energy efficiency.

“EPRI’s programs are planned, developed and implemented by market segments guided by an Industry Committee Structure, consisting of member representatives selected for expertise in their particular fields. The Authority’s Chief Operating Officer currently serves on the EPRI board and Authority staff represents the Authority at all levels of the EPRI advisory structure -- the Research Advisory Council, and Generation, Power Delivery and Environmental Councils including their associated working groups.

“Through this participation, the Authority has been able to influence EPRI’s direction and obtain numerous benefits from using EPRI’s products and services. Over the last few years, staff has been effective in obtaining several million dollars of EPRI cofunding for projects of interest to the Authority and have worked closely with

EPRI to develop and implement technologies at the Authority's facilities. Examples include the development and implementation of the Convertible Static Compensator at Marcy substation, the Reliability-Centered Maintenance ('RCM') projects for Circuit Breakers and Substations, the Sodium Sulfur Battery for Long Island Bus, Assessment of Cable Condition at Niagara, Vegetation Management Program for the Authority's transmission line rights-of-way, Knowledge Capture of Overhead Transmission Line Work Procedures and the 250 kW Molten Carbonate Fuel Cell demonstration. These projects have resulted in significant benefits to the Authority.

"In view of the Authority's long working relationship with EPRI, discussions were initiated to secure an extension of the Authority's multiyear agreement, which would result in a discount for the Authority. Such a five-year contract extension would start at the level of \$2.33 million in 2010 and continue through 2014, with a 3% annual cost escalation and an allowance for new program initiatives, \$100,000, such as efficient grid technology projects. This multiyear extension will save the Authority an estimated \$2.26 million over the five-year contract term as compared with purchasing the same services on a year-by-year basis.

FISCAL INFORMATION

"Funds required for the Authority's 2010 payment to EPRI are included in the 2010 O&M Budget. Costs associated with future years will be included in the budget submittals for those years. Payments will be made from the Operating Fund.

RECOMMENDATION

"The Senior Vice President – Energy Services and Technology and the Chief Technology Development Officer recommend that the Trustees authorize the President and Chief Executive Officer to enter into a five-year extension of the Authority's existing membership in the Electric Power Research Institute effective January 1, 2010, at an annual fee starting at \$2.33 million and escalating at the rate of 3% per year, plus program initiative allowance, \$100,000, for an estimated total increase of \$12.79 million.

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

Mr. Richard Hackman presented the highlights of staff's recommendations to the Trustees. In response to a question from Vice Chairman Foster, Mr. Hackman said that the core of the Authority's research program is based on EPRI's programs. Responding to another question from Vice Chairman Foster, Mr. Hackman said that the Authority would be considered a medium-sized member of EPRI, which has a budget of \$313 million.

Trustee Nicandri pointed out that Gil Quiniones serves on EPRI's Board of Directors.

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

RESOLVED, That the Trustees authorize the President and Chief Executive Officer, or such officer designated by the President and Chief Executive Officer, to execute a five-year extension of the Authority's existing membership agreement in the Electric Power Research Institute ("EPRI") effective January 1, 2010, in the amounts and for the purpose listed below:

<u>Operating Fund</u>	<u>Expenditure Approval</u>
Electric Power Research Institute	\$ 2.33 million – 2010
Agreement number: 4500001167	\$ 2.50 million – 2011
	\$ 2.58 million – 2012
	\$ 2.65 million – 2013
	\$ <u>2.73 million</u> – 2014
TOTAL	\$ <u>12.79 million</u>

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice 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 and General Counsel.

6. Niagara Power Project – 115 kV Circuit Breaker Upgrade Project – Capital Expenditure Authorization and Contract Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize capital expenditures in the amount of \$3.7 million and to approve the award of a three-year contract to ABB, Inc. (‘ABB’) of Mount Pleasant, PA, in the amount of \$1.8 million to furnish and deliver 13 115 kV SF6 Circuit Breakers (‘Niagara Breakers’) for the Niagara Power Project’s Switchyard (‘Switchyard’).

“This capital expenditure authorization is for the engineering, design and procurement phases and will also allow an early work start. The full circuit breaker replacement program (the ‘Project’) (estimated total installed cost of \$14.2 million) will be presented for the Trustees’ approval after construction bids are received and evaluated in the first quarter of 2010.

BACKGROUND

“In accordance with the Authority’s Expenditure Authorization Procedures, the award of equipment contracts in excess of \$3 million and contracts exceeding a one-year term requires Trustee approval.

“The retirement of the NRG Energy Company 760 MW Huntley generating station in Western New York has necessitated network improvements to National Grid’s (‘Grid’) local transmission system, along with the construction of a new substation, Paradise Lane. Thirteen 115 kV Oil Circuit Breakers in the Switchyard are being over-dutied by Grid’s upgrades and therefore require replacement. In an effort to support Grid’s schedule for completion of its work, the Authority is procuring the Niagara Breakers on an expedited basis.

DISCUSSION

“In May 2009, the President and Chief Executive Officer authorized preliminary Project funding in the amount of \$490,000 to begin engineering and design services in order to finalize the scope and cost estimate and support Grid’s schedule, as required.

“In accordance with the Authority’s agreement with Grid, installation of the Project will begin in June 2010 and be completed by December 31, 2011. Approval of the multiyear Niagara Breakers procurement contract and initial capital expenditure authorization is essential to maintaining this schedule.

“As a result of the October 2009 Trustee meeting cancellation and in accordance with the Authority’s Expenditure Authorization Procedures, which address the issue of time constraints requiring immediate commencement of services to be performed for a period of more than one year, the President and Chief Executive Officer authorized interim approval of a three-year \$1.8 million contract, with expenditures not to exceed \$250,000 until the Trustees’ approval is obtained, with ABB for the Niagara Breakers.

This capital expenditure authorization comprises the following:

Detailed Engineering and Design	\$1,213,300
Niagara Breaker Procurement	\$1,839,100
Authority Indirect and Direct Expenses	<u>\$ 681,800</u>
TOTAL	<u>\$3,734,200</u>

Niagara Breaker Procurement Contract

“Procurement of the Niagara Breakers at this time is necessary to meet the Authority’s commitment to complete the Project by the end of 2011 to support Grid’s March 2012 estimated completion date of its system reliability improvements to the local supply network in Western New York.

“The Authority issued an advertisement for procurement of the Niagara Breakers in the New York *Contract Reporter* and bid packages were available as of April 20, 2009. The bid documents were downloaded by 28 parties and 6 potential bidders participated in a site visit on May 6, 2009.

“The following proposals were received on June 8, 2009:

<u>Bidder</u>	<u>Location</u>	<u>Lump Sum</u>
ABB, Inc.	Mount Pleasant, PA	\$1,191,497
Mitsubishi Electric Power	Warrendale, PA	\$1,266,092
Areva T&D, Inc.	Charleroi, PA	\$1,272,281
HICO America Sales & Tech., Inc.	Pittsburgh, PA	\$1,329,575
National Electrical Systems, Inc.	Boonville, NY	\$1,432,507
HVB Power Systems, Inc.	Suwanee, GA	\$2,988,720

“The proposals were reviewed by an evaluation committee comprising staff from Engineering, Niagara, Procurement and Project Management.

“ABB’s bid was the lowest in price and was technically acceptable. ABB has performed successfully on previous Authority projects, has demonstrated knowledge of the scope of work and is capable of completing the Project within the Authority’s schedule.

“ABB will furnish and deliver the Niagara Breakers and provide Niagara staff with equipment training, technical assistance during installation and start-up and functional testing support.

“The evaluation committee recommends including \$300,000 for supplemental communications and power distribution equipment and \$260,000 for additional field engineering and training in the award to ABB, for a total of \$560,000 above the bid amount.

“Funding in the amount of \$760,000 has been included in the 2009 Capital Budget. Expenditures for subsequent years will be budgeted in those years.

FISCAL INFORMATION

“Payment associated with this project will be made from the Authority’s Capital Fund.

RECOMMENDATION

“The Senior Vice President – Power Supply Support Services, the Senior Vice President – Transmission, the Vice President – Procurement, the Vice President – Engineering, the Regional Manager – Western New York and the Project Manager recommend that the Trustees authorize capital expenditures in the amount of \$3.7 million and approve the award of a contract to ABB, Inc. of Mount Pleasant, PA in the amount of \$1.8 million to furnish and deliver circuit breakers for the Niagara Power Project’s Switchyard.

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Engineer – Power Supply and I concur in the recommendation.”

Mr. John Canale presented the highlights of staff’s recommendations to the Trustees. In response to a question from Chairman Townsend, Vice Chairman Foster said that he thought the details on the competitive bids for this project were presented clearly. Chairman Townsend noted that the one bid responder from New York State had a bid that was \$200,000 higher than the lowest bid. Trustee Nicandri asked if the costs of doing business in New York State could be factored in when evaluating competitive bids such as this one. Mr. Thomas Antenucci said that this would be very difficult to do. President Kessel pointed out that the Requests for Proposals for the Authority’s large renewable efforts give higher scores to companies using New York State labor and components manufactured in New York State.

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

RESOLVED, That in accordance with the Authority’s Expenditure Authorization Procedures, capital expenditures in the amount of \$3.7 million and a three-year contract award to ABB, Inc. of Mount Pleasant, PA in the amount of \$1.8 million to furnish and deliver 13 115kV SF6 Circuit Breakers for the Niagara Power Project’s Switchyard are approved; and be it further

RESOLVED, That the Chairman, the Vice 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 and General Counsel.

7. **2010 Operating Plan – Operation and Maintenance, Capital, Energy Services and Fuel Budgets**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“Presented herein is the proposed 2010 Operating Plan for the Power Authority. The Operating Plan consists of the Operating Forecast, which sets forth the expected revenues and expenses of the Authority, and which reflects the recommended 2010 Budgets for Operation and Maintenance (‘O&M’), Capital/Energy Services and Fuel Purchases. The Trustees are specifically requested to approve the 2010 Budgets as follows:

	2010 Budget <u>(\$ million)</u>
O&M	\$ 312.3
Capital	\$ 196.6
Energy Services	\$ 130.3
Fuel	\$ 344.0

BACKGROUND

“The Authority is committed to providing reliable, affordable and clean energy consistent with our dedication to safety, while promoting the development of energy-efficient technologies, for the benefit of the State of New York. The 2010 budgets are intended to provide the Authority’s operating facilities and support organizations with the resources needed to meet this overall mission and all its strategic objectives.

DISCUSSION

Operating Forecast

“The 2010 Operating Forecast sets forth the expected revenues and expenses of the Authority on a Project/Market Area basis and serves as the basis for the Authority’s financial reporting during the year. (See attached Exhibit ‘7-A.’) Expected revenues received from customers are based on contracts and tariffs previously approved by the Trustees. Market-based sales of any surplus energy from the Authority’s generating facilities or purchases made on behalf of customers (except for those made through previously approved purchased power agreements) are assumed to be transacted at the market clearing price in the wholesale market. Projected expenses for O&M and fuel are detailed below and summarized in Exhibit ‘7-B.’ The Other Expenses category largely reflects various accruals (e.g., Other Post-Employment Benefit prior service obligations) and other miscellaneous expenses for which the Trustees’ approval will be sought on a case-by-case basis (e.g., Power for Jobs Rebates, North Country Power Discount Program, etc.). Also reflected in the 2010 Operating Forecast is the anticipated March 2010 contribution to the State agreed to last year pursuant to the February 2009 Memorandum of Understanding between the Authority and New York State. Such contribution will only be made upon reaffirmation (not requested at this time) by the Trustees that the contribution remains feasible and advisable at the time of its payment.

O&M Budget

“The O&M budget of \$312.3 million represents an increase of \$7.7 million, or 2.5%, from the 2009 budget.

“Payroll costs, which include salaries, overtime and fringe benefits, account for \$176.6 million, or approximately 57%, of the budget. This represents an increase of \$11.2 million from the 2009 budget of \$165.4 million. Factors contributing to the payroll increase include bargaining unit increases, new positions added in 2009 and requested for 2010 (64 positions in total, 56 in 2010), decreased labor charged to capital projects and increased benefits costs mostly associated with greater pension contributions. Non-payroll expenses for 2010, \$135.7 million,

reflect a decrease of \$3.4 million from 2009. A reduction in R&D and contract expenses more than offset an increase in non-recurring projects.

“Power Supply’s 2010 budget is \$3.6 million (1.7%) above the 2009 level primarily due to salary/benefit increases, greater non-recurring projects, material and services escalation and a shift of labor from capital to recurring maintenance. These increased costs are moderated by reductions, including a reduction associated with the Poletti plant closing. During 2010, the outage budget of \$9.6 million includes \$7.1 million for Combustion Turbine Inspections at the 500 MW plant, \$1.9 million for Small Clean Power Plant outages and \$0.7 million for an inspection outage at Flynn. Major non-recurring projects include the St. Lawrence Power Dam Foundation Drain Inspection and Grouting (\$3.6 million), the E-Bay Brick Facade Repairs at St. Lawrence (\$2.1 million), the Tainter Gates Painting, Seal and Grout Repairs at Blenheim-Gilboa (\$1.3 million) and the 765KV Insulator Replacement (\$1.0 million).

“Headquarters support departments are \$4.9 million (5.8%) above the 2009 level, due primarily to staffing increases, increased fringe benefits, new technical system support, a new funding request for Business Customer Energy Efficiency Audits, a decrease in rental income from 501 7th Avenue and repairs to the White Plains Office Building exterior.

“The Research & Development budget of \$7.6 million is \$0.8 million below 2009.

Fuel

“The Fuel budget of \$344.0 million is a decrease of \$164.7 million (32.4%) from 2009, reflecting the planned shut-down of the Poletti plant after January 31, 2010. This is a cash budget reflecting planned fossil-fuel purchases in 2010 for Poletti, Flynn, the Small Clean Power Plants and the 500 MW plant, and includes the costs associated with the Regional Greenhouse Gas Initiative (‘RGGI’). The budget assumes lower commodity prices with increased generation at the 500 MW plant (6.5%), reduced generation at the Small Clean Power Plants (13.5%) and Flynn generation approximately the same as 2009. The RGGI requires the Authority to buy emission credits for its fossil-fuel plants. The 2010 RGGI budget of \$6.3 million is based on historical emission rates and forecasted consumption of natural gas and oil.

Capital

“The 2010 Capital budget totals \$196.6 million, an increase of \$12.1 million (6.6%) from 2009. This increase is attributed to the new Transmission Initiative Project (\$9.7 million) and additional funding for improvements to existing facilities (\$2.4 million).

“Other significant capital projects include Blenheim-Gilboa LEM (\$19 million), St. Lawrence LEM (\$24.6 million), Niagara/STL Relicensing Implementation (\$19.5 million), Niagara Warehouse (\$13.7 million) and the Ice Boom Relocation (\$10.3 million).

“The capital budget includes \$17.6 million of minor additions and general plant purchases that will be authorized by approval of this budget.

Energy Services

“The Energy Conservation/Renewable projects account for \$130.3 million, \$9.7 million above the 2009 budget. The budget includes increased funding for energy efficiency projects for Authority customers and other eligible entities as the Authority strives to support the Governor’s 45x15 plan, which calls for New York State to meet 45 percent of its electricity needs through improved energy efficiency and clean, renewable energy by 2015.

FISCAL INFORMATION

“Payment of Operation and Maintenance and Fuel expenses will be made from the Operating Fund. Payment will be made from the Capital Fund or Energy Conservation Effectuation Fund for Capital and Energy

Services expenditures. The Operating Forecast shows adequate earnings levels so that the Authority may maintain its financial goals for cash flow and reserve requirements.

RECOMMENDATION

“The Executive Vice President and Chief Financial Officer, the Senior Vice President – Corporate Planning and Finance and the Vice President and Controller recommend approval of the 2010 Operation and Maintenance, Fuel, Capital and Energy Services budgets as discussed herein.

“The Executive Vice President and General Counsel, the Senior Vice President – Enterprise Shared Services, the Executive Vice President and Chief Engineer – Power Supply, the Chief Operating Officer and I concur with the recommendation.”

President Kessel said that development of this year’s budget involved the Trustees at an earlier stage in order to produce a better result. He commended Mr. Joseph Del Sindaco, Mr. Donald Russak, Mr. Robert Hopkins and his team, Ms. Francine Evans and Mr. Arnold Bellis for their efforts. President Kessel said that the budget for 2010 was 2.5% higher than that for 2009. Mr. Donald Russak presented the highlights of staff’s recommendations to the Trustees, saying that Mr. Hopkins and Ms. Lisa Cole were available to answer questions via teleconference. In response to a question from Trustee Nicandri, Mr. Russak said that in the event of a terrorist attack, each of the Authority’s market areas would be able to stand on its own. Vice Chairman Foster said that the budget process had been well done this year.

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

RESOLVED, That the 2010 budgets for Operation and Maintenance, Fuel, Capital and Energy Services 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 \$146.5 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 Treasurer or the Deputy Treasurer; and be it further

RESOLVED, That the Chairman, the Vice 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 and General Counsel.

New York Power Authority
Net Income Year Ended December 31, 2010
(\$ in 000's)

	<u>Niagara</u>	<u>St. Lawrence</u>	<u>Blenheim- Gilboa</u>	<u>SENY</u>	<u>SCCP</u>	<u>Market Supply Power</u>	<u>Flynn</u>	<u>Transmission</u>	<u>Eliminations & Adjustments</u>	<u>Total</u>
<u>Operating Revenues:</u>										
Customer	\$230,539	\$67,055	\$31,485	\$1,433,844	\$10,071	\$167,283	\$118,417	\$68,316	(\$64,707)	\$2,062,303
NYISO	\$190,978	\$111,862	\$64,321	\$261,923	\$112,386	\$22,886	\$0	\$102,889	(\$120,981)	\$746,264
Total Operating Revenues	\$421,517	\$178,917	\$95,806	\$1,695,767	\$122,457	\$190,169	\$118,417	\$171,205	(\$185,688)	\$2,808,567
<u>Operating Expenses:</u>										
Purchased Power	\$15,162	\$22,513	\$42,256	\$707,001	\$2,661	\$158,406	\$0	\$0	(\$191,449)	\$756,550
Ancillary Services	\$20,244	\$6,785	\$122	\$53,842	\$103	\$9,857	\$0	\$0	\$0	\$90,953
Transmission Congestion	\$27,955	\$4,567	\$0	\$63,415	\$0	\$9,539	\$0	\$0	\$0	\$105,476
Fuel Consumed - Oil & Gas	\$0	\$0	\$0	\$204,329	\$50,856	\$0	\$85,629	\$0	\$0	\$340,814
Wheeling	\$6,646	\$1,085	\$0	\$501,144	\$0	\$10,664	\$360	\$0	\$0	\$519,899
Site O&M and Admin	\$79,109	\$39,860	\$31,720	\$53,981	\$15,664	\$2,371	\$11,198	\$78,426	\$0	\$312,329
Other Expenses	\$21,596	\$13,277	\$2,325	\$10,336	\$253	\$54,609	\$1,583	\$8,347	\$29,400	\$141,726
Depreciation & Amortization	\$30,759	\$15,765	\$8,442	\$32,140	\$24,381	\$811	\$4,783	\$43,260	\$0	\$160,341
Allocation to Capital	(\$3,094)	(\$1,262)	(\$1,285)	(\$1,575)	(\$135)	(\$110)	(\$329)	(\$2,657)	\$0	(\$10,447)
Total Operating Expenses	\$198,377	\$102,591	\$83,579	\$1,624,613	\$93,783	\$246,148	\$103,223	\$127,377	(\$162,049)	\$2,417,642
Net Operating Revenues	\$223,140	\$76,326	\$12,227	\$71,154	\$28,674	(\$55,979)	\$15,194	\$43,828	(\$23,639)	\$390,925
<u>Non-Operating</u>										
Investment Income and Realized Gains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,353	\$40,353
Energy Time Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,303	\$100,303
Mark to Market Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,862)	(\$5,862)
Other Income	\$0	\$0	\$0	\$1,124	\$61	\$0	\$216	\$0	\$0	\$1,401
Total Non-Operating Income	\$0	\$0	\$0	\$1,124	\$61	\$0	\$216	\$0	\$134,795	\$136,196
Contributions to State	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$107,000	\$107,000
Interest and Other Expenses	\$33,915	\$19,388	(\$1,733)	\$21,610	\$8	\$7	\$21	\$18,801	\$20,286	\$112,302
Total Non-Operating Expenses	\$33,915	\$19,388	(\$1,733)	\$21,610	\$8	\$7	\$21	\$18,801	\$127,286	\$219,303
Net Income (loss)	\$189,225	\$56,938	\$13,960	\$50,668	\$28,728	(\$55,986)	\$15,388	\$25,028	(\$16,131)	\$307,818

O&M AND FUEL
2010 BUDGET
(\$ MILLIONS)

<u>DEPARTMENT</u>	<u>2009</u>	<u>2010</u>	<u>% CHANGE</u>
EXECUTIVE OFFICES	17.7	18.7	5.8%
BUSINESS SERVICES	20.8	20.9	0.7%
CHIEF ADMINISTRATION	35.1	37.5	6.8%
ENERGY MARKETING AND BUSINESS DEV.	12.3	13.6	10.9%
POWER SUPPLY			
OPERATIONS SHARED SERVICES - HQ	22.6	26.7	18.0%
CLARK ENERGY CENTER	13.2	14.0	5.8%
TRANSMISSION FACILITIES	29.1	32.4	11.5%
BLENHEIM - GILBOA	14.9	17.2	15.8%
POLETTI - SENY	17.5	6.5	-62.6%
NIAGARA	39.4	44.5	13.0%
ST. LAWRENCE	22.2	25.9	16.6%
R.M. FLYNN	7.0	7.6	8.3%
SCPP	19.3	13.4	-30.6%
SMALL HYDRO	5.5	4.5	-19.5%
500 MW	<u>19.6</u>	<u>21.3</u>	<u>8.3%</u>
TOTAL POWER SUPPLY	210.3	214.0	1.7%
R&D AND INSTITUTIONAL FUNDING	8.3	7.6	-9.2%
TOTAL O&M BUDGET	304.6	312.3	2.5%
FUEL			
OIL	21.6	19.2	-11.1%
GAS	454.4	318.5	-29.9%
REGIONAL GREENHOUSE GAS INITIATIVE	<u>32.7</u>	<u>6.3</u>	<u>-80.7%</u>
TOTAL FUEL BUDGET	508.7	344.0	-32.4%

**CAPITAL
 2010 BUDGET
 (\$ MILLIONS)**

	<u>2009</u>	<u>2010</u>	<u>% CHANGE</u>
TRANSMISSION INITIATIVE	0.0	9.7	100.0%
POWER SUPPLY			
CLARK ENERGY CENTER & TRANSMISSION	22.3	21.2	-5.0%
BLenheim-GILBOA	23.7	23.2	-2.2%
SMALL HYDROS	0.7	2.6	290.4%
500 MW	6.9	7.1	3.0%
FLYNN	5.1	5.1	0.8%
SCPP	5.5	3.2	-42.0%
NIAGARA*	55.0	61.9	12.5%
ST. LAWRENCE*	42.5	43.5	2.5%
	161.7	167.8	3.8%
ADMINISTRATION SUPPORT/HEADQUARTERS	22.9	19.1	-16.3%
TOTAL CAPITAL PROJECTS	184.5	196.6	6.6%

* Includes Relicensing and Implementation Costs

ENERGY SERVICES

2010 BUDGET

(\$ MILLIONS)

	<u>2009</u>	<u>2010</u>	<u>% CHANGE</u>
ENERGY CONSERVATION			
LONG-TERM AGREEMENTS	65.5	83.3	
OTHER NYPA FUNDED PROGRAMS	47.5	41.2	
PETROLEUM OVERCHARGE RESTITUTION PROGRAMS	3.1	2.5	
LOWER MANHATTAN ENERGY INITIATIVE	4.4	3.3	
TOTAL ENERGY SERVICES BUDGET	120.6	130.3	8.0%

8. Approved Budget and Four-Year Financial Plan Information Pursuant to Regulations of the Office of the State Comptroller

The President and Chief Executive Officer submitted the following report:

SUMMARY

“In accordance with regulations of the Office of the State Comptroller (‘OSC’), the Trustees are requested to approve a 2010 Annual Budget and Four-Year Financial Plan and authorize: (i) making the approved budget and four-year financial plan available for public inspection at not less than five convenient public places throughout New York State, (ii) submitting the approved budget and four-year financial plan to OSC and (iii) posting the approved budget and four-year financial plan on the Authority’s website.

BACKGROUND

“OSC implemented regulations in March 2006 addressing the preparation of annual budgets and four-year financial plans by ‘covered’ public authorities, including the Authority. (See 2 NYCRR Part 203 (‘Part 203’)). These regulations establish various procedural and substantive requirements, discussed below, relating to the budgets and financial plans of public authorities.

DISCUSSION

“Part 203 sets forth specific requirements in connection with submitting, formatting, preparing supporting documentation for and monitoring annual budgets and financial plans of public authorities. On September 29, 2009, the Trustees approved for public release the Authority’s proposed 2010 Budget and Four-Year Financial Plan pursuant to Part 203. In a companion item, the Trustees were presented for approval today the 2010 Operating Plan of the Power Authority, including 2010 budgets for operation and maintenance expenses, capital expenditures, fuel purchases and energy services expenditures. The 2010 Operating Plan represents the first year of the 2010 Budget and Four-Year Plan.

“Under Part 203, the Trustees are required to adopt an approved 2010 Budget and Four-Year Financial Plan (attached as Exhibit ‘8-A’). The approved 2010 Budget and Four-Year Financial Plan must be available for public inspection not less than seven days before the commencement of the next fiscal year and the availability for public inspection must be for a period of not less than 45 days and in not less than five convenient public places throughout the State. The approved budget and four-year plan must be submitted to OSC, via electronic filing through the Public Authorities Reporting Information System maintained by OSC and the Authority Budget Office, within seven days of approval by the Trustees. The regulations also require the Authority to post the proposed Budget and Four-Year Financial Plan on its website.

“Under Part 203, each approved Budget and Four-Year Financial Plan must be shown on both an accrual and cash basis and be prepared in accordance with generally accepted accounting principles; be based on reasonable assumptions and methods of estimation; be organized in a manner consistent with the public authority’s programmatic and functional activities; include detailed estimates of projected operating revenues and sources of funding; contain detailed estimates of personal service expenses related to employees and outside contractors; list detailed estimates of non-personal service operating expenses and include estimates of projected debt service and capital project expenditures.

“Other key elements that must be incorporated in each approved Budget and Four-Year Financial Plan are a description of the budget process and the principal assumptions, as well as a self-assessment of risks to the Budget and Financial Plan. Additionally, the approved Budget and Financial Plan must include a certification (Exhibit ‘8-B’) by the chief operating officer (defined as the executive officer responsible for overseeing the day-to-day activities of an authority) that, to the best of his or her knowledge and belief after reasonable inquiry, the proposed Budget and Financial Plan are based on reasonable assumptions and methods of estimation and that the Part 203 regulations have been satisfied.

“Finally, as indicated in the proposed Budget and Four-Year Financial Plan, the approved Budget and Four-Year Financial Plan uses updated estimates of generation, fuel prices, electric prices, operation and maintenance expenses, capital costs and other revenue and expense items. The approved Budget and Four-Year Financial Plan includes a section discussing the differences between the proposed and approved Budget and Four-Year Financial Plan.

FISCAL INFORMATION

“There is no anticipated fiscal impact.

RECOMMENDATION

“The Director – Financial Planning recommends that the Trustees approve the 2010 Annual Budget and Four-Year Financial Plan and authorize (i) making the approved Budget and Four-Year Financial Plan available for public inspection at no less than five convenient public locations throughout New York State, (ii) submitting the approved Budget and Four-Year Financial Plan to the Office of the State Comptroller in the prescribed format and (iii) posting the approved Budget and Four-Year Financial Plan on the Authority’s website.

“The Chief Operating Office, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Senior Vice President – Corporate Planning and Finance and I concur in this recommendation.”

Mr. Donald Russak presented the highlights of staff’s recommendations to the Trustees. In response to a question from Vice Chairman Foster, Mr. Russak said that the projected decline in net income in 2011 was based on the Astoria Energy plant coming on line, which in turn would drive unforced capacity (“UCAP”) prices down. He said that the capitalized lease in Astoria would spike up in 2011 and that the bigger jump from 2010 to 2012 was due to amortization. Responding to a question from Trustee Nicandri, Mr. Russak said that the Trustees will be requested to approve the payment to the State Treasury that is planned for March 2010.

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

RESOLVED, That pursuant to 2 NYCRR Part 203, the attached 2010 Annual Budget and Four-Year Financial Plan, including its certification by the Chief Operating Officer, is approved in accordance with the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to 2 NYCRR Part 203, the Corporate Secretary be, and hereby is, authorized to make the approved Budget and Four-Year Financial Plan available for public inspection at not less than five convenient public places throughout New York State, submit the approved Budget and Four-Year Financial Plan to the Office of the State Comptroller in the prescribed format and post the approved Budget and Four-Year Financial Plan on the Authority’s website; and be it further

RESOLVED, That the Chairman, the Vice 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

December 15, 2009

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 and General Counsel.

New York Power Authority

Budget and Financial Plan 2010-2013

Background and Mission Statement	1
NYPA's Four-Year Projected Income Statements	2
2010 Budget – Sources and Uses	3
NYPA's Four-Year Projected Cash Budgets	4
NYPA's Relationship with the New York State Government	5
Budget Process	5
Budget Assumptions	5
Self-Assessment of Budgetary Risks	11
Revised Forecast of 2009 Budget	17
Reconciliation of 2009 Budget and 2009 Revised Forecast	17
Statement of 2008 Financial Performance	18
Employee Data	18
Gap-Closing Initiatives	19
Material Non-recurring Resources	19
Shift in Material Resources	19
Debt Service	19
Capital Investments and Sources of Funding	23

Background and Mission of the Power Authority of the State of New York

The Power Authority of the State of New York's ("NYPA" or "Authority") mission is to provide clean, economical and reliable energy consistent with its commitment to safety, while promoting energy efficiency and innovation, for the benefit of its customers and all New Yorkers. The Authority's financial performance goal is to have the resources necessary to achieve its mission, to maximize opportunities to serve its customers better, and to preserve its strong credit rating.

NYPA generates, transmits and sells electric power and energy, principally at wholesale. The Authority's primary customers are municipal and investor-owned utilities, rural electric cooperatives, high load factor industries and other businesses located throughout New York State, various public corporations located within the metropolitan area of New York City ("SENY governmental customers"), and certain out-of-state customers.

To provide electric service, the Authority owns and operates six major generating facilities, eleven small gas-fired electric generating facilities, and five small hydroelectric facilities in addition to a number of transmission lines, including major 765-kV and 345-kV transmission facilities. NYPA's six major generating facilities consist of two large hydroelectric facilities ("Niagara" and "St. Lawrence-FDR"), a large pumped-storage hydroelectric facility ("Blenheim-Gilboa"), the Charles Poletti Power Project which is a dual fuel steam-electric generating plant ("Poletti"), the combined cycle electric generating plant at the Poletti site (the "500-MW plant") and the Richard M. Flynn combined cycle plant located on Long Island ("Flynn"). The 500-MW plant went into commercial operation on December 31, 2005. In connection with the licensing of the 500-MW plant, the Authority has entered into an agreement which will require the closure of its existing Poletti Project in January 2010.

In addition to Authority-supplied electricity, further customer electric energy needs are met by purchases from in-state generating companies, municipal electric systems, and out-of-state generating companies; principally via participation in the New York Independent System Operator ("NYISO") market. Also, a small amount of such energy is received from customer-owned generation.

To maintain its position as a low cost provider of power in a changing environment, the Authority has undertaken and continues to carry out a multifaceted program, including: (a) the upgrade and re-licensing of the Niagara and St. Lawrence-FDR projects; (b) long-term supplemental electricity supply agreements with its governmental customers located mainly within the City of New York ("NYC governmental customers"); (c) the construction of the 500-MW plant; (d) the upgrade of the Blenheim Gilboa plant; (e) a significant reduction of outstanding debt; and (f) implementation of an energy and fuel risk management program.

To achieve its goal of promoting energy efficiency, NYPA implements two energy services programs, one for its SENY governmental customers and the other primarily for various other public entities throughout the State. Under these programs, the Authority finances the installation of energy saving measures and equipment, which are owned by the customers and public entities upon their installation, and which focus primarily on the reduction of the demand for electricity. These programs generally provide funding for, among other things, high efficiency lighting technology conversions, high efficiency heating, ventilating and air conditioning systems and controls, boiler conversions, replacement of inefficient refrigerators with energy efficient units in public housing projects, distributed generation technologies and clean energy technologies, and installation of non-electric energy saving measures.

Participants in these energy efficiency programs include departments, agencies or other instrumentalities of the State, the Authority's SENY governmental customers, the Authority's municipal electric system customers, public school districts or boards and community colleges located throughout New York State, county and municipal entities with facilities located throughout New York State, as well as various business/industrial customers of the Authority. Legislation enacted into law in September 2009 enhanced NYPA's authority to provide energy services to these entities.

On February 24, 1998, the Authority adopted its "General Resolution Authorizing Revenue Obligations" (as amended and supplemented, the "Bond Resolution"). The Authority has covenanted with bondholders under the Bond Resolution that at all times the Authority shall maintain rates, fees or charges, and any contracts entered into by the Authority for the sale, transmission, or distribution of power shall contain rates, fees or charges sufficient together with other monies available therefor:

- (i) to pay all Operating Expenses of the Authority,
- (ii) to pay the debt service on all Senior Indebtedness and the debt service on all Subordinated Indebtedness then outstanding, and all Parity Debt and Subordinated Contract Obligations, all as the same respectively become due and payable, and

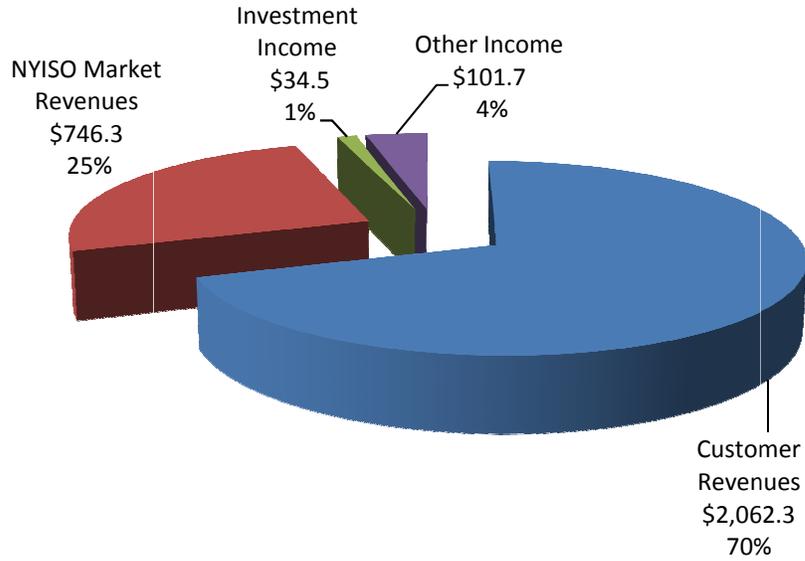
(iii) to maintain any reserve established by the Authority pursuant to the General Resolution, in such amount as may be determined from time to time by the Authority in its judgment.

NYPA's Four-Year Projected Income Statements *
(in Millions)

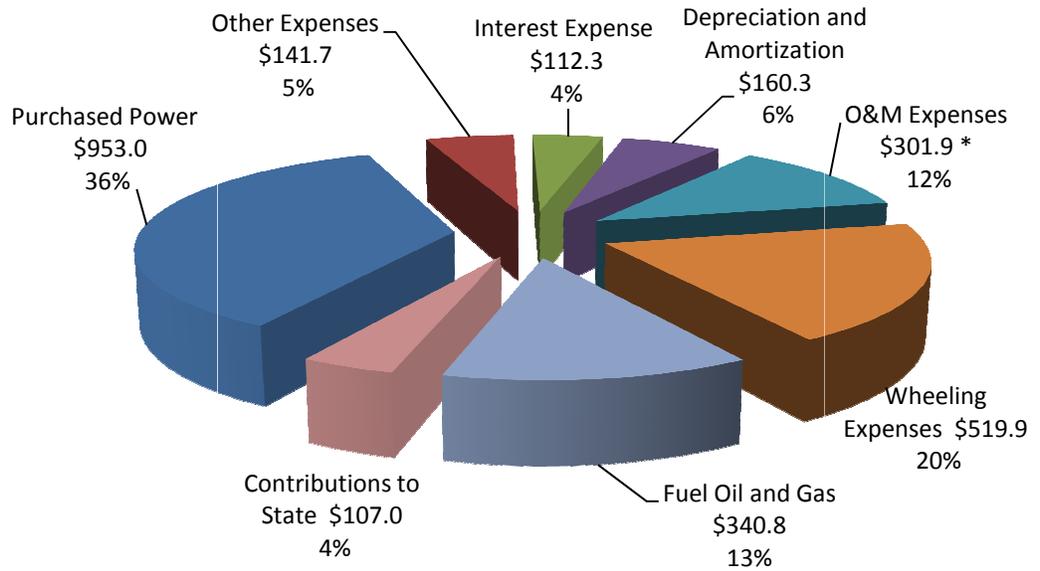
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Operating Income:</u>				
Customer Revenues	\$2,062.3	\$2,213.4	\$2,438.8	\$2,513.6
NYISO Market Revenues	<u>\$ 746.3</u>	<u>\$857.4</u>	<u>\$891.9</u>	<u>\$877.1</u>
Total Operating Income	\$2,808.5	\$3,070.8	\$3,330.7	\$3,390.8
<u>Operating Expenses:</u>				
Purchased Power	(\$953.0)	(\$1,040.8)	(\$1,060.6)	(\$1,089.4)
Fuel oil and gas	(\$340.8)	(\$441.9)	(\$535.9)	(\$519.4)
Wheeling Expenses	(\$519.9)	(\$575.7)	(\$633.1)	(\$648.6)
O&M Expenses	(\$312.3)	(\$342.8)	(\$370.2)	(\$389.5)
Other Expenses	(\$141.7)	(\$117.2)	(\$112.9)	(\$115.5)
Depreciation and Amortization	(\$160.3)	(\$193.6)	(\$215.2)	(\$215.4)
Allocation to Capital	<u>\$10.4</u>	<u>\$12.3</u>	<u>\$13.5</u>	<u>\$14.4</u>
Total Operating Expenses	(\$2,417.6)	(\$2,699.7)	(\$2,914.3)	(\$2,963.4)
NET OPERATING INCOME	\$390.9	\$371.1	\$416.3	\$427.4
<u>Other Income:</u>				
Investment Income	\$34.5	\$46.0	\$58.0	\$71.2
Other Income	<u>\$101.7</u>	<u>\$100.5</u>	<u>\$99.1</u>	<u>\$88.0</u>
Total Other Income	\$136.2	\$146.5	\$157.0	\$159.1
<u>Non-Operating Expenses:</u>				
Interest Expense	(\$112.3)	(\$169.6)	(\$228.4)	(\$231.1)
Contributions to State	<u>(\$107.0)</u>	<u>(\$100.0)</u>	<u>(\$100.0)</u>	<u>(\$100.0)</u>
Total Non-Operating Expenses	(\$219.3)	(\$269.6)	(\$328.4)	(\$331.1)
NET INCOME	\$307.8	\$248.0	\$245.0	\$255.4

* Includes Astoria Tolling Agreement

2010 Budget – Sources
(in Millions)



2010 Budget – Uses
(in Millions)



* Includes Allocation to Capital \$10.4 million

NYPA's Four-Year Projected Cash Budgets
(in Millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Revenue Receipts:</u>				
Sale of Power, Use of Transmission Lines, Wheeling Charges and other receipts	\$2,808.6	\$3,045.9	\$3,274.8	\$3,337.8
Earnings on Investments and Time Deposits	<u>\$41.8</u>	<u>\$53.0</u>	<u>\$64.6</u>	<u>\$78.0</u>
Total Revenues	\$2,850.4	\$3,098.9	\$3,339.4	\$3,415.8
<u>Expenses:</u>				
Operation and Maintenance, including Transmission of Electricity by others, Purchased Power and Fuel Purchases	(\$2,425.7)	(\$2,658.0)	(\$2,892.1)	(\$2,943.8)
<u>Debt Service:</u>				
Interest on Bonds and Notes	(\$84.0)	(\$86.1)	(\$91.1)	(\$93.7)
General Purpose Bonds Retired	(\$121.9)	(\$112.9)	(\$73.2)	(\$86.3)
Notes Retired	<u>(\$7.0)</u>	<u>(\$7.6)</u>	<u>(\$8.2)</u>	<u>(\$8.8)</u>
Total Debt Service	(\$212.9)	(\$206.6)	(\$172.5)	(\$188.8)
Total Requirements	(\$2,638.6)	(\$2,864.6)	(\$3,064.6)	(\$3,132.6)
NET OPERATIONS	\$211.8	\$234.3	\$274.8	\$283.2
<u>Capital Receipts:</u>				
Sale of Bonds, Promissory Notes & Commercial Paper	\$117.5	\$135.5	\$184.5	\$192.5
Less : Repayments	(\$129.9)	(\$120.7)	(\$120.3)	(\$121.1)
Earnings on Construction Funds	\$3.4	\$2.1	\$1.3	\$1.0
DSM Recovery Receipts	\$48.7	\$45.2	\$39.9	\$37.8
Other	<u>\$102.0</u>	<u>\$102.0</u>	<u>\$102.0</u>	<u>\$92.0</u>
Total Capital Receipts	\$141.7	\$164.1	\$207.4	\$202.2
<u>Capital Additions & Refunds:</u>				
Additions to Electric Plant in Service and Construction Work in Progress, and Other costs	(\$334.6)	(\$392.0)	(\$430.0)	(\$458.6)
Construction Escrow	<u>\$59.3</u>	<u>\$31.6</u>	<u>\$21.3</u>	<u>\$12.3</u>
Total Capital Additions & Refunds	(\$275.3)	(\$360.4)	(\$408.7)	(\$446.3)
NET CAPITAL	(\$133.6)	(\$196.3)	(\$201.3)	(\$244.1)
NET INCREASE / (DECREASE)	\$78.2	\$38.0	\$73.5	\$39.1

(a) NYPA's Relationship with the New York State Government

NYPA is a corporate municipal instrumentality and political subdivision of the State of New York created in 1931 and authorized by the Power Authority Act of the State of New York (the "Power Authority Act") to help provide a continuous and adequate supply of dependable electric power and energy to the people of New York State. The Authority's operations are overseen by a Board of Trustees. NYPA's Trustees are appointed by the Governor of the State, with the advice and consent of the State Senate. The Authority is a fiscally independent public corporation that does not receive State funds or tax revenues or credits. NYPA generally finances construction of new projects through sales of bonds and notes to investors, periodically supplemented with equity, and pays related debt service with revenues from the generation and transmission of electricity. Income of the Authority and properties acquired by it for its projects are exempt from taxation. However, the Authority is authorized by Chapter 908 of the Laws of 1972 to enter into agreements to make payments in lieu of taxes with respect to property acquired for any project where such payments are based solely on the value of the real property without regard to any improvement thereon by the Authority and where no bonds to pay any costs of such project were issued prior to January 1, 1972.

(b) Budget Process

As an electric utility, NYPA operates in a capital intensive industry where operating revenues and expenses are significant and highly variable due to the volatility of electricity prices and fuel costs. NYPA's operations are not only subject to electric and fuel cost volatility, but changing water flows have a direct effect on hydroelectric generation levels. The proposed budget and financial plan relied on data developed during the May through August timeframe, while the approved budget and financial plan relies on data developed during the October through November timeframe, with a late October update of electric and fuel prices and an early November update for water levels on Lake Erie and Lake Ontario. The Authority's experiences with these markets and conditions have shown that they can significantly change over time and therefore, substantial differences in operating revenues and expenses between the proposed and approved budget and financial plans are often observed.

The following is a general outline of the schedule of actions for both the proposed and approved budget forecast for 2010 and the overall four-year financial plan for 2010-2013:

Proposed Budget and Financial Plan

- During May – August 2009, developed preliminary forecasts of electric prices (both energy and capacity) and fuel expenses; NYPA customer power and energy use; NYPA customer rates; generation levels at NYPA power projects reflecting scheduled outages; and purchased energy & power requirements and sources.
- During June – August 2009, developed preliminary operations & maintenance and capital expense targets.
- During August – September 2009, integrated above data to produce the budget and financial valuations.
- September 29, 2009, approval by NYPA's Trustees to submit the proposed budget and financial plan for public inspection at five convenient locations and on NYPA's internet website.

Approved Budget and Financial Plan

- During October – November 2009, update forecasts of electric prices (both energy and capacity) and fuel expenses; NYPA customer power and energy use; NYPA customer rates; generation levels at NYPA power projects reflecting scheduled outages; and purchased energy & power requirements and sources.
- During October – November 2009, finalize operations & maintenance expenses and capital costs estimates.
- In November – December 2009, integrate above data to produce updated budget and financial valuations as well as produce sensitivity (scenario) valuations.
- December 15, 2009, seek authorization of NYPA's Trustees to approve the updated budget and financial plan; submit the document to the State Comptroller's Office; and make the document available for public inspection and on NYPA's internet website.

(c) Budget Assumptions

NYISO Revenue and Expenses

The Authority schedules power to its customers and buys and sells energy in an electricity market operated by the NYISO. The majority of NYPA's operating expenses are due to various NYISO purchased power charges in combination with generation related fuel expenses. A significant amount of the Authority's revenues result from sales of the Authority's generation into the NYISO market.

In order to budget these expenses and revenues, the Authority utilizes a customized economic statistical software package that develops forward price curves. The software package develops forecasts of fuel costs, NYISO super-zone load projections, and wholesale electricity prices and simulates the economic dispatch of statewide generation resulting from these supply and demand factors. Employing a probabilistic approach to uncertainty through the use of multiple scenarios for loads, fuel prices, and other key inputs, this software package is particularly designed to provide not only price forecasting, but also the crucial underlying volatility data required for accurate valuation of power contracts, generating assets, and energy derivative products. For budget purposes, the prices of the multiple scenarios are averaged to produce an expected value. Key outputs of the software are:

- Forecasts of expected electric price and associated uncertainty for each NYISO super-zone.
- Monte Carlo like scenarios of NYISO super-zone loads and electric and fuel prices that efficiently span the range of reasonable possibilities.
- Transmission flows within the NYISO and between the NYISO and external entities.
- Operating margin for specific plants over a period of time.
- Conditional expectations of peak loads in future years.
- Capacity additions commensurate with the above conditional expectations.
- Supply curves (cost vs. load) for specific hours and scenarios.
- Power generated by specific plants over a period of time.

In addition to the economic software package, NYPA employs additional hydrologic, hydraulic and statistical modules and models to forecast the generation levels at its Niagara and St. Lawrence-FDR hydroelectric projects. The level of hydroelectric generation is one of the more important determinative factors to the Authority's financial position.

Customer and Project Revenue

The customers projected to be served by the Authority for the financial plan period 2010-2013 and the rates paid by such customers vary with the NYPA facilities designated to serve such loads.

St. Lawrence-FDR and Niagara Customers. Power and energy from the St. Lawrence-FDR and Niagara hydroelectric facilities are sold to investor-owned electric utilities, municipal electric systems, rural electric cooperatives, industrial customers, certain public bodies, and out-of-state public customers. The charges for firm power and associated energy sold by the Authority to the investor-owned utility companies for the benefit of rural and domestic customers, the municipal electric systems and rural electric cooperatives in New York State, two public transportation agencies, and seven out-of-state public customers have been established in the context of an agreement settling litigation respecting rates for hydroelectric power, judicial orders in that litigation, and contracts with certain of these customers. Essentially, the "settlement agreement" and relevant judicial orders preclude the inclusion of any expense not associated with the hydroelectric projects utilized for the benefit of rural and domestic customers, but specifically permit the inclusion of interest on indebtedness and continuing depreciation and related inflation adjustment charges with respect to the capital costs of Niagara and St. Lawrence-FDR. For the purposes of the 2010-2013 financial plan, rate changes were incorporated annually based on the ratemaking principles established in the settlement agreement.

The basic rates for Niagara expansion and replacement power industrial customers and St. Lawrence-FDR industrial customers are subject to annual adjustment based on contractually agreed upon economic indices. For purposes of the four-year financial plan, projections were made concerning the movements and magnitudes of these indices. In March 2009, the Authority's Trustees approved the deferral for recovery in the future of a proposed \$10 million hydropower rate increase for the Authority's municipal electric and rural cooperative customers, neighboring state municipal customers, upstate investor-owned utilities, and certain other customers that was scheduled to go into effect on May 1, 2009, and withdrew a proposed \$5.3 million hydropower rate increase for the Authority's Replacement Power, Expansion Power, and certain other industrial customers that was scheduled to go into effect on May 1, 2009.

In response to the economic downturn's effects on New York's manufacturing sector, the Authority's Trustees in March 2009 approved execution of an agreement with Alcoa, Inc. to provide temporary relief from certain power sales contract provisions relating to the firm's Massena, New York manufacturing operations, including allowing Alcoa to release back to the Authority certain hydropower allocated to it, temporary waivers of certain minimum bill and employment thresholds, and entry into arrangements with the Authority for inclusion of a portion of Alcoa's load in the NYISO's demand response programs. In addition, in May 2009, the Authority's Trustees authorized a temporary program whereby up to \$10 million would be utilized to provide electric bill discounts for up to a year to businesses located in Jefferson, St. Lawrence, and Franklin counties. The source of the \$10 million is the net margin resulting from the sale of a portion of Alcoa's temporarily unused Preservation Power allocation into the NYISO markets.

In May 2009, the Trustees approved an Economic Development Plan that made changes to the existing Industrial Incentive Award process. The existing process, as outlined in Section 1005 of the Power Authority Act, directs the

Authority to identify net revenues produced by the sale of Expansion Power (EP) and, further, to identify an amount of such net revenues to be used solely for Industrial Incentive Awards (“Awards”). These Awards are to be made in conformance with a Plan covering all such net revenues that is submitted by the Authority to the Economic Development Power Allocation Board (EDPAB) and is approved by EDPAB pursuant to Section 188 of the Economic Development Law. The Authority approved five-year programs in 1990, 1996 and 2001 and one-year programs in 2006 and 2007 under which EP net revenues were dedicated to helping maintain stable rates in NYPA’s existing economic development programs.

The revised process provides for the Authority to authorize Awards to individual manufacturing companies that provide explicit data demonstrating their risk of closure or relocation out of New York State. The form of the Award will be a ¢/kWh price discount on an agreed-to level of electricity consumption for one year. Awards would normally be for one year, with the ability to renew for one or two additional years provided the company continues to meet an agreed-to job commitment for New York. Additionally, participating companies could opt out should any new long-term economic development program be approved by the State that offers similar or greater value. Authority staff is presently working with several manufacturing companies that would qualify for such Awards. The Authority has submitted its Plan to EDPAB for a three-year period pertaining to the use of 2008, 2009 and 2010 EP net revenues.

SENY Governmental Customers. Power and energy purchased by the Authority in the NYISO capacity and energy markets, as supplemented by sales of power and energy by Authority resources at Poletti, the 500-MW plant, the small hydro projects and Blenheim-Gilboa, are sold to various municipalities, school districts and public agencies in the New York City and Westchester County area.

In 2005, the Authority and its major New York City governmental customers entered into long-term supplemental electricity supply agreements (“2005 LTA”). Under the 2005 LTA, the NYC governmental customers agreed to purchase their electricity from the Authority through December 31, 2017, with the NYC governmental customers having the right to terminate service from the Authority at any time on three years’ notice and, under certain limited conditions, on one year’s notice, provided that they compensate the Authority for any above-market costs associated with certain of the resources used to supply the NYC governmental customers.

Under the 2005 LTA, the Authority will modify rates annually through a formal rate proceeding if there is a change in fixed costs to serve the New York City governmental customers. Generally, changes in variable costs, which include fuel and purchased power, will be captured through contractual pricing adjustment mechanisms. Under these mechanisms, actual and projected variable costs are reconciled and all or a portion of the variance is either charged or credited to the NYC governmental customers. The NYC governmental customers are committed to pay for any supply secured for them by the Authority which results from a collaborative effort.

Effective January 1, 2007, the Authority entered into a new supplemental electricity supply agreement with Westchester County. Under this agreement, Westchester County will remain a full requirements customer of NYPA through at least December 31, 2010. The Authority may modify the rates charged the customer pursuant to a specified procedure; an energy charge adjustment mechanism is applicable; the customer is committed to pay for any supply resources secured for it by the Authority under a collaborative process; and NYPA will continue to make available financing for energy efficiency projects and initiatives, with costs thereof to be recovered from the customer. The remaining 103 Westchester governmental customers have also executed the new agreement.

For purposes of the four-year financial plan, it is assumed that the New York City and Westchester governmental customers will continue to be served and rates set to produce the projected net income position for each year.

Market Supply Power Customers. The Authority administers an array of power programs for economic development that supply power to businesses and not-for-profit institutions in New York State. Currently more than 300,000 jobs across the Empire State are linked to these power programs. For a number of these programs such as the Economic Development Power program, the High Load Factor Power program, the Municipal Development Agency Power program, and the Power for Jobs program, the Authority has no physical assets to supply power and energy to these customers and NYPA must buy these products in the NYISO market or negotiate bilateral arrangements with other power suppliers.

Many of the programs or the individual contracts of the business customers served under these programs are set to expire during the financial plan timeframe. However, the Authority assumes that the State Legislature will maintain a leading role for NYPA in fostering economic development over the 2010-2013 forecast period. Accordingly, the business customers and the not-for-profit institutions are modeled as continuing to be served.

Blenheim-Gilboa Customers. The Authority uses all but 50 MW of the Blenheim-Gilboa project output to meet the requirements of the Authority’s business and governmental customers and to provide services in the NYISO market. The Authority has a contract for the sale of 50 MW of firm capacity from the Blenheim-Gilboa plant to the Long Island

Power Authority (“LIPA”). Service under the contract with LIPA commenced on April 1, 1989 and will terminate April 30, 2015, unless terminated by LIPA upon not less than 6 months advance notice. For purposes of the four-year financial plan, it is assumed that the LIPA contract is not terminated and the current charges remain in effect throughout the forecast horizon.

Small Clean Power Plants (“SCPPs”). To meet capacity deficiencies and ongoing local requirements in the New York City metropolitan area, which could have also adversely affected the statewide electric pool, the Authority placed in operation, in the summer of 2001, eleven 44-MW natural-gas-fueled SCPPs at various sites in New York City and one site in the service territory of LIPA. It is anticipated that as of 2011, two of these plants will be retired pursuant to an agreement with New York City.

For the 2010-2013 forecast period, the installed capacity of the remaining SCPPs is used by the Authority to meet its NYISO mandated installed capacity needs or, if not needed for that purpose, is subject to sale to other users via bilateral arrangements or by sale into the NYISO capacity auction. NYPA sells the energy produced by the SCPPs into the NYISO energy market.

Flynn. The Flynn Project is a combined-cycle facility with a nameplate rating of 164 MW. The Authority is supplying the full output of the Project to LIPA pursuant to a capacity supply agreement between the Authority and LIPA, which commenced in 1994 and had an initial term of 20 years. Amendment No. 7, effective as of January 1, 2009, sets forth pricing terms subject to expiration in 2014 should the customer elect to initiate the termination clause by 2012. Otherwise, this contract may extend to 2020.

For purposes of the four-year financial plan, it is assumed that the agreement between LIPA and NYPA remains in effect throughout the period.

Transmission Projects. The Authority owns approximately 1,400 circuit miles of high voltage transmission lines, more than any other utility in New York State, with the major lines being the 765-kV Massena-Marcy line, the 345-kV Marcy-South line, the 345-kV Niagara-to-Edic transmission line, and the 345-kV Long Island Sound Cable.

In an Order issued January 27, 1999, FERC approved the use of the Authority’s present transmission system revenue requirement in developing the rates for service under the NYISO tariff. FERC also approved, among other things, the imposition of the NYPA Transmission Adjustment Charge (“NTAC”) and the NYPA Transmission Service Charges (“TSC”) which are the tariff elements set aside to aid in the full recovery of the Authority’s annual transmission revenue requirement.

With the implementation of the NYISO arrangement in November 1999, all transmission service over the Authority’s facilities is either pursuant to the NYISO tariffs or pre-existing Authority contracts, with NYPA realizing its \$165 million annual revenue requirement via the NTAC, TSC or through existing customer contracts. For purposes of the four-year financial plan, it is assumed that these revenue producing vehicles remain in effect and the Authority earns its annual revenue requirement.

Investment and Other Income

Investment Income. Investment of the Authority’s funds is administered in accordance with the applicable provisions of the Bond Resolution and with the Authority’s investment guidelines. These guidelines comply with the New York State Comptroller’s investment guidelines for public authorities and were adopted pursuant to Section 2925 of the New York Public Authorities Law. The Authority’s investments are restricted to (a) collateralized certificates of deposit, (b) direct obligations of or obligations guaranteed by the United States of America or the State of New York, (c) obligations issued or guaranteed by certain specified federal agencies and any agency controlled by or supervised by and acting as an instrumentality of the United States government, and (d) obligations of any state or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which is rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies. The Authority’s investments in the debt securities of Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corp. (FHLMC) were rated Aaa by Moody’s Investors Services (Moody’s) and AAA by Standard & Poor’s (S&P) and Fitch Ratings (Fitch). All of the Authority’s investments in U.S. debt instruments are issued or explicitly guaranteed by the U.S. Government.

Other Income. On November 21, 2000 (“Closing Date”), the Authority sold its nuclear plants (Indian Point 3 and James A. FitzPatrick Projects) to two subsidiaries of the Entergy Corporation for cash and non-interest bearing notes totaling \$967 million, maturing over a 15-year period. The present value of these payments recorded on the Closing Date, utilizing a discount rate of 7.5%, was \$680 million. On an accrual basis the Authority expects to recognize interest income of \$16.9 million in 2010, \$15.9 million in 2011, \$14.9 million in 2012 and \$3.8 million in 2013. On a cash basis the Authority projects to receive \$30 million payments in each year from 2008 through 2012 and \$20 million in 2013.

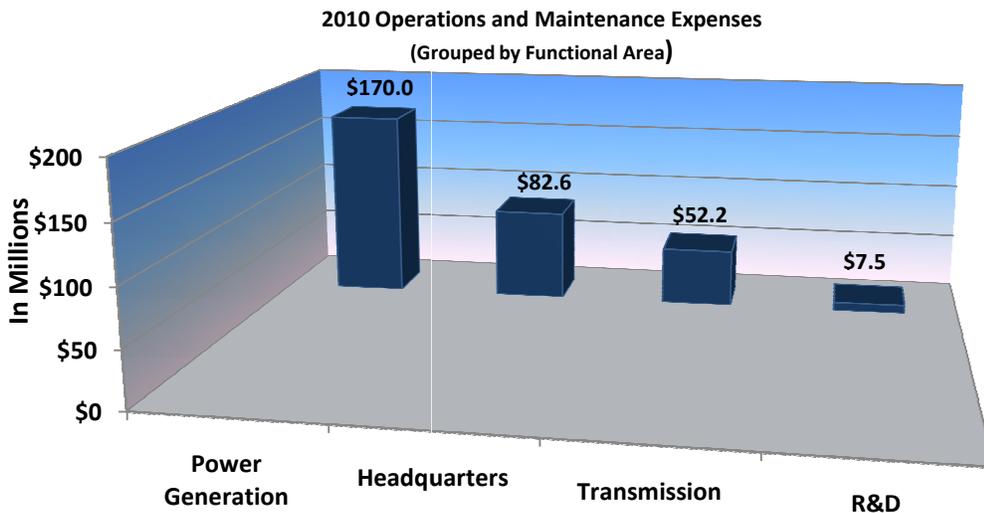
As part of the Authority's sale in 2000 of its two nuclear plants, the Authority entered into two "value sharing agreements" ("VSAs") with the Entergy subsidiaries. In essence, the agreements provide that Entergy subsidiaries will share with the Authority a certain percentage of all revenues they receive from power sales from the nuclear plants in excess of specific projected power prices for a 10 year period, covering 2005 – 2014. The Authority and the Entergy subsidiaries disputed the sharing amounts for 2005 and 2006 and the dispute was submitted to arbitration consistent with terms of the VSAs. During the arbitration period, NYPA and the Entergy subsidiaries also engaged in settlement discussions that ultimately resulted in a settlement of the dispute and the amendment of the VSAs. In essence, these amended VSAs provide for Entergy to pay the Authority a set price (\$6.59 per MWh for Indian Point 3 and \$3.91 per MWh for FitzPatrick) for all MWhs metered from each plant between 2007 and 2014, with the Authority being entitled to receive annual payments up to a maximum of \$72 million. In all other material respects, the terms of the amended and original VSAs are substantially similar. In late 2007, Entergy announced a proposed spinoff of the subsidiaries. While Entergy initially indicated that it was of the view that the spinoff would cause the VSAs to be terminated, discussions between NYPA and Entergy produced a subsequent accord whereby the parties agreed that such spinoff would not constitute a terminating event for the VSAs. Consequently, for purposes of the 2010-2013 financial plan, it has been assumed that the maximum payment of \$72 million will be garnered in each year.

Operations and Maintenance Expenses

NYPA's O&M plan for 2010 – 2013 assumes planned wage increases, stabilized benefit costs, planned maintenance outages and non-recurring spending. Exclusive of planned maintenance outage costs and non-recurring spending, the anticipated budget increases approximately at the rate of inflation.

Operations and Maintenance Forecast by Cost Element
(in Millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Payroll</u>				
Regular Pay	\$146.7	\$152.5	\$157.2	\$161.2
Overtime	\$7.6	\$7.9	\$8.2	\$8.5
Other Payroll	<u>\$2.3</u>	<u>\$2.4</u>	<u>\$2.5</u>	<u>\$2.6</u>
Total Payroll	\$156.6	\$162.8	\$167.8	\$172.2
<u>Benefits</u>				
Employee Benefits	\$33.0	\$34.9	\$36.2	\$37.0
Pension	\$15.4	\$21.1	\$27.0	\$27.0
FICA	<u>\$11.5</u>	<u>\$11.9</u>	<u>\$12.3</u>	<u>\$12.8</u>
Total Benefits	\$59.9	\$67.9	\$75.5	\$76.8
Materials/Supplies	\$17.5	\$17.7	\$18.2	\$18.5
Fees	\$8.1	\$8.3	\$8.4	\$8.6
Office & Station	\$14.2	\$14.5	\$14.8	\$15.1
Maintenance Repair & Service Contracts	\$80.3	\$80.6	\$83.0	\$94.6
Consultants	\$16.8	\$17.0	\$17.2	\$17.3
Charges to:				
Outside Agencies	(\$7.1)	(\$7.3)	(\$7.6)	(\$7.9)
Capital Programs	<u>(\$41.6)</u>	<u>(\$41.4)</u>	<u>(\$41.3)</u>	<u>(\$41.0)</u>
Total Charges	(\$48.7)	(\$48.7)	(\$48.9)	(\$48.8)
Research & Development	\$7.6	\$7.9	\$8.2	\$8.5
TOTAL NYPA O&M	\$312.3	\$328.0	\$344.3	\$362.9



Total O&M \$312.3

Modifications to Proposed Budget and Financial Plan

The following is a comparison of the estimated net income between the proposed and approved budget and financial plans:

<u>Year</u>	<u>Proposed Budget & Financial Plan (in Millions)</u>	<u>Approved Budget & Financial Plan (in Millions)</u>
2010	\$333.1	\$307.8
2011	\$262.4	\$248.0
2012	\$269.4	\$245.0
2013	\$288.1	\$255.4

For the 2010 – 2013 period, the major drivers in the variance between the two plans are changes in forecasts of electric and fuel prices and an update to the Power For Jobs rebate calculation that reflects increased electricity prices going forward.

(d) Self – Assessment of Budgetary Risks

Regulatory Risks

On July 6, 2005, the U.S. Fish and Wildlife Service (“FWS”) initiated a status review under the Endangered Species Act (16 U.S.C. 1531 et seq.) to determine if listing the American eel as threatened or endangered is warranted. American eels are a fish species that migrate between freshwater and the ocean, and their wide range includes the Atlantic seaboard of the United States and Canada and the Great Lakes’ drainages. In findings issued February 2, 2007, the FWS determined that such a listing is not warranted. However, in the event the FWS were to determine in the future to list the American eel as threatened or endangered, such a determination could potentially result in significant additional costs and operational restrictions on hydroelectric generating facilities located within the range of the species, including the Authority’s St. Lawrence-FDR Project.

The Regional Greenhouse Gas Initiative (“RGGI”) is a cooperative effort by Northeastern and Mid-Atlantic states to reduce carbon dioxide emissions commencing in 2009. Central to this initiative is the proposed implementation of a multi-state cap-and-trade program with a market-based emissions trading system. The proposed program will require electricity generators to hold carbon dioxide allowances in a compliance account in a quantity that matches their total emissions of carbon dioxide for the compliance period. The Authority’s Poletti, Flynn, SCPPs, and 500-MW plant are subject to the RGGI requirements. The Astoria plant, from which NYPA has contracted to purchase power, is scheduled to become operational in mid-2011 and will also be subject to the RGGI requirements. The Authority has participated in each of the five auctions held between September 2008 and September 2009, purchasing approximately 93.8% of its estimated 2009 carbon allowances requirements at an average price of \$3.19 per ton. Such costs for the Poletti plant, the 500-MW plant, and the Astoria plant are being passed on to and recovered from the Authority’s NYC governmental customers; such costs for the Flynn plant are being passed on to and recovered from LIPA; and such costs for the SCPPs are expected to be recovered from the market-based sales of energy from those plants.

Comprehensive energy legislation passed in the U.S. House of Representatives on June 26, 2009 (Waxman-Markey) which would, among other things: (a) establish federal cap-and-trade requirements applicable to greenhouse gas emissions, including emissions from fossil fuel power plants, commencing in 2012 that are designed to gradually reduce such emissions through 2050 and (b) establish a combined efficiency and renewable electricity standard that would require retail electricity suppliers beginning in 2012 to acquire prescribed amounts of renewable energy certificates, which may be substituted for in part by quantified electricity savings, with such prescribed amounts gradually increasing over time and with the standard sunseting in 2040. Both of these programs would be applicable to the Authority. It is uncertain at this time whether Waxman-Markey or similar legislation will be enacted into law in the future and what the impact of such legislation would be on the Authority.

Legislative and Political Risks

A series of legislative enactments call for NYPA to subsidize business customers and the State’s general fund. Legislation enacted into law, as part of the 2000-2001 State budget, as amended in subsequent years, provides that the Authority “as deemed feasible and advisable by the trustees,” is authorized to make “voluntary contributions” into the State treasury in connection with the Power for Jobs Program and to make certain reimbursement payments to Power for Jobs customers. Beginning December 2002 through March 2008, the Authority made such voluntary contributions to the State in the aggregate amount of \$424 million. The Authority also approved certain PFJ Reimbursements payments of \$28 million for 2005, \$37 million for 2006, \$42 million for 2007, and \$54 million for 2008. Reimbursement payments for 2009 are not expected to exceed \$49 million. In April 2008, the Authority was

authorized to and paid a separate \$60 million voluntary contribution to the State for State Fiscal Year 2008-2009, unrelated to the Power for Jobs Program.

In light of the severe budget problems facing the State at this time, the Authority was authorized pursuant to Chapter 2 of the Laws of 2009, as deemed "feasible and advisable by its trustees", to make voluntary contribution payments of \$119 million during the remainder of State Fiscal Year 2008-2009 and \$107 million during State Fiscal Year 2009-2010. In January 2009, the Authority's Trustees approved a voluntary contribution in the amount of \$119 million and such payment was made by the Authority on January 30, 2009. For planning purposes, the 2010-2013 financial plan assumes that payments totaling \$107 million are made to New York State in 2010 and payments totaling \$100 million are made to New York State per year thereafter.

Approval of any such payments to subsidize the State's general fund and/or to subsidize customers requires legislation authorizing such payments and is conditional upon the Trustees' determination that such payments are "feasible and advisable". The Trustees' decision as to whether and to what extent such payments are feasible and advisable will be made based on the exercise of their fiduciary responsibilities and in light of the requirements of NYPA's Bond Resolution, other legal requirements, and all the facts and circumstances known to them at the time of the decision. Many of those circumstances are not known at the present time.

In addition to the authorization for the voluntary contributions, the Authority was authorized to make certain temporary asset transfers to the State of funds in reserves. Pursuant to the terms of a Memorandum of Understanding dated February 2009 ("MOU") between the State, acting by and through the Director of the Budget of the State, and the Authority, the Authority agreed to transfer \$215 million associated with its Spent Nuclear Fuel Reserves by the end of State Fiscal Year 2008-2009. The Spent Nuclear Fuel Reserves are funds that have been set aside for payment to the federal government sometime in the future when the federal government accepts the spent nuclear fuel for permanent storage. The MOU provides for the return of these funds to the Authority, subject to appropriation by the State Legislature and the other conditions described below, at the earlier of the Authority's payment obligation related to the transfer and disposal of the spent nuclear fuel or September 30, 2017. Further, the MOU provides for the Authority to transfer during State Fiscal Year 2009-2010 approximately \$103 million of funds set aside for future construction projects, which amounts would be returned to the Authority, subject to appropriation by the State Legislature and the other conditions described below, at the earlier of when required for operating, capital or debt service obligations of the Authority or September 30, 2014.

The MOU provides that the obligation of the State to return all or a portion of an amount equal to the monies contemplated to be transferred by the Authority to the State would be subject to annual appropriation by the State Legislature and would not constitute a debt of the State within the meaning of any constitutional or statutory provision, would be deemed executory only to the extent of monies available to the State, and no liability would be incurred by the State beyond monies available for such purpose. Further, the MOU provides that as a condition to any such appropriation for the return of the monies earlier than September 30, 2017 for the Spent Nuclear Fuel Reserves and earlier than September 30, 2014 for the construction projects, the Authority must certify that the monies available to the Authority are not sufficient to satisfy the purposes for which the reserves, which are the source of the funds for the transfer, were established.

In February 2009, the Authority's Trustees authorized the execution of the MOU and approved the first temporary asset transfer in the amount of \$215 million to be made by March 27, 2009, which transfer has occurred. The Trustees also authorized the second temporary asset transfer of \$103 million to be made within 180 days of the enactment of the 2009-2010 State Budget and approved the payment of the additional voluntary contribution of \$107 million by March 31, 2010, with the condition that the payment of these latter two amounts will require Trustee reaffirmation prior to the actual transfer and contribution in order to consider if the release of such funds remains "feasible and advisable" and in conformance with the requirements of the Authority's Bond Resolution. The \$103 million amount was reaffirmed by the Trustees, and transferred to the State in September 2009.

For the 2010-2013 financial plan, the Authority is presuming that continuation of service to the Market Supply Power business customers will remain a New York State priority. Forecasted voluntary subsidies and payments to the Market Supply Power Customers and the State's general fund are subject to the strictures and caveats of the preceding paragraph. Also, the modeling of such contributions should not be read to mean that the Authority believes such continuing subsidies are an appropriate way of promoting economic development in New York State.

Pursuant to legislation enacted into law in April 2006, the Temporary Commission on the Future of New York State Programs for Economic Development ("Temporary Commission") was established. On December 1, 2006, the Temporary Commission reported their findings on how to best meet the energy cost needs of statewide businesses. Among the Temporary Commission's recommendations include the centralization of the administration of the State's power programs; that the proceeds of certain unallocated hydroelectric power of the Authority be dedicated to

economic development; that the duration of certain types of power allocation contracts be lengthened; that the Authority facilitate the expansion of the State’s power infrastructure by continuing to enter into long term contracts with power producers for the construction of new generation and/or transmission facilities; the creation of stable funding sources for the State’s power programs, potentially including the State Treasury and dedicated funding from the Authority subject to the Authority’s bond covenants and reserve requirements; the expansion of geographic restrictions of certain Authority hydroelectric industrial programs; and the redeployment of hydroelectric power provided by the Authority to the “rural and domestic” (i.e., residential) customers of National Grid, New York State Electric & Gas and Rochester Gas & Electric for statewide economic development purposes. It is unclear at this point which, if any, of the Temporary Commission’s recommendations will be enacted into law and how they would affect NYPA’s estimated net income for the financial plan period.

Section 1011 of the Power Authority Act (“Act”) constitutes a pledge of the State to holders of Authority obligations not to limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon are fully met and discharged or unless adequate provision is made by law for the protection of the holders thereof. Several bills have been introduced into the State Legislature, some of which propose to limit or restrict the powers, rights and exemption from regulation which the Authority currently possesses under the Act and other applicable law or otherwise would affect the Authority’s financial condition or its ability to conduct its business, activities, or operations, in the manner presently conducted or contemplated by the Authority. It is not possible to predict whether any of such bills or other bills of a similar type which may be introduced in the future will be enacted. In addition, from time to time, legislation is enacted into New York law which purports to impose financial and other obligations on the Authority, either individually or along with other public authorities or governmental entities. The applicability of such provisions to the Authority would depend upon, among other things, the nature of the obligations imposed and the applicability of the pledge of the State set forth in Section 1011 of the Act to such provisions. There can be no assurance that the Authority will be immune from the financial obligations imposed by any such provision.

Actions taken by the State Legislature or the Executive Branch to extract greater contributions and which attempt to constrain the discretion of or bypass the Authority’s Trustees could negatively affect net income and possibly harm NYPA’s bond rating.

Hydroelectric Generation Risk

For the 2010-2013 financial plan period, NYPA’s net income is highly dependent upon generation levels at its Niagara and St. Lawrence-FDR Projects. The generation levels themselves are a function of the hydrological conditions prevailing on the Great Lakes, primarily, Lake Erie (Niagara Project) and Lake Ontario (St. Lawrence-FDR). Long-term generation levels at the two hydroelectric projects are about 20.2 terawatt-hours (“TWH”) annually. The Authority’s hydroelectric generation forecast is 20.5 TWH in 2010 and 20.2 TWH (long-term average) in each of the years 2011 - 2013. However, these generation amounts are expected values and hydrological conditions can vary considerably from year to year. For instance, during a recent ten year period, 1999-2008, hydroelectric generation was in a number of the years below the long-term average and manifested considerable volatility.

Net Hydroelectric Generation

1999	18.7	TWH
2000	18.6	TWH
2001	17.6	TWH
2002	19.7	TWH
2003	18.3	TWH
2004	20.4	TWH
2005	20.7	TWH
2006	20.3	TWH
2007	19.8	TWH
2008	20.6	TWH

Poor hydrological conditions would adversely affect NYPA’s estimated net income for the Financial Plan horizon and would likely compel NYPA’s Trustees to lower or not approve any contributions to the discretionary subsidy policy described previously.

NYPA conducted high and low hydroelectric generation sensitivities for 2010-2013 that estimated the potential net income that could result over a reasonable range of hydroelectric generation occurrences. The effects on estimated net income, assuming all other factors remain unchanged, were as follows:

Low Generation

High Generation

	<u>Hydroelectric Generation</u>	<u>NYPA Net Income (in Millions)</u>	<u>Hydroelectric Generation</u>	<u>NYPA Net Income (in Millions)</u>
2010	18.2 TWH	\$204.6	22.2 TWH	\$381.1
2011	18.2 TWH	\$166.4	22.2 TWH	\$332.5
2012	18.2 TWH	\$172.2	22.2 TWH	\$328.7
2013	18.2 TWH	\$184.0	22.2 TWH	\$344.4

Electric Price and Fuel Risk

The Authority dispatches power from its generating facilities in conjunction with the NYISO. The NYISO coordinates the reliable dispatch of power and operates markets for the sale of electricity and ancillary services within New York State. The NYISO collects charges associated with the use of the transmission facilities and the sale of energy, capacity, and services through the markets that it operates and remits those proceeds to the owners of the facilities in accordance with its tariff and to the sellers of the electricity and services in accordance with their respective bids and applicable NYISO market procedures. Under the NYISO Open Access Transmission Tariff, certain charges for ancillary services (which include NYISO operating costs), congestion, losses, and a portion of the Authority's transmission costs are assessed against the Authority and other entities responsible for serving ultimate customers. Because of the Authority's active participation in the NYISO markets, such costs are significant and are currently being passed through to most Authority customers.

Under NYISO procedures, Load Serving Entities ("LSEs") represent electricity end-users in dealings with the NYISO. The Authority is an LSE for large segments of its load in New York State and must ensure it has sufficient installed capacity to meet its customers' needs and NYISO reliability rules, either through ownership of such capacity, bilateral installed capacity purchase contracts or auction purchases conducted by the NYISO. As an LSE, the Authority is also obligated to ensure that it has enough energy to meet its customers' energy needs. These needs can be met in the NYISO regime through the Authority's own generation, bilateral purchases from others, or purchases of energy in the NYISO "day-ahead" market ("DAM") (wherein bids are submitted for energy to be delivered the next day) or in the NYISO "real time" market. A bilateral purchase is a transaction where a generator or a power marketer that has access to power and an LSE agree upon a specified amount of energy being supplied to the LSE by the generator or power marketer at specified prices.

This procedure has provided the Authority with economic benefits from its units' operation when selected by the NYISO and may do so in the future. However, such bids also obligate the Authority to supply the energy in question during a specified time period, which does not exceed two days if the unit is selected. If a forced outage occurs at the Authority plant which is to supply such energy, then the Authority is obligated to pay during the Short Term Period (1) in regard to the Excess Energy amount, the difference between the price of energy in the NYISO real time market and the Market Clearing Price in the DAM, and (2) in regard to the Contract Energy amount, the price of energy in the NYISO real time market which is offset by the Contract Price. This real time market price may be subject to more volatility than the DAM price. The risk attendant with this outage situation is that, under certain circumstances, the Market Clearing Price in the DAM and the Contract Price may be well below the price in the NYISO real time market, with the Authority having to pay the difference. In times of maximum energy usage, this cost could be substantial. This outage cost risk is primarily of concern to the Authority in the case of its Poletti unit and the 500-MW plant because of their size, nature, and location.

In addition to the risk associated with Authority generation bids into the DAM, the Authority could incur substantial costs in times of maximum energy usage in purchasing replacement energy for its customers in the DAM or through other supply arrangements to make up for lost energy due to an extended outage of its units and non-performance of counterparties to energy supply contracts.

In April 2002, the Authority created a vice president position for energy risk assessment and control. This position, currently held by the Vice President Energy Risk & Assessment, reports to the Executive Vice President and Chief Financial Officer and is responsible for establishing policies and procedures for identifying, reporting and controlling energy-price and fuel-price-related risk exposure and risk exposure connected with energy- and fuel-related hedging transactions. This type of assessment and control has assumed greater importance in light of the Authority's participation in the NYISO energy markets and the sale of its two nuclear plants, and the commercial operation of its 500-MW plant. In recent years, the Authority has increased its dependence on purchased power to meet its customers' needs. This has made the Authority more susceptible to risks posed by increases in purchased power costs and fuel costs. To deal with this greater risk, the Authority has obtained and is in the process of obtaining power purchase agreements (or their financial equivalents) to meet a significant portion of its customer load. Even with these planned

arrangements, the Authority will still have exposure to purchased power price risks to the extent it purchases power in the NYISO day-ahead and real-time markets. Also, with the addition of the Authority's 500-MW plant, the Authority will face increased fuel price risk to the extent it uses its own fossil-fuel generation to meet its customers' needs. The risk management program implemented is designed to mitigate such risks. The Authority is also pursuing an initiative to develop and implement a comprehensive enterprise-wide risk management program.

Litigation Risk

In 1982 and again in 1989, several groups of St. Regis Mohawk Indians filed lawsuits against the State, the Governor of the State, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority and others, claiming ownership to certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands. These islands are within the boundary of the Authority's St. Lawrence-FDR project and significant project facilities are located on Barnhart Island. Settlement discussions were held periodically between 1992 and 1998. In 1998, the Federal government intervened on behalf of the Mohawk Indians.

On May 30, 2001, the United States District Court (the Court) denied, with one minor exception, the defendants' motion to dismiss the land claims. However, the Court barred the Federal government and one of the tribal plaintiffs, the American Tribe of Mohawk Indians (the Tribe) from re-litigating a claim to 144 acres on the mainland which had been lost in the 1930s by the Federal government. The Court rejected the State's broader defenses, allowing all plaintiffs to assert challenges to the islands and other mainland conveyances in the 1800s, which involved thousands of acres.

On August 3, 2001, the Federal government sought to amend its complaint in the consolidated cases to name only the State and the Authority as defendants. The State and the Authority advised the Court that they would not oppose the motion but reserved their right to challenge, at a future date, various forms of relief requested by the Federal government.

The Court granted the Federal government's motion to file an amended complaint. The tribal plaintiffs still retain their request to evict all defendants, including the private landowners. Both the State and the Authority answered the amended complaint. In April 2002, the tribal plaintiffs moved to strike certain affirmative defenses and, joined by the Federal government, moved to dismiss certain defense counterclaims. In an opinion, dated July 28, 2003, the Court left intact most of the Authority's defenses and all of its counterclaims.

Thereafter, settlement discussions produced a land claim settlement, which if implemented would include, among other things, the payment by the Authority of \$2 million a year for 35 years to the tribal plaintiffs, the provision of up to 9 MW of low cost Authority power for use on the reservation, the transfer of two Authority-owned islands, Long Sault and Croil, and a 215-acre parcel on Massena Point to the tribal plaintiffs, and the tribal plaintiffs withdrawing any judicial challenges to the Authority's new license, as well as any claims to annual fees from the St. Lawrence-FDR project. Members of all tribal entities voted to approve the settlement, which was executed by them, the Governor, and the Authority on February 1, 2005. The settlement required, among other things, Federal and State legislation to become effective which has not yet been enacted.

Litigation in the case had been stayed to permit time for passage of such legislation and to await decisions of appeals in two relevant New York land claims litigations, involving the Cayuga and Oneida Nations, to which the Authority was not a party. In May 2006, the U.S. Supreme Court declined to review the U.S. Court of Appeals' (Second Circuit) decision in Cayuga Indian Nation et al. v Pataki et al. (2005) that had reversed a verdict awarding the Cayugas \$248 million in damages and also dismissed the Cayuga land claim. The basis for the Second Circuit's dismissal of the land claim was that the Cayugas had waited too long to bring their land claim (laches). The Authority had raised the defense of laches in its answer in the St. Regis litigation and on November 26, 2006 the Authority and the State moved to dismiss the St. Regis Mohawks complaints as well as the United States' complaint on similar delay grounds. The Mohawks and the Federal government filed papers opposing those motions in July 2007, additional briefing by the parties occurred thereafter. Litigation has been stayed and resolution of the pending defense motions is awaiting a decision by the Court of Appeals for the Second Circuit in a related land claim litigation involving similar defense motions.

In February 2007, two customers in the Authority's Power for Jobs Program instituted suit in Albany County Supreme Court challenging the Authority's implementation of certain aspects of the August 2006 legislation (Chapter 645 of the Laws of 2006) amending the Program. The dispute primarily involves the Authority's determination of eligibility for certain customers to receive payments relating to Program electric prices that exceed the electric prices of the applicable local electric utility, as well as the methodology utilized by the Authority for calculating possible PFJ Reimbursements payments for certain customers. By decision in April 2007, the court dismissed the petition and ruled in favor of the Authority. The petitioners appealed to the Appellate Division, Third Department, and by decision issued April 17, 2008, the court modified the lower court's decision and held that the Authority's determinations on these two

issues were erroneous. Thereafter, the Authority moved for permission to appeal to the Court of Appeals and that motion was granted. By decision dated October 20, 2009, the Court of Appeals affirmed the decision of the Appellate Division. On November 19, 2009, the Authority filed a motion with the court for reargument and a decision on the Authority's motion is pending.

In May 2009, the County of Niagara, "on behalf of its residents", and several individuals commenced an Article 78 lawsuit in Niagara County Supreme Court against the Authority, its Trustees, the State of New York, and the State Comptroller. The lawsuit challenges on numerous grounds the legality of the two temporary asset transfers totaling \$318 million and the two voluntary contributions totaling \$226 million (except as such contributions relate to the Power for Jobs Program) that were approved by the Authority's Trustees in January and February 2009. Among other things, the lawsuit seeks judgment providing for the return to the Authority of any such monies that have been paid; prohibiting such asset transfers and voluntary contributions in the future; directing the Authority to utilize such returned monies only for "statutorily permissible purposes"; directing the Authority to "rebate" to certain customers receiving hydropower from it some portion, to be determined, of the monies returned to the Authority; and directing that the Authority submit to an audit by the State Comptroller. No temporary or preliminary injunctive relief is sought in the petition. By decision dated October 5, 2009, the court granted a motion to amend the petition and remove the State Comptroller from the case. Respondents have moved to dismiss the petition and petitioners have moved for permission to file a complaint and discovery demands. The motions were argued before the court on October 28, 2009 and a decision on the motions is pending.

(e) Revised Forecast of 2009 Budget
(in Millions)

	Original Budget	Forecast	Variance
	<u>2009</u>	<u>2009</u>	Better/(Worse)
			<u>2009</u>
<u>Operating Revenues:</u>			
Customer Revenues	\$2,081.9	\$1,845.7	(\$236.2)
NYISO Market Revenues	<u>\$955.7</u>	<u>\$748.5</u>	<u>(\$207.2)</u>
Total Operating Revenues	\$3,037.6	\$2,594.3	(\$443.3)
<u>Operating Expenses:</u>			
Purchased Power	(\$1,156.1)	(\$898.3)	\$257.9
Fuel oil and gas	(\$516.5)	(\$372.3)	\$144.2
Wheeling Expenses	(\$441.6)	(\$436.1)	\$5.5
O&M Expenses	(\$294.1)	(\$291.9)	\$2.2
Other Expenses	(\$115.0)	(\$129.8)	(\$14.8)
Depreciation and Amortization	<u>(\$160.7)</u>	<u>(\$162.7)</u>	<u>(\$2.0)</u>
Total Operating Expenses	(\$2,684.0)	(\$2,291.0)	\$393.0
NET OPERATING REVENUES	\$353.6	\$303.2	(\$50.4)
<u>Other Income:</u>			
Investment Income	\$39.4	\$48.2	\$8.9
Other Income	<u>\$90.7</u>	<u>\$89.7</u>	<u>(\$1.0)</u>
Total Other Income	\$130.1	\$137.9	\$7.9
<u>Non-Operating Expenses</u>			
Interest & Other Expenses	(\$105.7)	(\$100.2)	\$5.5
Contributions to State	<u>(\$70.0)</u>	<u>(\$70.0)</u>	<u>\$0.0</u>
Total Non-Operating Expense	(\$175.7)	(\$172.2)	\$5.5
NET INCOME	\$307.9*	\$270.9	(\$37.0)

* Due to significant economic and market changes occurring after the establishment of the Original 2009 Budget of \$173.1 million, in January 2009 the budget was updated to \$307.9 million

(f) Reconciliation of 2009 Budget and 2009 Revised Forecast

Net income estimates for 2009 have decreased from the originally established budget. This is primarily due to a year-to-date drop of over 38% in market prices, mainly affecting the Niagara and St. Lawrence-FDR projects, and to a lesser extent the Blenheim-Gilboa project and the Small Clean Power Plants. With the extension of the Power for Jobs program through May 15, 2010, the Authority has been authorized to provide an additional voluntary contribution to the State's General Fund in the amount of \$12.5 million, which is included in the revised forecast. In addition, the deferral and withdrawal of certain hydropower rate increases, in combination with several incentives recently undertaken by the Authority including the Industrial Incentive Awards and electric bill discounts to businesses located in Jefferson, St. Lawrence, and Franklin counties, serve to decrease net income.

These negative impacts are partially mitigated by increased hydro generation, with Niagara currently forecast at 3.6% above budget and St. Lawrence-FDR at 10.1% above budget. The excess hydro flow, approximately 1.1 TWH above budget in total, increases market sales and decreases purchased power costs of alternative market purchases for St. Lawrence-FDR project customers.

(g) Statement of 2008 Financial Performance
(in Millions)

	Original Budget <u>2008</u>	Actual <u>2008</u>	Variance Better/(Worse) <u>2008</u>
<u>Operating Revenues:</u>			
Customer Revenues	\$2,001.3	\$2,031.6	\$30.3
NYISO Market Revenues	<u>\$876.6</u>	<u>\$1,153.4</u>	<u>\$276.8</u>
Total Operating Revenues	\$2,877.9	\$3,185.0	\$307.1
<u>Operating Expenses:</u>			
Purchased Power	(\$1,146.3)	(\$1,240.7)	(\$94.4)
Fuel Oil and Gas	(\$542.8)	(\$615.1)	(\$72.3)
Wheeling Expenses	(\$384.3)	(\$388.4)	(\$4.1)
O&M Expenses	(\$287.0)	(\$285.1)	\$1.9
Other Expenses	(\$140.9)	(\$174.1)	(\$33.2)
Depreciation and Amortization	<u>(\$175.4)</u>	<u>(\$173.1)</u>	<u>\$2.3</u>
Total Operating Expenses	(\$2,676.7)	(\$2,876.5)	(\$199.8)
NET OPERATING REVENUES	\$201.2	\$308.5	\$107.3
<u>Other Income:</u>			
Investment Income	\$62.7	\$73.6	\$10.9
Other Income	<u>\$93.7</u>	<u>\$90.7</u>	<u>(\$3.0)</u>
Total Other Income	\$156.4	\$164.3	\$7.9
<u>Non-Operating Expenses:</u>			
Interest Expenses	(\$128.9)	(\$114.3)	\$14.6
Contribution to State	<u>\$0.0</u>	<u>(\$60.0)</u>	<u>(\$60.0)</u>
Total Non-Operating Expenses	(\$128.9)	(\$174.3)	(\$45.4)
NET INCOME	\$228.7	\$298.5	\$69.8

(h) Employee Data – number of employees, full-time, FTEs and functional classification

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Headquarters	643	643	643	643
Power Generation*	876	876	858	840
Transmission	<u>205</u>	<u>205</u>	<u>203</u>	<u>201</u>
TOTAL	1724	1724	1704	1684

* Includes the anticipated retirement of the Poletti plant in 2010.

(i) Gap-Closing Initiatives – revenue enhancement or cost-reduction initiatives

As the Authority is projecting positive net income for the 2010-2013 financial plan period, there are no planned gap-closing programs.

(j) Material Non-recurring Resources – source and amount

See discussion in “Other Income” section.

(k) Shift in Material Resources

There are no anticipated shifts in material resources from one year to another.

(l) Debt Service

Projected Debt Outstanding (FYE)
(in Thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Revenue Bonds</u>				
Series 2000A	77,215	77,215	77,215	77,215
Series 2002A	120,560	95,625	69,450	41,720
Series 2003A	200,310	195,645	190,770	185,665
Series 2006A	133,845	122,970	111,660	99,845
Series 2007A	82,025	82,025	82,025	82,025
Series 2007B	256,710	256,710	256,710	253,535
Series 2007C	<u>263,710</u>	<u>263,710</u>	<u>263,710</u>	<u>263,710</u>
Total Revenue Bonds	1,134,375	1,093,900	1,051,540	1,003,715
<u>Adjustable Rate Tender Notes</u>	130,500	122,935	114,765	105,940
<u>Commercial Paper Notes</u>				
Series 1	328,979	393,741	507,973	629,358
Series 2	127,390	81,815	65,475	40,205
Series 3	60,284	44,671	43,488	38,726
Extendible - Series 1	<u>141,300</u>	<u>133,250</u>	<u>124,950</u>	<u>116,550</u>
Total Commercial Paper Notes	657,953	653,477	741,886	824,839
GRAND TOTAL	1,922,828	1,870,312	1,908,191	1,934,494

Planned Use of Debt Issuances
(in Thousands)

<u>TYPE</u>	<u>Amount</u>	<u>Assumed Interest Rate</u>	<u>Project / Description</u>
<u>Period January 1, 2010 - December 31, 2010</u>			
Tax Exempt Commercial Paper	\$37,602.0	1.80%	Energy Services Program
Taxable Commercial Paper	<u>\$2,000.0</u>	2.80%	Energy Services Program
TOTAL ISSUED 2010	\$39,602.0		
<u>Period January 1, 2011 - December 31, 2011</u>			
Tax Exempt Commercial Paper	\$64,762.0	2.80%	Energy Services Program
Taxable Commercial Paper	<u>\$3,000.0</u>	4.30%	Energy Services Program
TOTAL ISSUED 2011	\$67,762.0		
<u>Period January 1, 2012 - December 31, 2012</u>			
Tax Exempt Commercial Paper	\$114,232.0	3.80%	Energy Services Program
Taxable Commercial Paper	<u>\$5,000.0</u>	5.80%	Energy Services Program
TOTAL ISSUED 2012	\$119,232.0		
<u>Period January 1, 2013 - December 31, 2013</u>			
Tax Exempt Commercial Paper	\$121,385.0	4.10%	Energy Services Program
TOTAL ISSUED 2013	\$121,385.0		

Note: The full faith and credit of the Authority are pledged for the payment of bonds and notes in accordance with their terms and provisions of their respective resolutions. The Authority has no taxing power and its obligations are not debts of the State or any political subdivision of the State other than the Authority. The Authority's debt does not constitute a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Authority.

Debt Service as Percentage of Pledged Revenues (Accrual Based)
(in Thousands)

	2010		2011		2012		2013	
	<u>Debt Service</u>	<u>% of Rev.</u>						
Revenue Bonds								
Series 2000A	\$4,054	1.32%	\$4,054	1.63%	\$4,054	1.65%	\$4,054	1.59%
Series 2002A	\$30,939	10.05%	\$30,722	12.39%	\$30,767	12.56%	\$27,484	10.76%
Series 2003A	\$15,741	5.11%	\$15,741	6.35%	\$15,742	6.43%	\$15,743	6.16%
Series 2006A	\$17,232	5.60%	\$17,235	6.95%	\$17,229	7.03%	\$17,235	6.75%
Series 2007A	\$3,896	1.27%	\$3,896	1.57%	\$3,896	1.59%	\$3,896	1.53%
Series 2007B	\$15,152	4.92%	\$15,152	6.11%	\$15,557	6.35%	\$18,327	7.17%
Series 2007C	<u>\$12,836</u>	<u>4.17%</u>	<u>\$12,836</u>	<u>5.18%</u>	<u>\$12,836</u>	<u>5.24%</u>	<u>\$16,314</u>	<u>6.39%</u>
Total Revenue Bonds	\$99,850	32.44%	\$99,635	40.17%	\$100,081	40.86%	\$103,053	40.34%
Adjustable Rate Tender Notes	\$9,738	3.16%	\$11,491	4.63%	\$13,075	5.34%	\$13,854	5.42%
Commercial Paper Notes								
Series 1	\$6,204	2.02%	\$10,841	4.37%	\$18,034	7.36%	\$24,168	9.46%
Series 2	\$51,826	16.84%	\$23,542	9.49%	\$26,854	10.96%	\$25,065	9.81%
Series 3	\$5,435	1.77%	\$18,745	7.56%	\$7,523	3.07%	\$7,571	2.96%
Extendible - Series 1	<u>\$10,971</u>	<u>3.56%</u>	<u>\$12,347</u>	<u>4.98%</u>	<u>\$13,525</u>	<u>5.52%</u>	<u>\$13,741</u>	<u>5.38%</u>
Total Commercial Paper Notes	\$74,435	24.18%	\$65,475	26.40%	\$65,936	26.92%	\$70,545	27.62%
Grand Total Debt Service	<u>\$184,023</u>	<u>59.78%</u>	<u>\$176,601</u>	<u>71.21%</u>	<u>\$179,092</u>	<u>73.11%</u>	<u>\$187,452</u>	<u>73.39%</u>

Note: NYPA has no legal limit with regards to debt issuance.

Scheduled Debt Service Payments (Accrual Based)

Outstanding (Issued) Debt

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	107,379,160	76,277,363	183,656,523
2011	93,981,268	80,510,089	174,491,357
2012	89,036,543	83,559,855	172,596,398
2013	93,984,684	81,478,697	175,463,381

Proposed Debt

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	-	366,418	366,418
2011	-	2,110,024	2,110,024
2012	-	6,495,240	6,495,240
2013	-	11,988,829	11,988,829

Total Debt

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	107,379,160	76,643,781	184,022,941
2011	93,981,268	82,620,113	176,601,381
2012	89,036,543	90,055,095	179,091,638
2013	93,984,684	93,467,526	187,452,210

(m) Capital Investments and Sources of Funding

The Authority currently estimates that it will expend approximately \$1.6 billion for various capital improvements over the financial plan period 2010-2013. The Authority anticipates that these expenditures will be funded using existing construction funds, internally-generated funds and additional borrowings. Such additional borrowings are expected to be accomplished through the issuance of additional commercial paper notes and/or the issuance of long-term fixed rate debt. Projected capital requirements during this period include:

(In Millions)	2010	2011	2012	2013
Transmission Initiative: Reinforcement Proj.	\$9.7	\$55.6	\$49.1	\$49.2
New Niagara Warehouse	\$13.7	\$12.0	\$0.0	\$0.0
RM Stator Rewind & Restack Project	\$2.1	\$15.4	\$10.0	\$0.0
Lewiston Pump Generating Plant LEM	\$4.2	\$0.2	\$0.2	\$37.5
Relocate Niagara Ice Boom Storage Site	\$10.3	\$5.3	\$0.0	\$0.0
Stator Rewind and Restack Proj. Phase II	\$0.0	\$0.0	\$0.0	\$10.1
STL LEM	\$24.6	\$24.0	\$14.8	\$4.5
STL Relic.– Compliance & Implementation	\$10.9	\$2.2	\$1.8	\$1.6
BG LEM	\$19.0	\$1.9	\$0.0	\$0.0
MA1 and MA2 Transmission Line Upgrade	\$0.0	\$1.8	\$68.0	\$68.0
St. Lawrence Moses Switchyard LEM	\$0.6	\$7.2	\$7.0	\$7.0
Energy Services	\$130.3	\$150.0	\$200.0	\$200.0
Other	\$101.5	\$108.5	\$71.0	\$72.2
TOTAL	\$326.9	\$384.1	\$421.9	\$450.1

2010-2013 Capital Investments

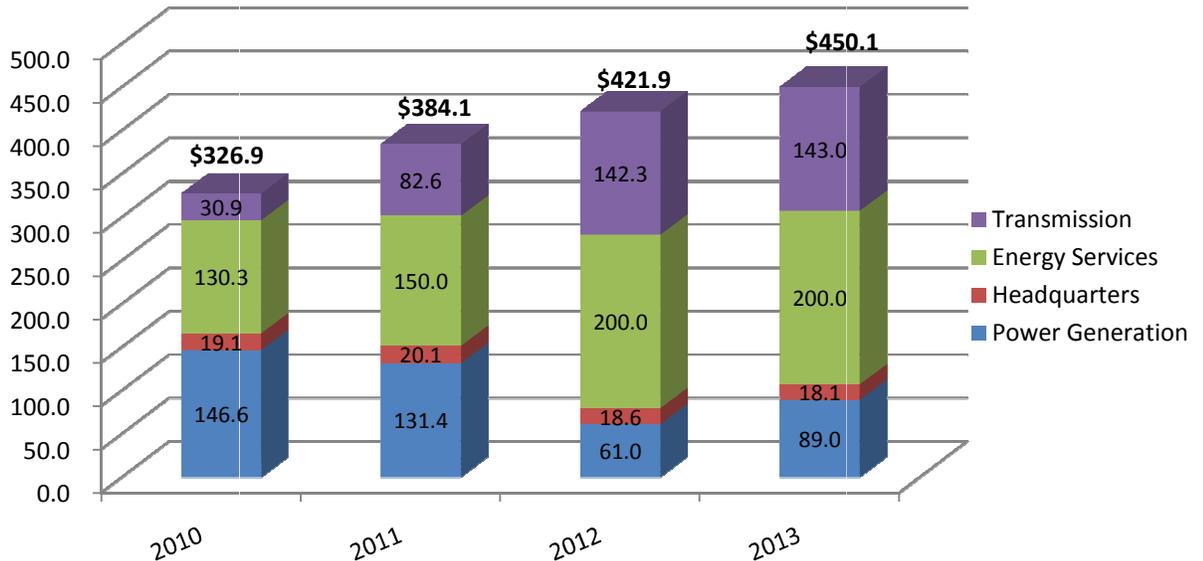


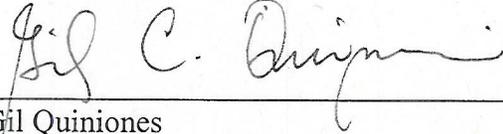
Exhibit "B"
December 15, 2009

**Certification of Assumptions and Method of Estimation for
Budget and Financial Plan 2010-2013 in accordance with the
Comptroller's Regulation § 203.9 Certification**

December 15, 2009

To the Board of Trustees
Power Authority of the State of New York

To the best of my knowledge and belief after reasonable inquiry, I, the undersigned, certify that the "Authority's Method of Estimation for Budget and Financial Plan 2010-2013" is based on reasonable assumptions and methods of estimation and that the regulations enumerated in Part 203, "Budget and Financial Plan Format, Supporting Documentation and Monitoring - Public Authorities" have been satisfied.



Gil Quiniones
Chief Operating Officer

9. **Other Business – Introduction of Rocco Iannarelli**

President Kessel introduced the Authority's new Vice President of Human Resources, Rocco Iannarelli, saying that he had been talking to the Trustees about this appointment for a number of months. He said that Mr. Iannarelli would have a challenging job, working closely with the Trustees, the unions and management at the Authority. In response to a question from Trustee Nicandri, President Kessel said that Mr. Iannarelli's appointment did not require ratification by the Governance Committee. President Kessel said that going forward it made sense to take another look at what positions are subject to Governance Committee or the full board's approval. He asked Ms. Brown to work on this with Trustee Nicandri and Ms. Karen Delince. Trustee Nicandri said that he thought it was important for people in senior positions to know they have the support of the Trustees.

10. Resolution – Arnold M. Bellis

President Kessel said that Mr. Bellis is retiring from the Authority after 30 years and asked that the Trustees pass a resolution in his honor. Trustee Nicandri expressed the Trustees' appreciation to Mr. Bellis for all of his hard work on behalf of the Authority.

WHEREAS, Arnold M. Bellis' diverse and distinguished career of three decades at the New York Power Authority has been marked by an unflinching blend of honesty, integrity and candor that has earned him longstanding recognition as the Financial Conscience of the Power Authority; and

WHEREAS, a succession of Trustee, senior staff and budget meetings, along with innumerable less formal encounters, have been enhanced and enlivened by Mr. Bellis' probing and skeptical questions, his acerbic rejoinders, his irreverent insights and his unflinching insistence that decisions be based on a thorough analysis of the facts; and

WHEREAS, as Vice President-Controller since 1994, Mr. Bellis has vigorously safeguarded the Authority's financial health and defended its general interests in roles as varied as working assiduously to restrain expenditures, spearheading installation of sophisticated data and control systems or fighting to ensure that NYPA received fair value for the sale of its nuclear power plants; and

WHEREAS, he had previously helped to pave the way for that landmark transaction when the Authority, recognizing his unique capabilities, turned to him for a special assignment—which he superbly completed—as head of nuclear business functions at a critical point in the plants' histories; and

WHEREAS, Mr. Bellis' deep understanding of the electric utility business and the Authority's operations were honed through his early service in NYPA's planning and marketing group; his leadership of its corporate planning, information technology and records management units; and his initial promotion to Vice President in 1988, with responsibility first for budgets and then as the Controller for Authority projects; and

WHEREAS, in addition to his own considerable accomplishments, Mr. Bellis, as a demanding but discerning manager, has been a highly respected mentor to numerous NYPA employees, several of whom now serve as senior executives in the organization; and

WHEREAS, his customary outspoken, no-nonsense approach to business has been tempered by a dry sense of humor, his love of golf and his predilection for crossword puzzles, big words and cigars and pipes (lit and unlit); and

WHEREAS, with the precision worthy of a consummate Controller, Mr. Bellis plans to retire from the Power Authority on January 14, 2010, exactly 30 years to the day of his hiring at NYPA;

NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York convey their profound thanks and appreciation to Arnie Bellis for his dedicated and invaluable service to the Authority and for the personal and professional standards he has set, and that they wish him; his wife, Dinah; and their family many years of health, happiness and fulfillment.

December 15, 2009

11. Motion to Conduct an Executive Session

“Mr. Chairman, I move that the Authority conduct an executive session pursuant to Section 105(1)(f) of the Public Officers Law of the State of New York to discuss matters including the appointment, employment, promotion, discipline, suspension, dismissal or removal of a particular person or corporation.” Upon motion made and seconded, an Executive Session was held.

12. **Motion to Resume Meeting in Open Session**

“Mr. Chairman, I move to resume the meeting in Open Session.” Upon motion made and seconded, the meeting resumed in Open Session.

13. **Election of Executive Vice President and Chief Financial Officer**

The Chairman submitted the following report:

SUMMARY

“The Trustees are requested to consider the election of Elizabeth McCarthy of Jericho, New York as Executive Vice President and Chief Financial Officer of the Authority.

BACKGROUND AND DISCUSSION

“Article IV, Section 2 of the Authority’s By-laws provides for the election of certain non-statutory officers by the Trustees. Section 3 of the same Article provides that such non-statutory officers shall hold office for a term expiring at the Trustees’ next Annual Meeting, or until their successors are elected.

RECOMMENDATION

“It is recommended that, pursuant to Article IV of the By-Laws, adopted December 18, 1984, and last amended on February 24, 2009, Elizabeth McCarthy be elected as Executive Vice President and Chief Financial Officer, effective January 4, 2010, to hold such office for a term expiring at the next annual meeting of the Trustees in March 2010, or until her successor is elected.”

President Kessel asked the Trustees to consider electing Ms. Elizabeth McCarthy as the Authority’s new Executive Vice President and Chief Financial Officer.

The following resolution, as submitted by the Chairman, was unanimously adopted.

RESOLVED, That pursuant to Article IV, Section 2 of the Authority’s By-Laws, Elizabeth McCarthy is hereby elected as Executive Vice President and Chief Executive Officer at a salary of \$234,900, effective January 4, 2010, for a term expiring at the next annual meeting of the Trustees in March 2010, or until her successor is elected.

14. Amendments to the Authority's By-laws

The President and Chief Executive Officer submitted the following report:

“The Trustees are requested to amend the Authority’s By-laws to effect certain organizational changes, principally the responsibilities of certain Authority officers. The significant proposed changes are as follows:

- (1) Article IV, Sections 6.C, 6.C and 6.F have been modified to reflect more accurately the responsibilities of both the President and Chief Executive Officer, the Chief Operating Officer and the Executive Vice President and General Counsel.
- (2) Article IV, Section 6.N has been deleted to reflect the elimination of the position of Inspector General, with a corresponding deletion of the reference to such office in Article IV, Section 2.

“A redlined version of the amended By-laws with strikethroughs denoting deletions and underlining reflecting new language is attached as Exhibit ‘14-A.’

“The Chief Operating Officer, the Executive Vice President and General Counsel and I recommend that the Trustees approve the proposed By-laws amendments.”

Ms. Brown presented the highlights of staff’s recommendations to the Trustees. In response to a question from Trustee Nicandri, Ms. Brown said that elimination of the Office of the Inspector General conforms with the requirements of State law.

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

RESOLVED, That the revisions to the By-laws (originally adopted on April 9, 1954, and last amended on February 24, 2009) discussed in the foregoing report of the President and Chief Executive Officer and attached hereto as Exhibit “14-A,” be hereby adopted; and be it further

RESOLVED, That the Chairman, the Vice 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 and General Counsel.

**BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK**

Statutory Authority
Public Authorities Law §1004

Originally AdoptedApril 9, 1954,
and amended..... July 28, 1954;
September 28, 1956;
May 1, 1961;
December 19, 1966;
July 1, 1968;
April 27, 1978;
November 28, 1978;
October 31, 1979;
December 18, 1984;
January 22, 1985;
October 29, 1985;
April 29, 1986;
February 28, 1989;
February 22, 1994;
April 26, 1994;
August 29, 1995;
December 17, 1996;
September 11, 1997;
December 15, 1998;
October 26, 1999;
November 28, 2000;
April 30, 2002;
February 28, 2006;
April 28, 2006;
April 24, 2007;
October 30, 2007
October 28, 2008
February 24, 2009
December 15, 2009

**Power Authority of the State of New York
30 South Pearl Street
Albany, New York 12207**

**BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK**

Table of Contents

ARTICLE I - OFFICES1

SECTION 1. PRINCIPAL OFFICE 1

SECTION 2. OTHER OFFICES 1

SECTION 3. BOOKS AND RECORDS 1

ARTICLE II - TRUSTEES1

SECTION 1. NUMBER, TERM, APPOINTMENT AND VACANCIES 1

SECTION 2. POWERS AND DUTIES 1

ARTICLE III - TRUSTEES' MEETINGS1

SECTION 1. PLACE OF MEETINGS 1

SECTION 2. ANNUAL MEETING 1

SECTION 3. REGULAR MEETINGS 1

SECTION 4. SPECIAL MEETINGS 1

SECTION 5. QUORUM 2

ARTICLE IV - OFFICERS2

SECTION 1. OFFICERS 2

SECTION 2. ELECTION AND APPOINTMENT OF NON-STATUTORY OFFICERS 2

SECTION 3. TERM OF OFFICE 2

SECTION 4. VACANCIES 2

SECTION 5. REMOVAL 2

SECTION 6. POWERS AND DUTIES 3

 A. *Chairman* 3

 B. *Vice Chairman* 3

 C. *President and Chief Executive Officer* 3

 D. *Chief Operating Officer* 3

 E. *Executive Vice President and Chief Engineer – Power Supply* 3

 F. *Executive Vice President and General Counsel* 4

 G. *Executive Vice President – Chief Administrative Officer* 4

 H. *Executive Vice President and Chief Financial Officer* 4

 I. *Executive Vice President – Energy Marketing and Business Development* 4

 J. *Corporate Secretary* 4

 K. *Treasurer* 4

 L. *Controller* 5

 M. *Vice President - Internal Audits* 5

 O. *Succession – Absence or Vacancy of Office of President and Chief Executive Officer* 5

ARTICLE V - COMMITTEES5

SECTION 1. EXECUTIVE MANAGEMENT COMMITTEE 5

SECTION 2. AUDIT COMMITTEE 5

SECTION 3. GOVERNANCE COMMITTEE 5

SECTION 4. OTHER COMMITTEES 6

ARTICLE VI - CORPORATE SEAL6

SECTION 1. SEAL 6

ARTICLE VII - FISCAL MANAGEMENT6

SECTION 1. FISCAL YEAR.....6

SECTION 2. STRATEGIC PLAN.....6

SECTION 3. ANNUAL BUDGETS6

SECTION 4. CAPITAL EXPENDITURE PLAN.....6

SECTION 5. EXPENDITURE AUTHORIZATION PROCEDURES6

SECTION 6. DISBURSEMENT OF FUNDS.....6

ARTICLE VIII - EXECUTION OF INSTRUMENTS.....7

SECTION 1. EXECUTION OF INSTRUMENTS7

ARTICLE IX - AMENDMENT7

SECTION 1. AMENDMENT.....7

ARTICLE X - MISCELLANEOUS7

SECTION 1. ADDITIONAL APPOINTMENTS7

SECTION 2. ANNUAL REPORTS7

SECTION 3. DEFENSE AND INDEMNIFICATION OF TRUSTEES AND EMPLOYEES.....7

SECTION 4. CORPORATE POLICIES AND PROCEDURES7

ARTICLE I - Offices

Section 1. Principal Office

The principal office of the Power Authority of the State of New York (hereinafter referred to as the "Authority") shall be its Albany Office.

Section 2. Other Offices

The Authority may also have offices at such other places as the Trustees may from time to time determine or the business of the Authority may require.

Section 3. Books and Records

Except as otherwise determined by the Trustees, or as the business of the Authority may require, all books and records of the Authority shall be kept at its White Plains, New York office.

ARTICLE II - Trustees

Section 1. Number, Term, Appointment and Vacancies

The number and term of Trustees and the appointment and process of filling vacancies shall be governed by Title 1 of Article 5 of the Public Authorities Law, Chapter 870, Laws of New York, 1939, as amended (hereinafter referred to as "Power Authority Act").

Section 2. Powers and Duties

The powers and duties of the Trustees shall be governed by the Power Authority Act and the applicable provisions of the Public Authorities Accountability Act of 2005. To implement these powers and duties, the Trustees shall oversee the Authority's chief executive and other senior management in the effective and ethical management of the Authority; understand, review and monitor financial, management and operational decisions of the Authority and to review and approve annually the policies and procedures governing: (i) the salary, (ii) compensation, (iii) benefits and (iv) time and attendance of the chief executive and senior management.

ARTICLE III - Trustees' Meetings

Section 1. Place of Meetings

Meetings of the Trustees shall be held at the principal office of the Authority or at such other place as the Trustees may from time to time designate.

Section 2. Annual Meeting

The annual meeting of the Trustees shall be held in March of each year, unless otherwise determined by them and at such time and place as the Trustees may from time to time designate.

Section 3. Regular Meetings

Regular meetings of the Trustees shall be held in accordance with a schedule adopted annually by the Trustees for that purpose and may be changed from time to time within that year by the Chairman in consultation with the Trustees.

Section 4. Special Meetings

Special meetings of the Trustees may be called by the Chairman or Vice Chairman or upon the request of any three Trustees. The Corporate Secretary shall give notice of the time, place and purpose or purposes of each

special meeting by mail at least three days before the meeting or in person or by telephone or facsimile or by other electronic communication at least two days before the meeting to each Trustee. The notice required to be given under this section may be waived by the Trustee to whom such notice is required to be given.

Section 5. Quorum

At all Trustees' meetings, the presence of four Trustees shall be necessary to constitute a quorum and shall be sufficient for the transaction of business. Any act shall be sufficient for the transaction of business if such four Trustees are in agreement and any act of such four Trustees present at a meeting and which constitutes a quorum shall be an act of the Trustees.

ARTICLE IV - Officers

Section 1. Officers

The statutory officers of the Authority shall be a Chairman and a Vice Chairman, whose offices are created by and named in Section 1004 of the Public Authorities Law and who shall be chosen from among the Trustees; the non-statutory officers of the Authority shall be a President and Chief Executive Officer, a Chief Operating Officer, one or more Executive Vice Presidents, an Executive Vice President and General Counsel, a Corporate Secretary, a Treasurer, a Controller, and such other officers as may be deemed necessary by the President and Chief Executive Officer to transact the business and exercise the general and special powers of the Authority, all of whom shall be employees of the Authority.

Section 2. Election and Appointment of non-statutory Officers

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President – and Chief Engineer – Power Supply, the Executive Vice President – Chief Administrative Officer, Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and the Corporate Secretary shall be elected annually at the annual Trustees' meeting. In addition, such officers may be elected from time to time at any regular or special meeting of the Trustees. All other officers of the Authority shall be appointed by and serve at the pleasure of the President and Chief Executive Officer, except that the Vice President – Internal Audits shall be appointed by and serve at the pleasure of the Audit Committee.

Section 3. Term of Office

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Corporate Secretary, the Executive Vice President and Chief Engineer - Power Supply, the Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and the Executive Vice President – Chief Administrative Officer shall hold office for a term expiring at the next annual Trustees' meeting or until their successors are elected.

Section 4. Vacancies

The Trustees may leave unfilled any office except those of Chairman, Vice Chairman, President and Chief Executive Officer, Chief Operating Officer, Executive Vice President and General Counsel, or Corporate Secretary.

Section 5. Removal

Any officer elected by the board or appointed pursuant to Section two herein shall be subject to removal at any time by the appointing authority with or without cause.

Section 6. Powers and Duties

A. Chairman

The Chairman shall preside at all meetings of the Trustees and shall on behalf of the Trustees oversee the Authority's chief executive and senior management in the effective and ethical management of the Authority. The Chairman may appoint such assistants and employees as he may deem necessary in order to perform such function and may fix their power, duties and compensations. The Chairman may delegate to the Vice Chairman, President and Chief Executive Officer, or other officer or officers such of the Chairman's powers and functions in the general supervision of the business of the Authority.

B. Vice Chairman

The Vice Chairman shall possess such powers and shall perform such duties as may be assigned to him from time to time by the Trustees. The Vice Chairman shall be Acting Chairman in the absence or incapacity of the Chairman and shall assume the powers and perform all duties of the Chairman if the Chairman is unable to perform such duties for any reason. The Vice Chairman, when acting in the capacity of Acting Chairman under this section, may delegate the powers or duties of Chairman to another Trustee or the President and Chief Executive Officer during the period of disability or incapacity of the Chairman.

C. President and Chief Executive Officer

The President, when elected by the Trustees, shall be the Chief Executive Officer of the Authority and subject to such supervision as the Chairman or the Trustees may from time to time exercise, shall have such duties and powers as hereinafter described and as customarily pertain to such office. The President and Chief Executive Officer shall be responsible for developing and implementing the strategic vision and mission of the Authority and for the supervision of all of the Authority's operations. He or she shall have primary responsibility for the Authority's legal and financial matters and the activities of all other Authority business units, except those assigned to the Chief Operating Officer who shall report to the Chief Executive Officer on such matters. The President and Chief Executive Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chairman and/or the Corporate Secretary. The President and Chief Executive Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any non-statutory officers of the Authority.

D. Chief Operating Officer

The Chief Operating Officer, when elected by the Trustees, shall have such duties and powers as hereinafter described and as customarily pertain to such office. The Chief Operating Officer shall manage and monitor the day-to-day operations of the Authority and shall report on same to the President and Chief Executive Officer. Except as may be prescribed by the Chairman or the Trustees, the Chief Operating Officer shall have primary responsibility for the operation and maintenance of all of NYPA's generation and transmission facilities; energy resource management; generation and transmission planning and development; licensing and construction; technical and operational compliance; and environmental health and safety. The Chief Operating Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chairman and/or the Corporate Secretary. The Chief Operating Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any non-statutory officers of the Authority.

E. Executive Vice President and Chief Engineer – Power Supply

The Executive Vice President and Chief Engineer – Power Supply shall be responsible for the safe, reliable and cost-effective operation and maintenance of all Authority generating and transmission facilities; all engineering, construction, maintenance and project management services and staff functions of business development and asset management, environmental health and safety, technical training and project development and licensing.

F. Executive Vice President and General Counsel

There shall be an Executive Vice President and General Counsel of the Authority, who shall report to both the Trustees and the President and Chief Executive Officer and be the chief legal officer of the Authority. In that capacity, he or she shall advise and represent the Authority generally in all legal matters and proceedings, including legislative proceedings, shall designate those employees who shall be eligible to accept service of process on behalf of the Authority and possess such powers and shall have general supervision over the property, business and affairs of the Office of the General Counsel. In addition, the Executive Vice President and General Counsel, together with the Chairman and Board of Trustees, shall supervise and direct the activities of the Office of the Corporate Secretary and the Vice-President Labor Relations and Chief Ethics and Compliance Officer.

G. Executive Vice President – Chief Administrative Officer

The Executive Vice President – Chief Administrative Officer, shall supervise the Authority's procurement of goods and services, its real estate, fleet management and information technology operations and shall implement and manage its human resource policies.

H. Executive Vice President and Chief Financial Officer

The Executive Vice President and Chief Financial Officer shall supervise and direct the activities of the Business Services Division, give advice to the President and Chief Executive Officer regarding financial and investment policies of the Authority, supervise the Authority's investment program, recommend and implement financial policies of the Authority, participate in the preparation of the financial reports of the Authority required by applicable law.

I. Executive Vice President – Energy Marketing and Business Development

The Executive Vice President – Energy Marketing and Business Development shall manage and direct the Authority's client-based programs, its economic development, energy services and technology, and power resource planning and acquisition activities and the development of new products and programs.

J. Corporate Secretary

The Corporate Secretary shall report to the Chairman and Board of Trustees and to the Executive Vice President and General Counsel and attend all meetings of the Trustees and record all votes and shall keep a record of the proceedings of the Trustees in a Minute Book to be kept for that purpose. The Corporate Secretary shall cause notice to be given of all meetings of the Trustees and shall be custodian of the records of the actions of the Trustees and shall keep in safe custody the seal of the Authority and shall have the authority to affix such seal to all documents and papers authorized to be executed by the Trustees or officers of the Authority requiring such seal to be affixed. The Corporate Secretary shall attest to the signatures of the Trustees and officers of the Authority and shall have the authority to cause copies to be made of all minutes, resolutions, records and documents of the Authority and to deliver certificates under seal to the effect that such copies are true and accurate and that all persons dealing with the Authority may rely on same.

K. Treasurer

The Treasurer shall have general custody of all funds and securities of the Authority and have general supervision of the collection and disbursement of Authority funds and shall endorse on behalf of the Authority for collection checks, notes and other obligations, and shall deposit the same to the credit of the Authority in such bank or banks or depositories as the Trustees may designate. The Treasurer may sign with the President and Chief Executive Officer, or such other person or persons as may be designated for such purpose by the Trustees, all bills of exchange or promissory notes of the Authority.

L. Controller

The Controller shall be in charge of the accounting operations, the preparation of fiscal accounts and the coordination of all external audits of the Authority.

M. Vice President - Internal Audits

There shall be a separate Office of Internal Audits which shall report to the Audit Committee and shall have such other powers and perform such other duties as customarily pertain to such officer and as may be assigned to it by the Chairman and the President and Chief Executive Officer. The Vice President of Internal Audits shall meet at least three times per year with the Audit Committee.

O. Succession – Absence or Vacancy of Office of President and Chief Executive Officer

In the event of the incapacity or absence of the President and Chief Executive Officer, the Chief Operating Officer shall perform the duties of President and Chief Executive Officer. If the office of Chief Operating Officer is vacant or the incumbent is absent, then the Executive Vice President and Chief Engineer – Power Supply shall perform the duties of the President and Chief Executive Officer. If the offices of Chief Operating Officer and Executive Vice President and Chief Engineer – Power Supply is vacant or the respective incumbents are absent, then the Executive Vice President – General Counsel shall perform the duties of the President and Chief Executive Officer. If the offices of Chief Operating Officer, Executive Vice President and Chief Engineer – Power Supply and Executive Vice President and General Counsel are vacant or the respective incumbents are absent, then the Executive Vice President – Chief Financial Officer shall perform the duties of the President and Chief Executive Officer.

ARTICLE V - Committees

Section 1. Executive Management Committee

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Engineer - Power Supply, the Executive Vice President – Chief Administrative Officer, the Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and such other officers as the President and Chief Executive Officer may from time to time designate shall be members of an Executive Management Committee which shall periodically review and propose Authority corporate strategies, policies and programs and shall report on and make recommendations, with the Chairman's concurrence, to the Trustees. Any officer so designated shall serve on the Executive Management Committee at the pleasure of the President and Chief Executive Officer.

The President and Chief Executive Officer, or in his absence or disability his designee, shall preside at Executive Management Committee meetings, which shall meet quarterly or more often as the President and Chief Executive Officer may designate.

Section 2. Audit Committee

The Audit Committee shall consist of three eligible Trustees and have oversight of such activities of the Authority as set forth in the Audit Committee Charter adopted by the Trustees and may exercise such powers as the Trustees shall from time to time determine.

Section 3. Governance Committee

The Governance Committee shall consist of three eligible Trustees, and have oversight of such activities of the Authority as set forth in the Governance Committee Charter adopted by the Trustees and may exercise such powers as the Trustees shall from time to time determine.

Section 4. Other Committees

The Trustees or the Chairman may appoint other committees which shall have and may exercise such powers as shall be authorized by the Trustees or by actions of the Chairman or President and Chief Executive Officer.

ARTICLE VI - Corporate Seal

Section 1. Seal

The seal of the Authority shall be a design symbolizing its activities and shall be surrounded by the words "Power Authority of the State of New York" as shown by the following impression of such seal:



ARTICLE VII - Fiscal Management

Section 1. Fiscal Year

The Trustees shall have the power to fix, and may, from time to time change by resolution, the fiscal year of the Authority. Unless otherwise fixed by the Trustees, the calendar year shall be the fiscal year.

Section 2. Strategic Plan

The Trustees shall annually review a strategic plan developed by the Executive Management Committee which shall become the basis for the development of departmental plans, the annual budget and the capital expenditure plan.

Section 3. Annual Budgets

The Trustees shall annually adopt an operation and maintenance budget and a capital budget for the Authority's operating facilities and support departments.

Section 4. Capital Expenditure Plan

The Trustees shall review an annual capital expenditure plan which shall summarize all present and proposed capital projects.

Section 5. Expenditure Authorization Procedures

The Trustees shall adopt expenditure authorization procedures which shall govern the annual budget, capital expenditure plan, contract executions and all approval authorizations.

Section 6. Disbursement of Funds

The Trustees, except as otherwise provided in these By-laws, may authorize any officer or other employee to execute any requisition, voucher, draft or check for the disbursement or transfer of funds of the Authority.

ARTICLE VIII - Execution of Instruments

Section 1. Execution of Instruments

The Trustees, except as otherwise provided in these By-laws, may authorize any officer, employee or agent pursuant to the expenditure authorization procedures or otherwise, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such power to execute and deliver may be general or specific; unless so authorized, no officer, employee or agent shall have any power or authority to bind the Authority by any contract or engagement or pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

ARTICLE IX - Amendment

Section 1. Amendment

The Trustees shall have the power to amend, alter or repeal any provision or provisions of these By-laws at any regular or special meeting.

ARTICLE X - Miscellaneous

Section 1. Additional Appointments

The Chief Operating Officer shall appoint all regional managers and site executive officers. The Trustees may extend employment contracts to one or more officers of the Authority, in order to insure continuity of senior management.

Section 2. Annual Reports

The Trustees shall submit an annual report, as prescribed by the Public Authorities Law, within ninety days after the close of the fiscal year.

Section 3. Defense and Indemnification of Trustees and Employees

The provisions of the Defense and Indemnification Policy ("Policy") of the Authority as amended and adopted on April 26, 1994, and the provisions of the resolution as amended and adopted by the Authority on April 26, 1994, conferring the benefits of Section 18 of the New York Public Officers Law ("POL § 18") on the Authority's Trustees and Employees and agreeing to be held liable for the costs thereof, shall constitute a contract between the Authority and each of its Trustees and Employees, as such persons are defined in the Policy, and the Authority agrees that the benefits thereof shall be made available to each Trustee or Employee with respect to any act or omission which has occurred or may in the future occur during the period such Policy and the resolution conferring the benefits of POL § 18 are in effect, and no amendment to such Policy or such resolution which modifies the provisions thereof shall take effect with respect to any act or omission of a Trustee or Employee which occurred prior to the effective date of such amendment unless the effect of such amendment is to increase the defense and indemnification protection afforded to such Trustee or Employee prior to such effective date.

Section 4. Corporate Policies and Procedures

Unless otherwise provided by statute or these By-laws, every officer or employee of the Authority shall be subject to the Authority's corporate policies and procedures as embodied in its corporate policies program.

**BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK**

Statutory Authority
Public Authorities Law §1004

Originally AdoptedApril 9, 1954,
and amended..... July 28, 1954;
September 28, 1956;
May 1, 1961;
December 19, 1966;
July 1, 1968;
April 27, 1978;
November 28, 1978;
October 31, 1979;
December 18, 1984;
January 22, 1985;
October 29, 1985;
April 29, 1986;
February 28, 1989;
February 22, 1994;
April 26, 1994;
August 29, 1995;
December 17, 1996;
September 11, 1997;
December 15, 1998;
October 26, 1999;
November 28, 2000;
April 30, 2002;
February 28, 2006;
April 28, 2006;
April 24, 2007;
October 30, 2007
October 28, 2008
February 24, 2009

**Power Authority of the State of New York
30 South Pearl Street
Albany, New York 12207**

**BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK**

Table of Contents

ARTICLE I - OFFICES1

SECTION 1. PRINCIPAL OFFICE 1

SECTION 2. OTHER OFFICES 1

SECTION 3. BOOKS AND RECORDS 1

ARTICLE II - TRUSTEES1

SECTION 1. NUMBER, TERM, APPOINTMENT AND VACANCIES 1

SECTION 2. POWERS AND DUTIES 1

ARTICLE III - TRUSTEES' MEETINGS1

SECTION 1. PLACE OF MEETINGS 1

SECTION 2. ANNUAL MEETING 1

SECTION 3. REGULAR MEETINGS 1

SECTION 4. SPECIAL MEETINGS 1

SECTION 5. QUORUM 2

ARTICLE IV - OFFICERS2

SECTION 1. OFFICERS 2

SECTION 2. ELECTION AND APPOINTMENT OF NON-STATUTORY OFFICERS 2

SECTION 3. TERM OF OFFICE 2

SECTION 4. VACANCIES 2

SECTION 5. REMOVAL 2

SECTION 6. POWERS AND DUTIES 3

 A. *Chairman* 3

 B. *Vice Chairman* 3

 C. *President and Chief Executive Officer* 3

 D. *Chief Operating Officer* 3

 E. *Executive Vice President and Chief Engineer – Power Supply* 3

 F. *Executive Vice President and General Counsel* 4

 G. *Executive Vice President – Chief Administrative Officer* 4

 H. *Executive Vice President and Chief Financial Officer* 4

 I. *Executive Vice President – Energy Marketing and Business Development* 4

 J. *Corporate Secretary* 4

 K. *Treasurer* 4

 L. *Controller* 5

 M. *Vice President - Internal Audits* 5

 O. *Succession – Absence or Vacancy of Office of President and Chief Executive Officer* 5

ARTICLE V - COMMITTEES5

SECTION 1. EXECUTIVE MANAGEMENT COMMITTEE 5

SECTION 2. AUDIT COMMITTEE 5

SECTION 3. GOVERNANCE COMMITTEE 5

SECTION 4. OTHER COMMITTEES 6

ARTICLE VI - CORPORATE SEAL6

SECTION 1. SEAL 6

ARTICLE VII - FISCAL MANAGEMENT6

SECTION 1. FISCAL YEAR.....6

SECTION 2. STRATEGIC PLAN.....6

SECTION 3. ANNUAL BUDGETS6

SECTION 4. CAPITAL EXPENDITURE PLAN.....6

SECTION 5. EXPENDITURE AUTHORIZATION PROCEDURES6

SECTION 6. DISBURSEMENT OF FUNDS.....6

ARTICLE VIII - EXECUTION OF INSTRUMENTS.....7

SECTION 1. EXECUTION OF INSTRUMENTS7

ARTICLE IX - AMENDMENT7

SECTION 1. AMENDMENT.....7

ARTICLE X - MISCELLANEOUS7

SECTION 1. ADDITIONAL APPOINTMENTS7

SECTION 2. ANNUAL REPORTS7

SECTION 3. DEFENSE AND INDEMNIFICATION OF TRUSTEES AND EMPLOYEES.....7

SECTION 4. CORPORATE POLICIES AND PROCEDURES7

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Section 1. Principal Office

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The Authority may also have offices at such other places as the Trustees may from time to time determine or the business of the Authority may require.

Section 3. Books and Records

Except as otherwise determined by the Trustees, or as the business of the Authority may require, all books and records of the Authority shall be kept at its White Plains, New York office.

ARTICLE II - Trustees

Section 1. Number, Term, Appointment and Vacancies

The number and term of Trustees and the appointment and process of filling vacancies shall be governed by Title 1 of Article 5 of the Public Authorities Law, Chapter 870, Laws of New York, 1939, as amended (hereinafter referred to as "Power Authority Act").

Section 2. Powers and Duties

The powers and duties of the Trustees shall be governed by the Power Authority Act and the applicable provisions of the Public Authorities Accountability Act of 2005. To implement these powers and duties, the Trustees shall oversee the Authority's chief executive and other senior management in the effective and ethical management of the Authority; understand, review and monitor financial, management and operational decisions of the Authority and to review and approve annually the policies and procedures governing: (i) the salary, (ii) compensation, (iii) benefits and (iv) time and attendance of the chief executive and senior management.

ARTICLE III - Trustees' Meetings

Section 1. Place of Meetings

Meetings of the Trustees shall be held at the principal office of the Authority or at such other place as the Trustees may from time to time designate.

Section 2. Annual Meeting

The annual meeting of the Trustees shall be held in March of each year, unless otherwise determined by them and at such time and place as the Trustees may from time to time designate.

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Regular meetings of the Trustees shall be held in accordance with a schedule adopted annually by the Trustees for that purpose and may be changed from time to time within that year by the Chairman in consultation with the Trustees.

Section 4. Special Meetings

Special meetings of the Trustees may be called by the Chairman or Vice Chairman or upon the request of any three Trustees. The Corporate Secretary shall give notice of the time, place and purpose or purposes of each

special meeting by mail at least three days before the meeting or in person or by telephone or facsimile or by other electronic communication at least two days before the meeting to each Trustee. The notice required to be given under this section may be waived by the Trustee to whom such notice is required to be given.

Section 5. Quorum

At all Trustees' meetings, the presence of four Trustees shall be necessary to constitute a quorum and shall be sufficient for the transaction of business. Any act shall be sufficient for the transaction of business if such four Trustees are in agreement and any act of such four Trustees present at a meeting and which constitutes a quorum shall be an act of the Trustees.

ARTICLE IV - Officers

Section 1. Officers

The statutory officers of the Authority shall be a Chairman and a Vice Chairman, whose offices are created by and named in Section 1004 of the Public Authorities Law and who shall be chosen from among the Trustees; the non-statutory officers of the Authority shall be a President and Chief Executive Officer, a Chief Operating Officer, one or more Executive Vice Presidents, an Executive Vice President and General Counsel, a Corporate Secretary, a Treasurer, a Controller, and such other officers as may be deemed necessary by the President and Chief Executive Officer to transact the business and exercise the general and special powers of the Authority, all of whom shall be employees of the Authority.

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The Treasurer shall have general custody of all funds and securities of the Authority and have general supervision of the collection and disbursement of Authority funds and shall endorse on behalf of the Authority for collection checks, notes and other obligations, and shall deposit the same to the credit of the Authority in such bank or banks or depositories as the Trustees may designate. The Treasurer may sign with the President and Chief Executive Officer, or such other person or persons as may be designated for such purpose by the Trustees, all bills of exchange or promissory notes of the Authority.

L. Controller

The Controller shall be in charge of the accounting operations, the preparation of fiscal accounts and the coordination of all external audits of the Authority.

M. Vice President - Internal Audits

There shall be a separate Office of Internal Audits which shall report to the Audit Committee and shall have such other powers and perform such other duties as customarily pertain to such officer and as may be assigned to it by the Chairman and the President and Chief Executive Officer. The Vice President of Internal Audits shall meet at least three times per year with the Audit Committee.

O. Succession – Absence or Vacancy of Office of President and Chief Executive Officer

In the event of the incapacity or absence of the President and Chief Executive Officer, the Chief Operating Officer shall perform the duties of President and Chief Executive Officer. If the office of Chief Operating Officer is vacant or the incumbent is absent, then the Executive Vice President and Chief Engineer – Power Supply shall perform the duties of the President and Chief Executive Officer. If the offices of Chief Operating Officer and Executive Vice President and Chief Engineer – Power Supply is vacant or the respective incumbents are absent, then the Executive Vice President – General Counsel shall perform the duties of the President and Chief Executive Officer. If the offices of Chief Operating Officer, Executive Vice President and Chief Engineer – Power Supply and Executive Vice President and General Counsel are vacant or the respective incumbents are absent, then the Executive Vice President – Chief Financial Officer shall perform the duties of the President and Chief Executive Officer.

ARTICLE V - Committees

Section 1. Executive Management Committee

The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Engineer - Power Supply, the Executive Vice President – Chief Administrative Officer, the Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Business Development and such other officers as the President and Chief Executive Officer may from time to time designate shall be members of an Executive Management Committee which shall periodically review and propose Authority corporate strategies, policies and programs and shall report on and make recommendations, with the Chairman's concurrence, to the Trustees. Any officer so designated shall serve on the Executive Management Committee at the pleasure of the President and Chief Executive Officer.

The President and Chief Executive Officer, or in his absence or disability his designee, shall preside at Executive Management Committee meetings, which shall meet quarterly or more often as the President and Chief Executive Officer may designate.

Section 2. Audit Committee

The Audit Committee shall consist of three eligible Trustees and have oversight of such activities of the Authority as set forth in the Audit Committee Charter adopted by the Trustees and may exercise such powers as the Trustees shall from time to time determine.

Section 3. Governance Committee

The Governance Committee shall consist of three eligible Trustees, and have oversight of such activities of the Authority as set forth in the Governance Committee Charter adopted by the Trustees and may exercise such powers as the Trustees shall from time to time determine.

Section 4. Other Committees

The Trustees or the Chairman may appoint other committees which shall have and may exercise such powers as shall be authorized by the Trustees or by actions of the Chairman or President and Chief Executive Officer.

ARTICLE VI - Corporate Seal

Section 1. Seal

The seal of the Authority shall be a design symbolizing its activities and shall be surrounded by the words "Power Authority of the State of New York" as shown by the following impression of such seal:



ARTICLE VII - Fiscal Management

Section 1. Fiscal Year

The Trustees shall have the power to fix, and may, from time to time change by resolution, the fiscal year of the Authority. Unless otherwise fixed by the Trustees, the calendar year shall be the fiscal year.

Section 2. Strategic Plan

The Trustees shall annually review a strategic plan developed by the Executive Management Committee which shall become the basis for the development of departmental plans, the annual budget and the capital expenditure plan.

Section 3. Annual Budgets

The Trustees shall annually adopt an operation and maintenance budget and a capital budget for the Authority's operating facilities and support departments.

Section 4. Capital Expenditure Plan

The Trustees shall review an annual capital expenditure plan which shall summarize all present and proposed capital projects.

Section 5. Expenditure Authorization Procedures

The Trustees shall adopt expenditure authorization procedures which shall govern the annual budget, capital expenditure plan, contract executions and all approval authorizations.

Section 6. Disbursement of Funds

The Trustees, except as otherwise provided in these By-laws, may authorize any officer or other employee to execute any requisition, voucher, draft or check for the disbursement or transfer of funds of the Authority.

ARTICLE VIII - Execution of Instruments

Section 1. Execution of Instruments

The Trustees, except as otherwise provided in these By-laws, may authorize any officer, employee or agent pursuant to the expenditure authorization procedures or otherwise, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such power to execute and deliver may be general or specific; unless so authorized, no officer, employee or agent shall have any power or authority to bind the Authority by any contract or engagement or pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

ARTICLE IX - Amendment

Section 1. Amendment

The Trustees shall have the power to amend, alter or repeal any provision or provisions of these By-laws at any regular or special meeting.

ARTICLE X - Miscellaneous

Section 1. Additional Appointments

The Chief Operating Officer shall appoint all regional managers and site executive officers. The Trustees may extend employment contracts to one or more officers of the Authority, in order to insure continuity of senior management.

Section 2. Annual Reports

The Trustees shall submit an annual report, as prescribed by the Public Authorities Law, within ninety days after the close of the fiscal year.

Section 3. Defense and Indemnification of Trustees and Employees

The provisions of the Defense and Indemnification Policy ("Policy") of the Authority as amended and adopted on April 26, 1994, and the provisions of the resolution as amended and adopted by the Authority on April 26, 1994, conferring the benefits of Section 18 of the New York Public Officers Law ("POL § 18") on the Authority's Trustees and Employees and agreeing to be held liable for the costs thereof, shall constitute a contract between the Authority and each of its Trustees and Employees, as such persons are defined in the Policy, and the Authority agrees that the benefits thereof shall be made available to each Trustee or Employee with respect to any act or omission which has occurred or may in the future occur during the period such Policy and the resolution conferring the benefits of POL § 18 are in effect, and no amendment to such Policy or such resolution which modifies the provisions thereof shall take effect with respect to any act or omission of a Trustee or Employee which occurred prior to the effective date of such amendment unless the effect of such amendment is to increase the defense and indemnification protection afforded to such Trustee or Employee prior to such effective date.

Section 4. Corporate Policies and Procedures

Unless otherwise provided by statute or these By-laws, every officer or employee of the Authority shall be subject to the Authority's corporate policies and procedures as embodied in its corporate policies program.

15. Use of Net Revenues Produced by Sale of Expansion Power as Industrial Incentive Awards

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to: (1) approve a revised Economic Development Plan that will provide for the use of net revenues from the sale of Expansion Power (calendar years 2010-2029) for economic development assistance to support the Canal Side Development Project described below; (2) approve an Industrial Incentive Award (‘IIA’) to the Erie Canal Harbor Development Corporation (‘ECHDC’) in the amount of \$3.7 million per year for 20 years to enable ECHDC to secure the necessary funding for the Canal Side Development Project and (3) authorize Authority staff to take all actions necessary to modify the Authority’s current payment stream under the Niagara Relicensing Settlement Agreement (‘Settlement Agreement’) to an equivalent (in present-value terms) payment stream of \$4.7 million per year over a period of 20 years to provide additional support necessary for the Canal Side Development Project funding.

BACKGROUND

“ECHDC, a subsidiary of the Empire State Development Corporation/Urban Development Corporation (‘ESDC’), was created in 2005 to develop the City of Buffalo’s harbor waterfront. It is sponsoring a major economic development project known as the Canal Side Development Project (‘Canal Project’).

“The Canal Project has been described as a ‘public/private investment consisting of 1,075,000 square feet of retail, cultural, residential, and office space on 23 development parcels within approximately 20 acres of land in downtown Buffalo.’ The Canal Project is intended to revitalize Buffalo’s inner harbor, and restore the area’s waterfront vitality through a combination of residential, commercial, open space and cultural elements. According to ECHDC, when fully complete, the Canal Project has the potential to generate approximately 1,000 new jobs, almost \$9.5 million in annual sales-tax revenues and \$1.2 million in new yearly property taxes for the City of Buffalo. ECHDC states that over the course of 20 years, the Canal Project will generate approximately \$189 million in sales tax revenue.

“Authority staff has been in discussions with ECHDC to explore additional sources of financial support for the Canal Project. Staff has identified two possible sources of financial support for the Canal Project: (1) a modification of the Authority’s payment schedule under the Settlement Agreement; and (2) an IIA from net revenues from the sale of Expansion Power.

“Under the present terms of the Settlement Agreement, the Authority is providing ECHDC with \$3.5 million per year for the 50-year term of the Niagara Project license to support economic development and revitalization within the vicinity of the Buffalo waterfront. To date, two of the payments have been made, leaving 48 annual payments remaining, representing a present value of approximately \$56 million.

“Regarding IIAs, under Public Authorities Law (‘PAL’) §1005 (eighth unnumbered paragraph) and Economic Development Law §188, the Authority is directed, no less than annually, to identify net revenues and submit, for Economic Development Power Allocation Board (‘EDPAB’) approval, an Economic Development Plan (‘Plan’) for the use of such revenues as IIAs. Net revenues are defined by PAL §1005 as any excess of revenues properly allocated to sales of Expansion Power over the costs and expenses properly allocated to such sales.

“At its meeting of May 18, 2009, EDPAB approved a modified Plan. Under this modified Plan, IIAs were made available to companies in New York State that are at identifiable risk of closure or relocation to another state. EDPAB also extended the Plan until 2010 and approved IIAs to three companies for up to three years. The annual amount of these three awards was \$3.9 million. At its meeting of October 26, 2009, EDPAB extended the Plan to cover the period 2010 through 2016. At the same meeting, EDPAB approved a provisional IIA to Computer Associates for the period May 2010 through May 2016 and an extension of Computer Associates’ Economic Development Power allocation to December 31, 2016.

DISCUSSION

“ESDC has pledged monies to finance the planned Canal Project, which is estimated to cost approximately \$300 million. ECHDC needs an additional \$105 million (present-value amount) to support the Canal Project. According to ECHDC, the \$105 million need may be met by securing a payment stream of \$8.4 million annually over 20 years. By securitizing (i.e., borrowing against) this payment stream, ECHDC has indicated that it can obtain the remaining \$105 million in funding necessary for the Canal Project.

“Authority staff has been in discussions with ECHDC to explore additional sources of financial support for the Canal Project. The Authority can provide the required \$8.4 million payment stream to enable ECHDC to satisfy its stated funding need. The payment stream would consist of the following two components.

“The first component would derive from a revision to the Authority’s scheduled payments to ECHDC provided under its Settlement Agreement. In summary, the Authority would convert the \$3.5 million payment stream for the remaining 48 years to an equivalent (in present-value terms) payment stream of \$4.7 million per year over a period of 20 years.

“The second component would consist of an IIA to ECHDC in the amount of \$3.7 million per year for 20 years (2010-2029) from Expansion Power net revenues pursuant to of PAL §1005 (eighth unnumbered paragraph). This provision authorizes the Authority to make available net revenues earned from the sale of Expansion Power for ‘industrial incentive awards ... in conformance with an economic development plan covering all such net revenues.’ As discussed above, this component would require an amendment to the current Economic Development Plan to extend the term of the Plan and authorize the use of net revenues for the award to ECHDC. This amendment would add to the list of permissible uses of IIAs previously approved by EDPAB and the Authority.

“EDPAB will be asked to consider the proposed amendment to the Economic Development Plan, as well as the IIA to ECHDC, at its next meeting.

FISCAL INFORMATION

“Expansion Power net revenues, which are used to support the IIA Program, typically range between \$7 and \$10 million per year. Thus, this award would assign roughly one-third to one-half of the annual amounts to this purpose. Since the conversion of the Settlement Agreement’s payment stream to a 20-year payment period rather than the current 48 remaining payments will not change the value of the Agreement in present-value terms, it will not have a significant impact on the Authority’s finances.

RECOMMENDATION

“It is recommended that the Trustees approve the amendment to the Economic Development Plan for Industrial Incentive Awards to provide for the use of net revenues from the sale of Expansion Power (calendar years 2010-2029) for economic development assistance to support the Canal Side Development Project as discussed above.

“It is also recommended that the Trustees approve an Industrial Incentive Award to the Erie County Harbor Development Corporation in the amount of \$3.7 million per year for 20 years (2010-2029). The Industrial Incentive Award would be provided for the sole purpose of enabling the Erie County Harbor Development Corporation to secure the necessary funding for the Canal Side Development Project, and annual payment of the Industrial Incentive Award would be contingent upon satisfaction of such conditions and execution of such documents as the Executive Vice President and General Counsel may require to ensure that such funds are used for the stated purpose of supporting the Canal Side Development Project.

“It is also recommended that the Trustees authorize a conversion of the Authority’s payment schedule under the Niagara Project Relicensing Settlement Agreement to an equivalent (in present-value terms) payment stream of \$4.7 million per year over a period of 20 years.”

President Kessel presented the highlights of staff's recommendations to the Trustees. He thanked Ms. Brown and Mr. Russak and the team of people who worked with them to make this project happen. He also thanked Mr. Del Sindaco for bringing up securitization of the project as a possibility. President Kessel asked Ms. Brown and Trustee Curley to do all the work needed to implement the project as quickly as possible, noting that it is also subject to EDPAB ratification. He commended Governor Paterson and his staff and the Authority's Trustees for their vision with respect to the project. Trustee Curley said he was delighted to move that the resolution be adopted, saying that in doing so the Trustees would be giving their "conceptual approval" of the project and that the Authority was not bound completely by this vote, since the approval of EDPAB and the Empire State Development Corporation was also required. Chairman Townsend said that Trustee Elise Cusack had asked to have the following statement entered into the record, since she could not be at today's meeting:

Although I'm not able to attend today's meeting due to the funeral of a very close family friend, I wanted to be sure to have my comments on record regarding our vote today on the acceleration of investment in the Buffalo waterfront. As a proud Western New Yorker, I can personally tell you how long we as a community have anxiously awaited this incredible boost to our ongoing economic development efforts. It is beyond excitement and amazement to me that my young children will only know Buffalo and Western New York as a destination defined by a vibrant waterfront. And I will be forever proud to let them know that as a Trustee of the New York Power Authority I had a small part in making our community's long-anticipated dreams a reality. I thank our President Richie Kessel and Governor David Paterson and the countless others who worked tirelessly to make this project happen and wholeheartedly support the Authority's continued commitment to economic development efforts, not only in Western New York but across our great State. Thank you.

Vice Chairman Foster said that he disagreed with President Kessel about this project and that this represents a significant reallocation of monies and a very fast timetable. He also said that he thought it was very bad to have the Trustees approving the project after the public announcement. He stated that he feels this project is not consistent with the Authority's mission or the additional fiduciary responsibilities imposed on the Trustees by the recent amendments to the Public Authorities Law. He said that the Authority is responsible to all New Yorkers and that he was extremely frustrated by the way this project was handled. Vice Chairman Foster said that he would very, very reluctantly agree to vote on this, but that he wanted his comments to go on the record.

Chairman Townsend said that the Authority had always been engaged in economic development and that he feels this project is consistent with the Authority's overall mission.

Trustee Nicandri seconded the motion, pointing out that the Authority is only able to do business thanks to the forbearance of its facilities' host communities. He said that people on the St. Lawrence and Niagara Rivers are concerned about their inability to use waterfront property that has long been under the control of the

Authority. He ended by stating that the Trustees can respectfully disagree with each other but united to vote for this project.

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

RESOLVED, That the Authority hereby approves an amendment to the current Economic Development Plan to provide for the use of an Industrial Incentive Award in support the Canal Side Development Project on the terms and conditions and for the purposes set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority hereby approves an Industrial Incentive Award to the Erie Canal Harbor Development Corporation in the amount of \$3.7 million per year for 20 years (2010-2029) in support of the Canal Side Development Project on the terms and conditions and for the purposes set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority hereby authorizes a modification of the Authority's payment schedule under the Niagara Relicensing Settlement Agreement to an equivalent (in present-value terms) payment stream of \$4.7 million per year over a period of 20 years for the purpose of facilitating additional financial support for the Canal Side Development Project on the terms and conditions and for the purposes set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice 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, 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 and General Counsel.

16. **Next Meeting**

The next Regular Meeting of the Trustees will be held on **Tuesday, January 26, 2010, at 11:00 a.m. at the Clarence D. Rapleyea Building in White Plains, New York**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion made and seconded, the meeting was adjourned by the Chairman at approximately 3:15 p.m.

Karen Delince
Corporate Secretary