

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

January 31, 1995

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the New York Office at 10:00 a.m.

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

Robert G. Schoenberger	Chief Operating Officer
William J. Cahill	Chief Nuclear Officer
Charles M. Pratt	General Counsel
John F. English	Senior Vice President - Transmission
Robert A. Hiney	Senior Vice President - Power Generation
Louise M. Morman	Senior Vice President - Marketing and Economic Development
Robert L. Tscherne	Senior Vice President - Business Services
Alvin I. Becker	Vice President and Chief Accounting Officer
Arnold M. Bellis	Vice President and Controller
Robert J. Deasy	Vice President - Appraisal and Compliance
Deborah P. Estrin	Vice President - Human Resources
John M. Hoff	Vice President - Procurement and Real Estate
Sally L. Irving	Vice President - Corporate Finance
Charles I. Lipsky	Vice President and Chief Engineer - System Operations
Philip J. Pellegrino	Vice President - Power Sales and Rates
Ronald W. Ciamaga	Resident Manager - St. Lawrence/FDR Power Project
James Ford	Resident Manager - Niagara Power Project
Richard E. Kuntz	Resident Manager - Charles Poletti Power Project
James J. McCarthy	Resident Manager - Blenheim-Gilboa Pumped Storage Power Project
Arthur Austerweil	Director - Financial Planning
John W. Blake	Director - Environmental Programs
Joseph J. Brennan	Director - Internal Audits
Dennis Eccelston	Director - Information Services
Stephen P. Shoenholz	Director - Public Relations
Tim Carroll	Assistant Manager - Communications - James A. FitzPatrick Nuclear Power
Laura M. Badamo	Assistant Secretary - Legal Affairs
Anne Wagner-Findeisen	Corporate Secretary
Vernadine E. Quan-Soon	Assistant Secretary - Corporate Affairs
Alice T. O'Rourke	Executive Assistant

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

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1. Approval of the Minutes

The minutes of the Regular Meeting of December 15, 1994 were approved.

2. Report from the President and Chief Executive Officer

Mr. Schoenberger outlined the principal points of the proposed Authority mission statement and performance measures. The Chairman noted staff's proposal to seek legislative authorization for a phased-in reallocation of 50% of the hydropower currently sold to three upstate IOUs.

Trustee Miller indicated that in his opinion the upstate legislators will insist on incentives in addition to jobs.

Trustee Duch requested that the Trustees be provided with substantially more information concerning resulting residential increases and billings so that the proposal can be more fully assessed by the Trustees.

Mr. Schoenberger responded that staff would prepare a detailed proposal for the Trustees to approve or reject. The Vice Chairman noted that it would be helpful to staff to obtain the input of the legislators as staff is preparing its recommendation. The Chairman expressed agreement, as did Trustee Duch with the caveat that staff refrain from "selling" or promoting the concept of the proposal in its communications with the legislators.

Trustee Miller stated that in his view there are more pressing priorities than the removal of hydro power from residential customers who enjoy it at present.

Concerning the 1995 performance objectives as formulated by the Management Committee, Trustee Duch stated that it is essential that "performance measures" actually reflect performance incentives and not figures which may appear to be improvements over 1994, but which actually are the direct result of major restructuring and cost cutting efforts, and questioned whether the incentives should involve "meeting" budgetary objectives or attaining a measurable savings on such objectives. Mr. Schoenberger stressed that the objectives identified by senior management represent "stretch goals".

Trustee Waldbauer suggested that the Authority should be active in helping Long Island attain lower power costs. Mr. Schoenberger responded that Authority staff is in communication with Governor Pataki's representatives who are studying the situation in that area.

3. Financial Reports for the Year Ended December 31, 1994

Mr. Tscherne reported that the total cost of the severance compensation plan was \$10.5 million dollars, and explained that the Management Committee had originally envisioned that some 150 employees, having an average of 9 years of service, would be included in the plan at an estimated cost of some \$5 million. Ultimately, the employees who participated had an average of 14 years of seniority and included a number of managerial level individuals. Mr. Tscherne stressed that, as a result of the downsizing, some \$56 million in savings will be achieved in 1995, and another \$16 million in savings is anticipated for 1996. Thus the increase in the overall cost of the severance plan will be more than offset by cost savings in other areas.

In response to questions from Trustee Miller, Messrs. Tscherne and Schoenberger stated that staff will be evaluating potential savings which could be achieved by repurchasing Authority bonds, with a view towards reducing the Authority's fixed costs, and that the Trustees would be updated on a monthly basis.

4. County and Municipal High Efficiency Lighting Program ('HELP') - Scope Modification to Include Air Conditioning Measures

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the addition of high efficiency air conditioning equipment as an eligible measure in County and Municipal ('C&M') HELP, initially for participants on Long Island only. After experience is obtained in the implementation of these measures, the Trustees may be asked to consider this change for general application within HELP. No change in funding authorization is requested at this time.

BACKGROUND

"In keeping with its tradition of providing lower cost energy on a competitive basis for the benefit of the people of New York State, the Authority has assisted virtually the entire public sector in the State in acquiring demand side resources through HELP. This program is turnkey, where the Authority provides for all aspects of conservation services, from initial energy audits through direct installation of eligible conservation equipment.

"There are five major HELP initiatives. The SENY HELP program serves the Authority's public electricity customers located in Southeast New York. The Statewide, Long Island, Public Schools, and C&M HELP programs target customers of investor owned utilities that are State owned facilities, Long Island public schools, all other public schools in the State, and all county and municipal facilities in the State, respectively.

"C&M HELP is the newest program, with funding of \$20 million authorized by the Trustees at their meeting of November 29, 1994. In December, a meeting was held with the Nassau and Suffolk County Executives and letters of intent were signed to begin implementation of the program. Both County Executives complimented the Trustees of the Authority for their decision to approve C&M HELP, and referred to the high cost of electricity on Long Island and the strain this places on controlling the cost of government, which in turn is ultimately borne by the taxpayer. It was acknowledged that HELP would provide much needed taxpayer relief and serve to create employment on Long Island.

"In the interim, staff has had a tremendous response to the program announcement, with requests that it begin immediately throughout Long Island. However, it has also been emphasized that the Authority should consider modifying the scope of C&M HELP to add heating, ventilating and air conditioning ('HVAC') measures in the interest of improving the comprehensiveness of the program and maximizing the energy savings opportunities. To date, eligible measures for all of the HELP initiatives have been limited to high efficiency lighting, premium efficiency motors, and to Energy Management Systems ('EMS Systems').

DISCUSSION

"Taking into account: (i) that Long Island has the highest electricity costs in the country; (ii) the extraordinary enthusiasm exhibited since C&M HELP was announced there; and (iii) the requests for more comprehensive measures from program participants; it is proposed that the list of eligible measures in C&M HELP be expanded to include cost effective high efficiency air conditioning equipment. This would include equipment such as energy efficient chillers, packaged central or window air conditioning units, and possibly newer technologies such as ground

source heat pumps. These measures would replace existing inefficient, electrically operated, cooling or heating equipment. Staff recommends beginning the introduction of these new measures in C&M HELP for participants located on Long Island and, once experience is gained relating to efficacy and cost, that expanded eligibility for all HELP participants be considered. Non-electric heating measures are not recommended for consideration at this time.

"Typically, air conditioning equipment accounts for a substantial portion of a customer's total energy use.¹ The necessity to improve indoor air quality pursuant to OSHA and EPA requirements, along with regulations to phase-out the use of CFC refrigerants,² have created the need for existing air conditioning systems to undergo costly retrofit or replacement.

"HELP has focused on the quickest payback measures. This has allowed customers to achieve the highest savings with the smallest investment. However, this approach has also left a large electricity savings potential untapped, i.e., air conditioning systems. Unlike lighting projects where short paybacks on investment are the rule, air conditioning projects tend to have longer paybacks due to the capital intensive nature of the work and the fact that the load is often seasonal. It is therefore beneficial to present customers with projects that include both lighting and air conditioning components so that the blended payback is attractive to the customer. The work in C&M HELP is just beginning. This provides the opportunity to prepare proposals that combine lighting with air conditioning system improvements.

"Staff is confident that small and intermediate air conditioning system replacements can be effectively implemented internally with existing Authority personnel. However, staff has limited experience with larger and/or more complex installations and will require the assistance of outside engineering firms. These installations could include the Medical Center, Correctional Facility and Coliseum in Nassau County and the Suffolk County Office Building. Staff will solicit competitive proposals from qualified engineering firms which will supply the expertise needed to design and engineer these installations. The Trustees' approval will be requested for any associated contract awards.

FISCAL INFORMATION

"No increase in program funding is requested at this time. Authority funds would be recovered within a period not to exceed 10 years directly from program participants along with the cost of advancing funds and Authority overheads.

RECOMMENDATION

"The Senior Vice President - Energy Efficiency and Technology recommends that the Trustees authorize the addition of energy efficient air conditioning equipment to the current menu of eligible measures for County & Municipal HELP, limited to installations on Long Island at this time. It is further recommended that the Senior Vice President - Energy Efficiency and Technology, or his designee, be authorized to execute any agreements or documents between the Authority, and program participants, as necessary or desirable to implement the eligible

¹ For facilities such as office buildings, hospitals, exhibition halls and terminals, air conditioning averages about 15% of total electricity use.

² Promulgated under the 1990 Clean Air Act amendments, as further modified by protocols established pursuant to international agreements.

measures.

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

Trustee Miller stated that the proposed action, like the public schools boiler conversion, would tie up Authority funds which could be better used for other purposes. In response to questions from Trustee Miller, Mr. Pellegrino explained that the buildings which would benefit from the measures are public buildings and that such measures ultimately serve to substantially reduce energy consumption, which in turn reduces the burden upon taxpayers and that the program would create jobs.

Trustee Duch expressed concern over the long payback time provided, especially in a time of rising interest rates, and urged staff to consider offering lower interest rates in return for shorter repayment periods.

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

RESOLVED, That the Senior Vice President - Energy Efficiency and Technology, or his designee, be authorized to offer, in addition to measures previously approved, energy efficient air conditioning measures in County & Municipal HELP, for customer installations on Long Island, as recommended in the foregoing report of the President; and be it further

RESOLVED, That the Senior Vice President - Energy Efficiency and Technology, or his designee, be authorized to execute any agreements or documents between the Authority, and program participants, as necessary or desirable to implement the eligible measures.

5. Allocations of FitzPatrick Economic Development Power

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the allocation of 2,700 kW of FitzPatrick Economic Development Power ('EDP') to five companies as listed in Exhibit '5-A'.

BACKGROUND

"At its meeting of November 29, 1994, the Economic Development Power Allocation Board ('EDPAB') approved applications for EDP submitted on behalf of the five companies listed in Exhibit 'A' and recommended these allocations to the Authority with certain terms and conditions. In addition to the quantity of EDP, number of jobs to be committed, and term of contract, EDPAB recommended that the Authority's EDP service agreements with each company include provisions regarding affirmative action, reductions of power (if jobs or power usage are below committed levels), and energy efficiency. Each of the companies is in the service area of Niagara Mohawk Power Corporation ('Niagara Mohawk') or New York State Electric and Gas Corporation ('NYSEG'). Under existing contracts between the Authority and these two utility corporations, EDP is sold to the relevant utility for resale to the designated industrial customer at a special tariff rate.

"EDPAB also approved applications for another five companies aggregating 3,400 kW of EDP at its meeting of November 29, 1994. These additional allocations, which are not included in the approval requested today, entail a direct power sale contract between the Authority and each company which contracts will be subject to a public hearing and subsequent review by the Trustees. Approximately 13.5 MW of EDP is currently available for new allocations.

DISCUSSION

Business Expansion Projects

"EDPAB recommended two allocations of EDP for business expansion projects that entail new electrical demand at facilities at which new jobs are to be created. H. M. Quackenbush, Inc. ('Quackenbush') has expanded its plant in Herkimer in recent years to provide contract electroplating services to industry in addition to its consumer line of nutcrackers and nutpicks. At their meeting of August 29, 1988, the Trustees approved an allocation of 300 kW of EDP with 86 jobs committed for the first expansion of the electroplating business. The electroplating operation has continued to grow, and EDPAB approved a request by Quackenbush to increase its EDP contract demand by 100 kW to 400 kW to meet the electrical demand created by the addition of 2 electroplating lines with associated water treatment equipment. The company expects to add ten jobs to its current employment base of 100 jobs. The incremental allocation would result in a ratio of ten jobs per megawatt; the total allocation a ratio of 275. The Herkimer County Industrial Development Agency supports the proposed allocation, which would save Quackenbush about \$20,000 annually over Niagara Mohawk's standard rates. The EDP contract with Quackenbush terminates in 2003.

"Sysco Corporation ('Sysco'), in Warners, distributes food service products to restaurants and institutional food preparers in Central New York. Sysco is planing a three-phase expansion of its facility, including the construction of additional energy-intensive refrigerated warehouse space, at a total cost of \$3.7 million. Estimated incremental power needs are estimated to be 400 kW. Sysco plans to increase the present workforce of 335 by 78 new jobs, resulting in a ratio of more than 1,000 jobs per megawatt. The allocation would save Sysco approximately \$14,000 annually over NYSEG's standard rates. The company has installed a hot gas recovery system and an energy management system to conserve energy and further reduce its energy costs. The allocation is supported by the Onondaga County Office of Economic Development.

Business Revitalization Projects

"EDPAB recommended three allocations of EDP for business revitalization purposes where the businesses have demonstrated serious, long-term distress. Kilian Manufacturing Corp. ('Kilian'), a unit of the Torrington company, manufactures commodity ball and roller bearings at its plant in Syracuse. Torrington operates 15 other bearing plants in North America, which generally have lower power, labor and workers' compensation insurance costs. Kilian's production may be shifted to other Torrington plants on the basis of manufacturing costs. The proposed sale of EDP would reduce the disparity in these costs for Kilian's Syracuse facility and help preserve its employment base of 282 jobs. Additionally, Kilian projects that it would be able to create 20 additional jobs. An allocation of 400 kW would provide Kilian's total power requirements and produce a ratio of 755 jobs per megawatt. Kilian maintains a high load factor and has installed energy efficient lighting and motors to reduce power costs. The company would save an estimated \$103,000 annually over Niagara Mohawk's standard rates. The proposed five-year allocation is supported by the Onondaga County Office of Economic Development.

"Roth Bros. Smelting Corp. ('Roth Bros.') produces specification aluminum ingot for the automotive industry from scrap materials. Most of the company's customers are located in the Midwest and Canada that results in high outbound freight costs. This expense, in addition to the high cost in New York of workers' compensation insurance and energy, has led the company to evaluate Midwestern locations for relocation and growth of its operation. Roth Bros. recently entered a joint operating agreement with a Midwestern firm. The agreement provides an opportunity to shift production to a location with a more favorable cost structure. An allocation of EDP for the East Syracuse facility would help keep its costs competitive. Roth Bros. would build a new smelting line in East Syracuse and create 25 new jobs to increase its total employment to 218. The Onondaga County Office of Economic Development supports the proposed allocation of 1,200 kW which results in a ratio of 181 jobs per megawatt. Roth Bros. has undertaken an extensive energy conservation program that includes installation of efficient lighting, lighting controllers, variable frequency motors, and a State Energy Office audit. The sale of EDP would save Roth Bros. approximately \$255,000 annually over Niagara Mohawk's standard rates and have a term of five years.

"Sonoco Products Company ('Sonoco') manufactures recycled paperboard in Amsterdam and at 16 other plants in North America. The Amsterdam facility is one of Sonoco's older plants and is the high-cost producer within the company. Plans to close the Amsterdam plant were formulated in 1993 and were averted only by the acquisition of a new customer directly by the managers of the Amsterdam mill. The Montgomery County Economic Development Corporation has requested an allocation of EDP to reduce Sonoco's total energy costs, which are more than 25 percent of all manufacturing costs. The proposed sale of 600 kW would save Sonoco an estimated \$135,000 annually over Niagara Mohawk's standard rates and help preserve 39 jobs (a ratio of 65 jobs per megawatt). Sonoco has recently installed a steam condensing coil system to recapture waste heat in its production process.

"The proposed allocations have been reviewed in accordance with Part 460 of the Authority's Rules and Regulations (Procedures for Allocation of Industrial Power and Enforcement of Contracts) (21 NYCRR 460 (1988)). The Authority's standard EDP allocation agreements with each of the companies provide for reductions in an

allocation in the event that employment or power usage levels are not maintained at specified levels. Reports

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regarding employment and affirmative action commitments will be submitted to the Authority as provided by Section 460.4 of the Authority's Rules and Regulations. Additionally, each contract will include specific energy audit and implementation requirements.

RECOMMENDATION

"The Senior Vice President - Marketing and Economic Development recommends that the Trustees approve the allocation of 2,700 kW of FitzPatrick Economic Development Power to five companies in the amounts listed in Exhibit `5-A' and as described herein.

"The Senior Vice President - General Counsel, and I concur in the recommendation."

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

WHEREAS, the Economic Development Power Allocation Board has recommended allocations of Economic Development Power to the companies listed in Exhibit `5-A' of the foregoing report of the President in the quantities listed in such exhibit;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby approves the allocation of 2,700 kW of FitzPatrick Economic Development Power to the companies listed in Exhibit `5-A' of the foregoing report of the President, substantially in accordance with the terms described in such memorandum; and be it further

RESOLVED, That the Senior Vice President - Marketing and Economic Development or her designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate the above allocations.

**Exhibit `5-A'
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Allocation of EDP

<u>Company</u>	<u>County</u>	<u>Utility</u>	<u>EDP (kW)</u>	<u>Jobs Commit.</u>	<u>Job/ MW</u>	<u>Term</u>
EXPANSION PROJECTS						
H.M. Quackenbush, Inc. ³	Herkimer	NMPC	100	10	100	12/31/03
Sysco Corporation	Onondaga	NYSEG	400	413	1032	15 Yrs
REVITALIZATION PROJECTS						
Kilian Manufacturing Corp.	Onondaga	NMPC	400	302	755	5 Yrs.
Roth Bros. Smelting Corp.	Onondaga	NMPC	1,200	218	181	5 Yrs.
Sonoco Products Company, Inc.	Montgomery	NMPC	600	39	65	5 Yrs.
TOTALS:			2,700 kW	982 Jobs		

³ 300 kW was previously allocated for business expansion purposed with a commitment of 110 jobs. Total of 110 jobs committed for 400 kW allocation.

6. Municipal and Rural Cooperative Economic Development Program - Allocation to City of Salamanca

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve an allocation of power under the Municipal and Rural Cooperative Economic Development Program ('Program') to the City of Salamanca ('Salamanca').

BACKGROUND

"The 1991 amendment to the power sales agreement between the Authority and the Municipal and Rural Cooperative Systems reserved 108,000 kW of power for economic development in the systems. As of January 1, 1995, 12,300 kW have been allocated.

"Power from this block can be allocated to individual systems to meet the increased electric load resulting from eligible new or expanding businesses in their service area. Under the guidelines established for the Program, an allocation to a system should meet a target number of new jobs per megawatt. The guidelines provide that for businesses that are new to a system, the jobs per megawatt ratio is considered on a case-by-case basis. For projects involving existing businesses in a system, the suggested jobs per megawatt ratio is determined by the level of employment prior to the expansion. Specifically, for companies employing 100 or less, the target ratio is 25 jobs per megawatt; for companies employing between 101 and 250, the ratio is 50; for companies employing between 251 and 500, the ratio is 75; and for companies employing over 500, the ratio is 100 jobs per megawatt.

"Two applications for power under the Program have been submitted by Salamanca for consideration by the Trustees.

DISCUSSION

"Fiber Flow is a start up operation that manufactures biodegradable packing material from recycled newspapers, office scrap and cardboard. The company is leasing a 10,000 square foot facility. Total investment of approximately \$400,000 will be used to purchase machinery and equipment, which will have energy efficient motors. It is estimated that 15 new jobs will be required for this enterprise. It is recommended that up to 300 kW be approved for allocation.

"J.G. Collins Industries is also a start up operation. The company is a plastic injection molder that produces pipe thread protectors and various housewares, sporting goods and automotive components. Investment required for the purchase and installation of the machinery and equipment is estimated to be \$1 million. The company will lease its 75,000 square foot facility. Total employment is expected to be 60 by the end of 1995. It is recommended that up to 600 kW be approved for allocation.

"The Municipal Electric Utilities Association Executive Committee supports the recommended allocation.

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"The recommended allocations under the Program comprise half hydropower and half incremental power. In accordance with the Authority's new marketing arrangement with the full requirements municipal and cooperative customers, the hydropower will be added to the recipient system's contract demand at the time an enterprise becomes operational, and the incremental power will be sold on an as-used basis. The hydropower earmarked for this Program is presently sold to the municipal and cooperative customers on a withdrawable basis.

RECOMMENDATION

"The Senior Vice President - Marketing and Economic Development recommends that the Trustees approve up to 900 kW for allocation under the Municipal and Rural Cooperative Economic Development Program to the City of Salamanca in accordance with the attached memorandum of the President.

"The General Counsel and I concur in the recommendation."

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

RESOLVED, That up to 900 kW for allocation to the City of Salamanca under the municipal and rural cooperative economic development program is hereby approved in accordance with the foregoing report of the President; and be it further

RESOLVED, That the Senior Vice President - Marketing and Economic Development, or her designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate the aforesaid allocation.

7. Proposed Contract for the Sale of Firm Power to New Jersey Transit Corporation - Notice of Public Hearing

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the holding of a public hearing on a proposed contract for the sale of firm power to New Jersey Transit Corporation ('NJT').

BACKGROUND

"In accordance with the provisions of Section 1005 of the Public Authorities Law, the Authority provides firm power service to 110 public corporations in the metropolitan area of the City of New York ('NYC'). These customers include, among others, the Metropolitan Transportation Authority; the Port Authority of New York and New Jersey; the City of New York, and the State of New York.

"Since the initial contracts with Southeast New York ('SENY') governmental customers were completed in the 1970s, two additional contracts for service to public corporations in the metropolitan area (the Jacob K. Javits Convention Center Operating Authority and the Roosevelt Island Operating Authority) were completed in 1986; one additional contract (the United Nations Development Corporation) was completed in 1994. In a separate item at this meeting the Trustees are being requested to send to the Governor for approval an additional seven proposed contracts with SENY governmental entities.

"NJT furnishes commuter rail service to Pennsylvania ('Penn') Station under an operating agreement with AMTRAK. NJT's current electric usage associated with NJT's activities in New York City is 5 MW and includes loads such as electric traction, storage and maintenance at the Sunnyside Yard in Queens and communication, signals and switches from the New Jersey border to Penn Station. Currently the NJT load is met by AMTRAK over its own transmission system with power supplied from outside New York State.

"Planned expansion of NJT passenger service into Penn Station over the next two years will add up to 25 MW of new load. The load increase will be served from a new delivery point to be constructed at Sunnyside.

DISCUSSION

"NJT is a governmental unit of the State of New Jersey performing mass transit functions in much the same way as the Metropolitan Transportation Authority ('MTA') in New York. As such, NJT is qualified as a public corporation to secure electricity service from the Authority for its New York operations.

"Except for NJT passenger service, the Authority is providing electricity for all other commuter rail service in New York City and Westchester County. Providing power to NJT would be consistent with the Authority's current status as the largest supplier of electric traction power for mass transit in the United States. Supplying power to NJT will also further the Authority's efforts to provide clean, environmentally-sound transportation and encourage additional commuters to use mass transportation. Furthermore, NJT's planned construction activities will add to the economic development of the Sunnyside, Queens area.

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"Construction of the new \$3.5 million delivery point involves substantial interconnection issues with Consolidated Edison Company of New York, Inc. (Con Edison). Pursuant to Article II(a)(1) and (3) of the Service Agreement for the Delivery of Power and Energy with Con Edison, the Authority will work with NJT and coordinate the resolution of these issues with Con Edison.

"Submitted herewith as Exhibit `7-A' is the proposed contract with NJT. NJT representatives have agreed to the terms of the proposed contract which is similar to the contract under which the MTA receives service. NJT will be served under Service Tariff No. 14, and will pay the same rates as other governmental customers in the same service class.

"Based on current rates, staff estimates that the applicant would contribute approximately \$8.5 million in total revenue. Compared to Con Edison rates, NJT would realize electric cost savings of about 20%.

"Pursuant to the Authority's March 10, 1989 Planning and Supply Agreement with Con Edison, the Authority will assume responsibility for meeting the load growth of NJT within NYC. The Authority has sufficient capacity available from the resources dedicated to the SENY governmental customers to meet NJT's current and projected power requirements.

RECOMMENDATION

"The Manager - Customer Relations recommends that the Trustees authorize the advertisement of a public hearing on the proposed contract and that the President & CEO be authorized to direct the advertisement and notice of a public hearing upon the proposed contract. It is further recommended that, pursuant to Section 1009 of the Public Authorities Law, the Secretary be authorized to transmit copies of the proposed contract to the Governor and the Legislative leaders.

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

In response to questions from the Vice Chairman, Ms. Maide explained that the power would be for use within the state of New York. Note: this hearing is now set for April 4, 1995 at the NYO.

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

RESOLVED, That the Authority hereby authorizes the advertising of a public hearing on the terms of a proposed contract with New Jersey Transit Corporation; and be it further

RESOLVED, That the President and CEO be, and hereby is, authorized to direct the advertisement and notice of a public hearing upon the proposed contract; and be it further

RESOLVED, That the Secretary be, and hereby is, then authorized to transmit copies of such 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 subsequent to such public hearing the Authority shall reconsider the terms of the proposed contract and negotiate such changes as it deems necessary or advisable.

8. Proposed Contracts for the Sale of Firm Power to Governmental Customers in Southeast New York - Transmittal to Governor

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the transmittal to the Governor for approval seven proposed contracts (Exhibits `8-A' through `8-G') for the sale of firm power to the Greenville Fire District; Fire District No. 4 - Town of Harrison; Hawthorne Cedar Knolls Union Free School District; Mt. Pleasant Cottage Union Free School District; Pocantico Hills Central School District; the Village of Rye Brook; and the North Castle South Fire District - No. 1.

BACKGROUND

"At their meetings of September 29, 1994 and November 29, 1994, the Trustees authorized the holding of a public hearing pursuant to Section 1009 of the Public Authorities Law on proposed contracts for the sale of firm power to eight governmental customers. As public corporations in the metropolitan area of the City of New York, governmental customers are eligible for Authority service. Under the proposed contracts the Authority would meet the existing and future full electricity requirements of the governmental customers facilities, which include municipal buildings, schools and fire stations.

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

"The public hearing was held on January 11, 1995, in the Authority's New York Office. Prior to the hearing, each of the public customers submitted statements in favor of the proposed contracts.

DISCUSSION

"At the public hearing, representatives of the New York State Mortgage Loan Enforcement and Administration Corporation (`MLC') and the Village of Rye Brook spoke in favor of their proposed contracts. A letter objecting to proposed contracts with MLC, the Hawthorne Cedar Knolls and Mt. Pleasant Cottage Union Free School Districts (`UFSD') was received from Con Edison. Con Edison's letter asserts that MLC is not eligible for Authority service because MLC is a profit-making business organization incorporated under the New York Business Corporations Law. In addition, Con Edison's letter requests that the proposed transfer of the Mt. Pleasant Cottage and Hawthorne Cedar Knolls UFSDs be conditioned on their returning rebates they received from Con Edison for demand-side management (`DSM') projects.

"While staff continues to believe that MLC qualifies for direct electric service, it is more desirable for the MLC's parent corporation, the New York State Urban Development Corporation (`UDC'), to receive electric service directly from the Authority for the low-income housing accounts that were to be served through MLC. A contract with the UDC would also facilitate service to other UDC accounts and consolidated service under a single contract.

Accordingly, the staff will negotiate a contract with UDC for submission to the Trustees at a later date.

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"The transfer of the Mt. Pleasant Cottage and Hawthorne Cedar Knolls UFSDs from Con Edison to Authority electric service is unrelated to and not restricted in any way on account of any DSM rebates that the districts received from Con Edison. The rebate agreements between these entities and Con Edison do not require the refund of the rebates should they cease being Con Edison customers. Therefore, the return of any claimed amounts should not be a condition of the transfer to Authority service.

"For the seven governmental customers, the total load and revenue are currently estimated to be 800 kW and \$230,000, respectively. Projected annual savings associated with Authority service is about \$60,000, or 20% when compared with payments to Consolidated Edison Company of New York, Inc., ('Con Edison') their current supplier.

RECOMMENDATION

"The Manager - Customer Relations recommends that the Trustees approve transmittal of the seven proposed contracts to the Governor with their recommendation that they be approved.

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

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

RESOLVED, That the Authority hereby authorizes the transmittal to the Governor of the proposed contracts with the Greenville Fire District; Fire District No. 4 - Town of Harrison; Hawthorne Cedar Knolls Union Free School District; Mt. Pleasant Cottage Union Free School District; Pocantico Hills Central School District; the Village of Rye Brook, and North Castle South Fire District - No. 1 substantially in the form as set forth in Exhibits `8-A' through `8-G' with the recommendation that such contract be approved.

9. Generic Approval of Retail Bill Adder to Fund MEUA Energy Efficiency Program - Final Action

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve, as a final action, the use of a 1 mill/kWh adder to municipal system retail bills to fund the Municipal Electric Utilities Association's ('MEUA') Energy Efficiency Program. The adder would be effective on January 1, 1995, for municipal systems passing a resolution approving the program.

BACKGROUND

"At their meeting of October 25, 1994, the Trustees approved the proposed one mill/kWh retail bill adder, applicable to customer billings for all municipal systems funding the Municipal Electric Utilities Association's Energy Efficiency Program. Attached hereto as Exhibit '9-A' are the minutes of the October 25, 1994 meeting.

"At its annual meeting on September 16, 1994, the MEUA's membership approved a joint resolution adopting an expanded energy efficiency program (attached hereto as Exhibit '9-B'). The MEUA program will focus on the industrial and commercial customers of the municipal systems.

"The MEUA's program, to be managed by the consulting firm PLM Electric Power Engineering, has a \$3.7 million annual funding objective based on 100% participation by its member systems and a retail sales adder of 1 mill/kWh. It reflects the MEUA's objective, as expressed in MEUA Executive Director Robert Mullane's September 30, 1994 letter to S. David Freeman (attached hereto as Exhibit '9-C') to 'implement projects in the municipal systems at a low cost, consistent with the requirements of the Local Finance Law and the General Municipal Law'.

"The accounting firm of Bollam, Sheedy, Torani & Company has developed a financial management system to track program funding contributions through the retail bill adder and energy efficiency expenditures. The internal control and reporting requirements developed by the MEUA consultants were reviewed by Authority staff and considered sufficient to monitor funding and disbursements for the program. The MEUA will collect, disburse and oversee the use of all program funds.

DISCUSSION

"Pursuant to the Authority's Administrative Procedures, the Secretary was authorized to file notice for publication, in the State Register, of the emergency adoption and of proposed Authority action to adopt permanently the provisions of the measure. Such notice was published on November 23, 1994 and no comments concerning the proposed action have been received by the Secretary.

RECOMMENDATION

"The Senior Vice President - Marketing and Economic Development recommends that the Trustees authorize, as a final action, the municipal systems to apply a 1 mill/kWh adder to retail bills to fund the MEUA's Energy Efficiency Program upon approval of the program and adder by municipal board resolution.

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"It is also recommended that the Trustees authorize the Secretary of the Authority to file notice of adoption with the Secretary of State for publication in the State Register and to file such other notice as may be required by statute or regulation.

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

In response to questions from Trustee Duch, Mr. Schoenberger gave assurances that the Authority will exercise regulatory oversight as to the proper use of the funds.

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

RESOLVED, That the proposed one mill/kWh retail bill adder, applicable to customer billings for all municipal systems funding the Municipal Electric Utilities Association's Energy Efficiency Program, be approved, as a final action, as recommended in the foregoing report of the President; and be it further

RESOLVED, That the Secretary of the Authority be, and hereby is, authorized to file notice of adoption with the Secretary of State for publication in the State Register and to file such other notice as may be required by statute or regulation.

10. Nuclear Property Insurance - Proposed Purchase of Primary Coverage - Nuclear Mutual Limited; and Excess Coverage - Nuclear Electric Insurance Limited

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the purchase of \$500 million primary property insurance from Nuclear Mutual Limited ('NML') and \$560 million decontamination liability and excess property insurance from Nuclear Electric Insurance Limited ('NEIL') for both James A. FitzPatrick ('JAF') and Indian Point 3 ('IP3') Nuclear Power Plants. This purchase will enable the Authority to comply with the Nuclear Regulatory Commission ('NRC') mandate that requires all reactor licensees to maintain a minimum property coverage limit \$1.06 billion for each reactor site.

BACKGROUND

"NML and NEIL are captive insurers which are wholly owned by their domestic nuclear electric utility members. American Nuclear Insurers ('ANI') is an association of stock and mutual insurance companies. Since 1987, the Authority has complied with the NRC's property insurance standards by purchasing \$500 million of primary property coverage from ANI, \$120 million of excess property coverage also from ANI, and the remaining \$440 million of excess property coverage from NEIL.

"Competition in the primary \$500 million layer was effectively eliminated in 1988 when NML ceased underwriting new business. The NML underwriting moratorium created a single primary market for ANI. This changed on January 1, 1995, when NML commenced underwriting new primary business. This action eliminates ANI's exclusive market for primary coverage and offers the Authority an opportunity to substantially reduce its cost of risk management.

"Recently, ANI announced that it would not provide excess property insurance in 1995. This action leaves NEIL as the sole provider of excess property insurance. Thus, in order to comply with the NRC property insurance rule, the Authority must purchase \$560 million of excess property insurance from NEIL at a cost of about \$2.2 million.

DISCUSSION

"The Authority has a choice of two markets for primary nuclear property insurance: ANI or NML. Over the past six years, the Authority paid ANI an average of \$4.9 million per year for coverage of both nuclear plants and in 1994, the cost totalled \$3.6 million. Under competitive pressure for the first time in six years, ANI has provided the Authority with 1995 renewal quotes totalling \$3.3 million. NML provided a lower bid of \$3.2 million.

"Due to the reopening of NML, the Authority is afforded a window of opportunity to join this industry mutual insurer. Because the NML members could decide to cease underwriting new business, there is no guarantee that this opportunity to join NML will be available in the future.

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"In 1994, the \$1.06 billion property insurance programs for both IP3 and JAF, cost the Authority approximately \$5.9 million. In 1995, coverage is expected to cost \$5.4 million, of which \$3.2 million will be paid to NML for primary coverage and \$2.2 million to NEIL for excess coverage, resulting in a \$500,000 reduction in costs compared to that incurred in 1994.

"Under each policy issued by NML and NEIL an insured is liable, in addition to the annual premium, for a retrospective premium which is a multiple of the annual premium at the time of a loss for which a call is made. Currently, the maximum retrospective premium is five times annual premium for NML and is seven and one-half times the annual premium for NEIL. Thus, the maximum potential retrospective premium for both reactors for the 1995 policy-year would be approximately \$16,000,000 for NML and \$16,500,000 for NEIL.

"The ANI primary policy is a guaranteed cost contract. There is no explicit retrospective premium potential. However, in the event of adverse nuclear industry loss experience, the Authority would be subject to significant premium increases. Following the Three Mile Island loss, for example, ANI policyholders paid 40 to 50% higher annual premiums for five years and 5 to 40% higher annual premiums for the next eight years.

"The purchase of \$500 million of primary coverage from NML and \$560 million of excess coverage from NEIL are cost effective business decisions for the Authority today which should also provide NYPA with long-term financial benefits. NML is the low bidder for the primary coverage and NEIL is the sole provider for the excess coverage.

FISCAL INFORMATION

"The cost of this insurance has been included in the 1995 O&M and results in a \$500,000 reduction in costs compared to that incurred in 1994. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Director - Risk Management and the Vice President - Corporate Finance recommend that the Trustees approve the purchase of the NML and NEIL nuclear property insurance coverage described above.

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

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

RESOLVED, That the Trustees approve the purchase of Nuclear Mutual Limited primary property insurance and Nuclear Electric Insurance Limited Decontamination Liability and Excess Property insurance for each of the Indian Point 3 and James A. FitzPatrick Nuclear Power Plant sites as recommended in the foregoing report the President, with coverage limits and at a total premium cost not to exceed the amounts set forth below; and be it further

RESOLVED, That the President, the General Counsel, the Senior Vice President - Business Services, and the Vice President - Corporate Finance be, and each hereby is, authorized to execute such powers of attorney, opinions of counsel, endorsements, and any other documents relating to the decontamination liability and excess property insurance described above which are deemed by them to be necessary or desirable in the furtherance of the foregoing; and be it further

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RESOLVED, That the Trustees provide continuing authority relative to the above so long as there are no material changes to the insurance contracts or to the nature of the coverages provided by such contracts.

<u>O&M</u>	<u>Expenditure Approval</u>
Primary Property Insurance (\$500 million per nuclear reactor site)	
Nuclear Mutual Limited	\$3,200,000
Decontamination Liability and Excess Property Insurance (\$560 million per nuclear reactor site)	
Nuclear Electric Insurance Limited	<u>\$2,200,000</u>
TOTAL AMOUNT AUTHORIZED	<u>\$5,400,000</u>

11. Adoption of Findings on, and the Approval of, the St. Lawrence/FDR Power Project Surplus Lands - Land Use and Recreation Report; Approval to Transfer Surplus Property and to Institute Recreational Improvements

The President submitted the following report:

SUMMARY

"The Trustees are requested to adopt the Findings set forth in Exhibit `11-A'. The Trustees are further requested to approve the actions adopted in the Findings. The Findings are based upon the information gathered and analysis performed as reflected in the Generic Environmental Impact Statement (`GEIS') prepared for the St. Lawrence\FDR Power Project Surplus Lands Transfer/ Land Use Development Plan. The actions that are the subject of these Findings consist of: (1) the transfer (by sale or otherwise) of approximately 930 acres of land for current development; (2) recreational enhancements in the vicinity of the Project; and (3) the adoption and implementation of the Interagency Task Force's Land Use and Recreation Report (`LURR').

"The LURR establishes land uses and land use constraints on property surplus to Project needs. Preferred land uses include residential and recreational development.

"The Trustees are also requested to authorize the General Counsel to petition the Federal Energy Regulatory Commission (`FERC') for removal of any surplus lands which fall within the Project boundary. A final determination on the petition is expected within six to eight months.

BACKGROUND

"The basic purpose of Article 8 of the Environmental Conservation Law, State Environmental Quality Review Act (`SEQRA') is to assure the consideration of environmental impacts in the planning and decision-making processes of state and local governments as early as practical. The Authority's implementing regulations for SEQRA are found at 21 NYCRR Part 461. As the agency principally responsible for carrying out the actions for which these Findings are made, the Authority is the Lead Agency for the purposes of this SEQRA review. Therefore, these Findings are prepared pursuant to Part 461 and in particular, Section 461.13. Section 461.13 requires that before actions which were the subject of an Environmental Impact Statement (`EIS') can be approved by the Trustees, they must (1) consider the EIS; (2) make the Findings specified in Exhibit `11-A'; (3) prepare a written statement describing the basis for their Findings; and (4) since the actions will be located in the Coastal Zone, assure that the action is consistent to the maximum extent practicable with applicable policies in the New York State Coastal Zone Program and any Local Waterfront Revitalization program in the area.

DISCUSSION

"The LURR itself has been the subject of several years of study and multi-agency review. The LURR was issued on April 14, 1994, and the SEQRA review of the LURR, the proposed land transfers and recreation improvements was immediately initiated. Following a public scoping session, the Authority prepared a draft GEIS which was issued on November 2, 1994. Hearings were held on the draft GEIS on November 17, 1994, and written comments were received. Among the agencies from whom comments were specifically solicited were the Department of Environmental Conservation (`DEC'); Office of Parks, Recreation and Historic preservation

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(` OPRHP'); Department of State (` DOS'); Saint Lawrence - Eastern Ontario Commission (` SLEOC'); Saint Lawrence Planning Board, the Towns of Lisbon, Louisville, Massena and Waddington, and the Village of Waddington. After review of the public comments, a final GEIS was issued on January 18, 1995.

"The Findings contained in Exhibit ` 11-A' are based upon the evaluation of the actions as reflected in the final GEIS. The following facts and conclusions from the GEIS support these Findings.

"There are considerable benefits from the transfer of the 930 acres and from the adoption and implementation of the LURR. These lands will be returned to the tax base. They will be developed compatibly with adjacent lands. Construction jobs will be created, and new homes made available. A land and water recreationway will be created, and the public will have maximum access to areas of high aesthetic value.

"Recreational, residential and commercial-industrial development will all affect the environment to varying degrees. Land, vegetation and wildlife will be disturbed, and the public's increased access to the water will have its attendant effects. Environmental effects are discussed in Chapter four, mitigative measures in Chapter five, and unavoidable environmental effects in Chapter six. This extensive review reasonably concludes that, because of the nature of the proposed action and the use of mitigative measures, the proposed action will not significantly affect the environment.

"Also, by assuming that some of the property is kept in its wild state and some is kept semi-wild by allowing recreational and natural discovery activities, the plan will engender a greater understanding of the environment by all who use the facilities. It will also provide formal protection for species that would otherwise be subject to stress resulting from haphazard development on and off project surplus lands.

FISCAL INFORMATION

"Adoption of the Findings, and approval of the actions therein, would make possible (after FERC approval in certain cases) conveyance to the municipalities of Authority land with an estimated 1991 value of \$5.4 million. In addition, this would release the \$1,000,000 committed in 1991 by the Authority for improvements to property along the river that will remain in the public domain, and the \$125,000 committed to the Town of Louisville for improvements to Whalen Park, sited on Authority property. The \$1,125,000 is in the 1995 Capital Budget.

RECOMMENDATION

"The Director - Environmental Division recommends that the Trustees adopt the Findings in Exhibit ` 11-A', and approve the actions adopted in these Findings, consistent with the foregoing and the attached resolution.

"The Vice President - Procurement and Real Estate, the General Counsel, and I concur in the recommendation."

Trustee Miller stressed the significance of the conveyance and expressed hope that the Trustees' decision would be adequately commemorated. Chairman Young gave assurances that he would be traveling to the St. Lawrence Project for that purpose within the next day or so.

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

RESOLVED, That the Trustees adopt the Findings set forth in Exhibit `11-A' as supported by the Generic Environmental Impact Statement prepared for the St. Lawrence/Franklin D. Roosevelt Project Surplus Lands Transfer/Land Use Development Plan as referenced in this Trustee item; and be it further

RESOLVED, That the Director - Environmental Division is directed to sign, in the name of the Trustees, the Certification of Findings (Exhibit `11-A') to Approve/Fund/ Undertake the actions that were the subject of the GEIS and that he cause that Certification to be served on all involved agencies; and be it further

RESOLVED, That the Trustees approve the actions adopted in the Findings, which were the subject of the GEIS to wit (1) the transfer (by sale or otherwise) of approximately 930 acres of land for current development; (2) recreational enhancements in the vicinity of the project; and (3) the adoption and implementation of the Interagency Task Force's Land Use and Recreation Report (`LURR'), including the establishment of use constraints on property surplus to Project needs; and be it further

RESOLVED, That the Trustees authorize the General Counsel to petition the Federal Energy Regulatory Commission for removal of surplus lands from the Project boundary.

CERTIFICATION OF FINDINGS TO APPROVE/FUND/UNDERTAKE

Having considered the Draft and Final GEIS, and having considered the preceding written facts and conclusions relied upon to meet the requirements of 21 NYCRR 461.13, this Statement of Findings certifies that:

1. The requirements of 21 NYCRR Part 461 have been met;
2. Consistent with the social, economic and other essential considerations from among the reasonable alternatives thereto, the action approved is one which minimizes or avoids adverse environmental effects to the maximum extent practicable, including the effects disclosed in the environmental impact statement, and
3. Consistent with social, economic and other essential considerations, to the maximum extent practicable, adverse environmental effects revealed in the environmental impact statement process will be minimized or avoided by incorporating as conditions to the decision those mitigative measures which were identified as practicable.
4. Consistent with the applicable policies of Article 42 of the Executive Law, as implemented by 16 NYCRR 600.5, this action will achieve a balance between the protection of the environment and the need to accommodate social and economic considerations.

Name of Agency

Signature of Responsible Official

Name of Responsible Official

Title of Responsible Official

Date

Address of Agency

State Environmental Quality Review
FINDINGS STATEMENT

Pursuant to Article 8 (State Environmental Quality Review Act-SEQR) of the Environmental Conservation Law and 21 NYCRR Part 461, the New York Power Authority as lead or involved agency, makes the following findings.

Name of Action: St. Lawrence-Franklin D. Roosevelt Project Surplus Lands Transfer/Land Use Development Plan

Description of Action:

The actions that are the subject of these Findings consist of:

- (1) the transfer (by sale or otherwise) of approximately 930 acres of land for current development;
- (2) recreational enhancements in the vicinity of the project; and
- (3) the adoption and implementation of the Interagency Task Force's Land Use and Recreation Report (LURR), including the establishment of use constraints on property surplus to Project needs.

Location: (include street address and the name of the municipality and county.)

The St. Lawrence-FDR Power Project is located on the St. Lawrence River, between Red Mills, just east of Ogdensburg, and Massena, in the St. Lawrence County Towns of Lisbon, Waddington, Louisville, and Massena. The project encompasses approximately 37 miles of the river and shoreline.

Agency Jurisdiction(s):

The basic purpose of Article 8 of the Environmental Conservation Law, State Environmental Quality Review Act (SEQRA) is to assure the consideration of environmental impacts in the planning and decision-making processes of state and local governments as early as practical. The New York Power Authority's implementing regulations for SEQRA are found at 21 NYCRR Part 461. As the agency principally responsible for carrying out the proposed actions described above, the Authority is the Lead Agency for the purposes of this SEQRA review. Therefore, these Findings are prepared pursuant to Part 461 and in particular, Section 461.13.

Date Final EIS Filed: January 18, 1995

Facts and Conclusions in the EIS Relied Upon to Support the Decision:

The LURR itself has been the subject of several years of study and multi-agency review. The LURR was issued on April 1994 and the SEQRA review of the LURR, the proposed land transfers and recreation improvements was immediately initiated. Following a public scoping session, the Authority prepared a Draft Generic Environmental Impact Statement (DGEIS) which was issued on November 2, 1994. Hearings were held on the DGEIS and written comments were received. Among the agencies from whom comments were specifically solicited were the Department of Environmental Conservation (DEC), Office of Parks, Recreation and Historic preservation (OPRHP), Department of State (DOS), Saint Lawrence - Eastern Ontario Commission (SLEOC), Saint Lawrence Planning Board, the Towns of Lisbon, Louisville Massena and Waddington, and the Village of Waddington. After review of the public comments a Final GEIS was issued on January 18, 1995. The Findings issued by this filing are based upon the evaluation of the actions as reflected in the Final GEIS particularly as follows:

There are considerable benefits from the transfer of the 930 acres and from the adoption and implementation of the LURR. These lands will be returned to the tax base. They will be developed compatibly with adjacent lands. Construction jobs will be created, and new homes made available. A land and water recreationway will be created, and the public will have maximum access to areas of high aesthetic value.

In fact, a potential developer has already come forward and presented a conceptual plan to develop Whitehouse Point located in the Town of Waddington.

Recreational, residential and commercial-industrial development will all affect the environment to varying degrees. Land, vegetation and wildlife will be disturbed, and the public's increased access to the water will have its attendant effects. Environmental effects are discussed in chapter four, mitigative measures in chapter five, and unavoidable environmental effects in chapter six. This extensive review reasonably concludes that, because of the nature of the proposed action and the use of mitigative measures, the proposed action will not significantly affect the environment.

Also, by assuming that some of the property is kept in its wild state and some is kept semi-wild by allowing recreational and natural discovery activities, the plan will engender a greater understanding of the environment by all who use the facilities. It will also provide formal protection for species that would otherwise be subject to stress resulting from haphazard development on and off project surplus lands.

Adverse environmental effects will be lessened as indicated in Chapter 5 of the GEIS by the imposition of use constraints and performance standards, by deed covenants, by local involvement in the review of proposed developments, by subsequent site-specific SEQRA review of new or substantially changed information, and by adherence to all applicable local, state and federal

environmental regulations. These measures can reduce environmental effects to moderate or minor ones. The impacts that may arise and the mitigation measures are discussed at length in chapters Four through Six of the GEIS.

Section 7 of the GEIS discusses several alternative land uses and recreational plans that were evaluated. These included the no action alternative and various plans balancing public and private use of the property. The preferred alternative is for integrated public use and private development. This approach offers a compromise between the several alternatives considered. While suitable mainland parcels would be made available for sale and planned private development, subject to appropriate environmental protection measures and density controls, public access and recreational opportunities would be protected and enhanced. An appropriate corridor trail system, utilizing existing roadways, shore and the waterway, would be developed to afford the public the ability to traverse the shoreline. The need for additional boat access points would be determined, and appropriate facilities developed on the mainland and islands. Local recreational projects compatible with a comprehensive access and recreation plan for these lands would be supported. In addition operating agreements between the Power Authority, DEC and OPRHP would be retained.

Under this alternative private sale, and development of land, subject to site specific environmental considerations and density limits, would be accommodated. Lands eventually released from the project boundary would be conveyed to the appropriate towns for their development. Such development proposals would be subject to review by the Interagency Task Force, and would have to be consistent with the comprehensive land use plan and its recommendations.

All the islands would remain in public ownership. Although boat access to Galop Island will be improved, the island would be reserved for habitat values, primitive camping, and nature appreciation. Natural systems research and interpretation would be permitted. Ogden Island would remain in an open space condition. Principal uses include habitat protection, primitive camping, and nature appreciation. Boat access would be improved. Croil and Long Sault Islands would remain in a largely unimproved state, in part due to their status in the St. Regis-Mohawk land claim. Land not subject to interagency operating agreements, and retained in Power Authority ownership due to FERC license requirements, environmental considerations, or policy reasons, would be reviewed for potential enhancement of their public access/recreational opportunities. Trail systems, bike paths, boat/canoe access points, and picnic/overlook areas would be developed where appropriate, on an available funds basis.

The Power Authority has established a fund of one million dollars to develop recreational facilities on these lands, and has guaranteed their maintenance.

This alternative responds to local concerns about increasing the property tax base by making certain tracts available for sale and private development, while protecting and enhancing public access and recreational opportunities along the waterway.

Since all of the property which is the subject of this evaluation is located in the Coastal Zone, the Power Authority prepared a Coastal Assessment Form. The Authority determined that the actions are consistent with the State Coastal Zone Plan and the Waddington Local Waterfront Revitalization Program. In addition to returning land to the tax base, this action will ensure future compatible land development, minimize the loss of wooded and open space, maintain or enhance the aesthetic quality of the environment, and increase public access to the waterfront and recreational areas.

The surplus lands are not within an erosion hazard area. However, all construction would comply with use constraints, performance standards, zoning requirements and local laws. These mitigation measures are discussed in Section 5 of the GEIS.

In addition as noted above, the GEIS and the LURR, incorporated by reference, describe in great detail the proposed recreational enhancements, and efforts to protect and enhance natural resources. As with residential and commercial-development, all recreational improvements will be subject to use constraints and mitigative measures. GEIS Sections 4,5, and 6 discuss the best management practices to be used as mitigative measures. All surplus lands, water supply and septic/sewer system development will be in accordance with DEC and DOH requirements. Spill Prevention Control and Countermeasure Plans will be used to manage any petroleum storage, as Contingency Plans will for any chemical storage. Erosion & Sediment Control Plans and Stormwater Pollution Prevention Plans will minimize non-point source runoff during construction. Applicable point source discharges to ground or surface water will be regulated under SPDES Permits. These Plans and Permits will minimize the discharge of excess nutrients, organics and eroded soil, thereby protecting surface and groundwater supplies.

Moreover, if site specific development may significantly and adversely affect the environment in a manner not addressed in the DGEIS analysis, the analysis may have to be supplemented and a site specific environmental assessment conducted. In that case, public notice and comment on the supplemental EIS must take place prior to approval or implementation of the action. Site specific impacts not addressed in the DGEIS may also be the subject of a separate EIS preformed by a developer-applicant and submitted to the appropriate Lead Agency.

Access to publicly-owned land will be managed by use constraints, deed covenants and local laws to ensure compatibility with adjoining lands. Use constraints, performance standards, deed covenants, future site-specific SEQRA review, and the regulatory review process will protect natural resources within the coastal zone. All development will abide by the mitigative measures, use constraints and performance standards discussed in Sections 5 and 6. Development will also comply, where applicable, with the policies stated in Waddington's Local Waterfront Revitalization Program.

Fish and wildlife resources are extensively discussed in GEIS Section Two. The action's potential effects on these resources are discussed in Section Four, and mitigative measures in Sections Five and Six. These measures, such as use constraints and deed covenants, will protect fish and wildlife resources. This action will also increase public access to the St. Lawrence River and enhance recreational activities, including fishing consistent with acceptable constraints.

12. Proposed Revision to Marcy-South and Massena-Marcy Firm Transmission Rates - Final Action

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve as a final action an increase in the firm transmission rates from the current level of \$1.50/kW-mo. to \$1.60/kW-mo. for service on the Marcy-South Project ('Marcy-South') and the Massena-Marcy Project ('Massena') (attached hereto as Exhibits '12-A' and '12-B', respectively).

BACKGROUND

"At their meeting of October 25, 1994, the Trustees authorized the Secretary to file notice for publication in the State Register of the Authority's proposed action to increase the firm transmission rates from the current level of \$1.50/kW-mo. to \$1.60/kW-mo. for service on Marcy-South and the Massena and the scheduling of a public forum for the purpose of obtaining the views of interested persons concerning the Authority's proposed action. Notice of the proposed action by the Authority and the public forum was published in the State Register on November 16, 1994. That forum was held on January 11, 1995. No commentators appeared at the forum, nor were any comments received.

DISCUSSION

"Marcy-South consists of a predominantly double-circuit 190-mile 345 kV transmission line between the Authority's Marcy substation and Con Edison's East Fishkill substation. Massena is a single circuit 155-mile 765 kV transmission line between Hydro-Québec at the International Boundary and the Authority's Marcy substation.

"At their meeting of June 23, 1988, the Trustees approved a firm transmission rate of \$1.50/kW-mo. (Service Tariff No. 45) for service on Marcy-South. This rate became effective when Marcy-South began commercial operation on July 1, 1988, and was designed to be competitive with rates for similar transmission service provided by investor-owned utilities. As such, the rate was below the level that would have been sufficient to recover the Marcy-South cost.

"Since the initial establishment of the firm transmission rate for Marcy-South, the rates for similar service provided by investor-owned utilities have risen to a level that would allow the Authority to recoup more of its cost and remain competitive.

"At their meeting of February 28, 1989, the Trustees approved a firm transmission rate of \$1.50/kW-mo. for firm use of the Massena line (Service Tariff No. 47). This tariff was adopted to enable the Authority to offer firm transmission service from the Canadian border to Marcy to those entities wishing to purchase Canadian power or Authority power from the St. Lawrence facility or to use the service for other transactions. In addition, entities wishing to sell power to Canada would be able to request transmission service on this line. ST-45 and ST-47 provide that the total monthly charge for service under each tariff, when combined with service under any other Authority firm transmission tariff, would not exceed an amount per kW calculated by applying the Authority's interruptible transmission rate to the billing demand under Service Tariff No. 31 at 100

percent load factor. To date, the Authority has not provided transmission service under ST-47. The

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Massena line is currently used to deliver Diversity power and energy from Hydro-Québec to Consolidated Edison Company of New York, Inc. and Rochester Gas and Electric under a negotiated transmission contract with prescribed rates.

"Based on forecasted 1995 cost data, it is estimated that the total transmission project will operate at a loss. In order to reduce the transmission revenue shortfall, a rate adjustment should be implemented for those firm service customers now paying transmission charges for use of Marcy-South. It is proposed that a \$1.60/kW-mo. rate for services using Marcy-South and Massena be implemented effective February 1, 1995. Such a rate will be approximately 5 percent below the competition and significantly below what could be charged if the Authority were to implement a rolled-in transmission rate.

"Consistent with previous practice, staff provided notification to affected customers concerning the proposed rate increase and a public forum on the proposed Marcy-South firm transmission rate increase. Staff has also responded to requests for additional information received from several customers.

FISCAL INFORMATION

"Implementation of the proposed rate for Marcy-South would increase firm transmission revenues by approximately \$516,000 on an annual basis, or 3.8 percent, over those estimated to be collected at the existing rate. There will be no immediate revenue effect from an increase in the Massena transmission rate.

RECOMMENDATION

"The Senior Vice President - Transmission recommends that the Trustees approve an increase in the firm transmission rates for customers utilizing firm transmission service over Marcy-South and Massena as defined above.

"The Vice President - Corporate Finance, the Senior Vice President - General Counsel, the Senior Vice President - Business Services, and I concur in the recommendation."

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

WHEREAS, at their meeting of October 25, 1994, the Trustees authorized the Secretary to file notice of proposed action for publication in the State Register of the Authority's intention to increase the transmission rates for the Marcy-South and the Massena-Marcy transmission facilities; and

WHEREAS, such notice was duly published in the State Register on November 16, 1994 and more than 45 days have elapsed since publication; and

WHEREAS, a public forum was held on January 11, 1995, for the purpose of obtaining the views of interested persons concerning the proposed increase in the Marcy-South firm transmission rate, at which forum no commentators appeared and no comments were received;

NOW THEREFORE BE IT RESOLVED, That the increase in the rates for transmission on the Marcy-South and the Massena-Marcy transmission facilities to \$1.60/kW-mo., as recommended in the foregoing report of the President, is hereby

approved effective February 1, 1995; and be it further

January 31, 1995

RESOLVED, That the Secretary of the Authority be, and hereby is, authorized to file notice of adoption with the Secretary of State for publication in the State Register and to submit such other notice as may be required by statute or regulation.

Service Tariff No. 45
Firm Transmission Service

Effective February 1, 1995

Applicable

To firm use of the Authority's Marcy-South transmission facilities.

Character of Service

Alternating current; 60-hertz; 3 phase.

Rate

\$1.60 per kilowatt of Contract Demand per month, provided that the total monthly charge per kilowatt for service under an accepted application for firm transmission service incorporating this tariff and any other Authority tariff(s) for firm transmission service shall not exceed an amount per kilowatt calculated by multiplying the maximum rate in mills per kilowatt-hour set forth for interruptible service under Service Tariff No. 31 by 730 hours.

Transmission rates are subject to revision upon notice as provided in the provision entitled `Adjustment of Charges.'

The transmission charges specified in this Service Tariff shall apply to the billing demand hereunder.

Billing Demand

The Billing Demand shall be the Contract Demand in effect during the billing period.

Contract Demand

The Contract Demand shall be the amount(s) of capacity specified in Customer's accepted Application for Firm Transmission Service.

Losses

Quantities accepted by the Authority at the point(s) of receipt identified in the Application for Service after reductions to account for transmission losses will be delivered to the point(s) of delivery identified in the Application. Such losses shall be determined by Authority and reviewed with Customer.

Adjustment of charges

If Authority determines that the rates for firm transmission service hereunder should be revised pursuant to the Authority's Rules and Regulations for Power Service, it will notify customer in writing of the revised charges not less than thirty (30) days in advance of the effective date thereof.

Service Tariff No. 47
Firm Transmission Service

Effective February 1, 1995

Applicable

To firm use of the Authority's Massena-Marcy transmission facilities.

Character of Service

Alternating current; 60-hertz; 3 phase.

Rate

\$1.60 per kilowatt of Contract Demand per month, provided that the total monthly charge per kilowatt for service under an accepted application for firm transmission service incorporating this tariff and any other Authority tariff(s) for firm transmission service shall not exceed an amount per kilowatt calculated by multiplying the maximum rate in mills per kilowatt-hour set forth for interruptible service under Service Tariff No. 31 by 730 hours.

Transmission rates are subject to revision upon notice as provided in the provision entitled `Adjustment of Charges.'

The transmission charges specified in this Service Tariff shall apply to the billing demand hereunder.

Billing Demand

The Billing Demand shall be the Contract Demand in effect during the billing period.

Contract Demand

The Contract Demand shall be the amount(s) of capacity specified in Customer's accepted Application for Firm Transmission Service.

Losses

Quantities accepted by the Authority at the point(s) of receipt identified in the Application for Service after reductions to account for transmission losses will be delivered to the point(s) of delivery identified in the Application. Such losses shall be determined by Authority and reviewed with Customer.

Adjustment of charges

If Authority determines that the rates for firm transmission service hereunder should be revised pursuant to the Authority's Rules and Regulations for Power Service, it will notify customer in writing of the revised charges not less than thirty (30) days in advance of the effective date thereof.

13. Agreement for Access to and Use of Sound Cable for Fiber Optic Strands

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve an agreement ('Agreement') for access and use for a period of 15 years of eight Sound Cable Project ('SCP') fiber optic strands to Metropolitan Fiber Systems of New York, Inc. ('MFS'), a communications carrier authorized by the Federal Communications Commission ('FCC'), for \$750,000, plus 14 annual payments of \$225,000. The annual payments will be adjusted for inflation.

BACKGROUND

"Fiber optic cable was installed, in two conduits, as part of the SCP. Each of the conduits contains 12 fiber optic strands. The Authority currently uses eight of the 12 strands in each cable to meet the relay and communications requirements of the SCP. Since the original design for utilizing fiber optics as a means for protecting the SCP was implemented there have been major advances in technology. These advances have resulted in increasing the capacity of the individual fibers, making it unlikely that the Authority will need the unused four strands in each cable. The Authority proposes to allow MFS access to and use of the eight strands for a period of 15 years.

DISCUSSION

"After completion of the SCP, the Authority entered into discussions with a telecommunications company which expressed interest in access to some of the fiber optic strands. Those discussions concluded without an agreement. Subsequently, on March 8, 1993, the Authority advertised in the New York Times for companies interested in bidding for access to and use of eight fiber optic strands. Also, a notice of solicitation was placed in the New York State Contract Reporter in March 1993. Concurrently, bid packages were sent to six selected companies, including the company with which the Authority first held negotiations. Two proposals were received and the Authority entered into negotiations with the high bidder, (another telecommunications company). The high bidder encountered financial difficulties and advised the Authority, in April 1994, that it was withdrawing its offer.

"During August 1994, MFS contacted the Authority regarding the availability of access to the eight SCP fiber optic strands. MFS did not previously approach or submit a bid for the fiber capacity. The Agreement is the result of MFS and Authority staff negotiations. Included in the Agreement is an arrangement for MFS to perform, for a fee, required repair on all the SCP fiber optic strands. Entering into this Agreement with MFS as a result of solicitation by MFS does not contravene any applicable Authority policy or procedure. Also, the Agreement terms are financially comparable to the unconsummated negotiations with the two prior telecommunication companies. As such, the Agreement terms are competitive and reflect the market value for the access to and use of the eight fiber strands.

"The income from this Agreement to the Authority is \$3,900,000. The payment schedule is as follows: \$50,000 payable at execution; \$450,000 payable 180 days after execution; \$250,000 payable at the first anniversary of execution; and 14 prospective annual payments of \$225,000 commencing with the first

anniversary of the Agreement. The annual payments will be adjusted for inflation using a consumer price

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index. MFS has the right to terminate the Agreement within the first 180 days after execution. During the balance of the term of the Agreement, MFS may cancel upon six months notice to the Authority. After 15 years, the access to and use of the fiber optic strands revert to the Authority.

FISCAL INFORMATION

"Funds received under this agreement will be deposited to the revenue fund.

"This agreement will yield an income stream of \$3,900,000, adjusted for inflation over the 15-year period.

RECOMMENDATION

"The Vice President and Chief Engineer - Power Generation, and the Vice President Project Management - Power Generation recommend that the Trustees approve the Agreement allowing MFS Communications Company, Inc. the access to and use of eight Sound Cable Project fiber optic strands on substantially the terms and conditions, including repair obligations, as set forth in this memorandum.

"The Vice President - Procurement and Real Estate, the Senior Vice President - Transmission, the General Counsel, the Senior Vice President - Power Generation, the Senior Vice President - Business Services, and I concur in the recommendation."

In response to questions from Trustee Waldbauer, Mr. Hiney explained that MFS would be paid for maintenance work on a reasonable cost basis. In response to questions from the Vice Chairman, Mr. Goldstein explained that any franchising fees would be MFS's responsibility.

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

RESOLVED, That the Agreement between the Authority and MFS Communications Company, Inc. whereby MFS Communications Company, Inc. shall have the access to and use of eight Sound Cable Project fiber optic strands on substantially the terms and conditions, including repair obligations, as set forth in the foregoing report of the President is approved; and be it further

RESOLVED, That the Senior Vice President - Power Generation, or his designee be, and hereby is, authorized to execute the aforesaid Agreement and to execute such other documents as may be necessary or desirable to effectuate the foregoing.

14. Procurement (Services) Contracts - Nuclear Advisory Committee - James K. Asselstine - Change Order - William F. Conway and Gregory E. Kane - Awards

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve a change order to the contract with James K. Asselstine and approve the award of contracts to William F. Conway and Gregory E. Kane as Nuclear Advisory Committee consultants for a period of two years commencing January 4, 1995 through January 3, 1997.

BACKGROUND

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

"At their meeting of May 25, 1993, the Trustees took under advisement the recommendation to establish a Nuclear Advisory Committee ('Committee'). At their meeting of June 29, 1993, the Trustees established the Committee and approved a Committee Charter. The Committee functioned as established until mid-1994 when Committee Chairman Leon Eliason resigned as a result of accepting other professional obligations. Subsequently, Committee member Ken Harris withdrew for similar reasons.

DISCUSSION

Membership

"Staff recommends retaining two distinguished nuclear experts, William F. Conway and Gregory F. Kane, to serve on the Committee and replace the two Committee members who have withdrawn. In addition, it is recommended that the Trustees name the remaining member of the Committee as originally constituted, James K. Asselstine, as Chairman of the Committee.

Functions of the Committee

"The Committee Charter would continue unchanged except as necessary to reflect recent internal staff reorganization.

1.0 Committee Charter

The Committee is established to advise and assist the Board of Trustees in the discharge of its responsibilities. In fulfillment of this charge, the Committee will review on a continuing basis and report to the trustees on: (1) the safe, reliable, and the economic operation of the Authority's nuclear facilities, both in the short and long-term, (2) the effectiveness of the management systems for the self-identification of problems and potential problems, and for taking prompt and appropriate corrective actions.

2.0 Committee Composition and Terms of Appointments

The Committee shall be an advisory committee to the Board of Trustees with membership consisting of not less than three persons, one of whom shall be designated as Chairman. All members will be independent of the Authority in terms of current or previous employment, and shall be free of any other personal or professional conflicts which could affect their ability to provide independent advice. The Committee members shall have knowledge, background and experience in the field of nuclear power, with at least two of the members having commercial nuclear power experience. They shall be appointed for a two year term, renewable at the direction of the Board of Trustees.

3.0 Meetings

The Committee shall meet as often as it, or the Chairman of the Board of Trustees, deems appropriate or necessary. Generally, the Committee shall meet quarterly, with one meeting each year to be held at each of the nuclear plant sites. Agendas shall be determined in advance by consultation with the Chairman of the Board of Trustees, Chairman of the Committee, the President, and the Chief Nuclear Officer of the Authority. A briefing book containing the agenda and relevant background information shall be distributed to the Committee at least four working days before each scheduled meeting date. A quorum of two members of the Committee shall be required to conduct business.

4.0 Staff Liaison

The Chief Nuclear Officer, shall be the Authority's principal staff liaison with the Committee, and shall coordinate the preparation and delivery to the Committee of reports and other documents such as those listed in Section 7.3. In addition, the Committee shall make use of technical resources provided by the respective Safety Review Committees of the Authority's operating nuclear plants.

The President and Chief Executive Officer of the Authority and other Authority officers other than the Chief Nuclear Officer, are responsible for a number of support functions relied upon by Nuclear Generation. The Committee shall communicate with the President in his capacity as Chief Executive Officer and with such other Authority officers regarding their support responsibilities to Nuclear Generation.

5.0 Committee Reports

The Committee Chairman shall report verbally on Committee activities and findings to the Chairman of the Board of Trustees after each Committee meeting. The Authority's Secretary (or a designated alternate) shall attend all scheduled meetings of the Committee and prepare minutes of each Committee meeting. Following completion of the Committee's review and approval, the Secretary shall provide a copy of such minutes to all Committee members, the Board of Trustees, the President, and the Chief Nuclear Officer. Other officers who may be affected by specific issues will receive copies of those minutes.

If deemed advisable, even between scheduled meetings of the Committee, the Committee Chairman shall call additional meetings of the Committee, or report to the Chairman of the Board on information or findings the Committee deems to be particularly timely and relevant to the Authority's nuclear operations.

6.0 Principal Functions

Operation of nuclear power facilities carries with it unique responsibilities, both regarding public health and safety, as well as the effective use and preservation of the Authority assets. The Committee shall monitor the Authority's nuclear operations by:

- 6.1 Identifying issues critical to the short and long-term safe, reliable, and economical operation of the Authority's nuclear facilities.
- 6.2 Reviewing appropriate Nuclear Generation goals, objectives, strategies, programs, budgets, plans, and reports;
- 6.3 Reviewing overall resource allocations (both financial and personnel) made to nuclear operations, including capital, operations and maintenance, to determine compatibility with announced goals, objectives and strategies;
- 6.4 Reviewing the achievement of Nuclear Generation performance as measured by key Nuclear Regulatory Commission ('NRC') industry and Authority performance indicators;
- 6.5 Reviewing plant life projections and other long-term evaluations of nuclear facility performance to determine compatibility with other Authority long-term goals and objectives;
- 6.6 Reviewing the results of significant external inspections, audits, assessments, or evaluations made by the NRC, the Institute of Nuclear Power Operations ('INPO'), or other agencies or organizations, as well as significant management responses to them;
- 6.7 Reviewing the Nuclear Generation overall organizational structure and proposed major changes thereto, as well as the Nuclear Generation succession plan and selection process for key executive positions;
- 6.8 Reviewing the effectiveness of major management systems, including management information, performance measurement and tracking systems, for the self-identification of problems and potential problems (both technical and business), and for taking prompt and appropriate corrective actions;
- 6.9 Reviewing the results of significant internally prepared (e.g., Safety Review Committees) or contracted for inspections, audits, assessments, or evaluations of Nuclear Generation, any of the Authority's nuclear stations, or major functions thereof;
- 6.10 Conducting an annual nuclear station visit for the purpose of viewing the facilities, reviewing overall material condition, and meeting with station management to discuss station programs and accomplishments of interest to the Committee;
- 6.11 Undertaking any special studies or analyses the Committee judges necessary;
- 6.12 Reviewing the Authority's significant communications with regulatory agencies, customers, employees, and the general public with regard to its nuclear operations; and
- 6.13 Making recommendations to the full Board of Trustees, as the Committee feels appropriate, in connection with the discharge of its responsibilities.

7.0 Staff and Resources

- 7.1 Administrative support shall be provided by the Authority. Administrative support shall be coordinated by the Authority Secretary, while support of a more technical nature shall be coordinated by the Chief Nuclear Officer.
- 7.2 To assist the Committee in fulfilling its mission, the Committee shall have access to Authority files, data, reports, as in its judgement are deemed necessary to carry out its responsibilities.

The Committee members are authorized to communicate directly with Authority officers, managers and other personnel as it deems necessary. However, the Committee is fact-finding and advisory in nature, and is not an executive body. The Committee, therefore, may not authorize expenditures nor do they have authority to direct Authority personnel.

- 7.3 The following are examples of the types of reports and documents, or appropriate summaries, that should be supplied to the Committee as they become available:
- Significant incidents or events occurring in Nuclear Generation or at nuclear plants of a similar design, and actions taken in response.
 - Principal high-level Nuclear Generation Department (management, technical, and personnel) goals, objectives, strategies, plans, and budget proposals, plus performance achievement against them.
 - Reports of significant external inspections and evaluations of the Nuclear Generation Department, written or verbal reports of Authority responses thereto, plus significant resulting correspondence to or from the NRC (including Systematic Assessments of Licensee Performance), INPO, state agencies, auditors, and/or consultants.
 - Reports of significant internal inspections and evaluations, such as Safety Review Committee reports, self-assessments, Quality Assurance/Quality Control audits, or other internal reviews; and significant reports of Nuclear Generation Department and/or station ongoing performance as measured by key NRC, industry, and Authority performance indicators.
 - Other significant issues between the NRC, INPO, state agencies, auditors, or consultants and the Authority, as well as summaries of significant meetings or discussions between personnel of such organizations and Authority personnel.
 - Progress reports indicating the resolution status of significant open items or issues in which the Committee had previously expressed a particular interest.

8.0 Restricted Information

Federal and state law restricts disclosure of certain information; accordingly, Committee members shall seek appropriate approval for access to such information and shall comply with all laws, regulations and policies applicable to access to, possession and use of such information. Committee members and all persons who receive confidential information in the course of or as a result of the Committee's

activities shall have a duty to maintain the confidentiality of that information and shall execute a confidentiality agreement.

Compensation

"Committee members would be paid an annual retainer of \$20,000 plus \$1,000 for each Committee meeting attended. If a meeting should in fact last two days, the \$1,000 meeting fee would be doubled. For members living west of the Mississippi, an extra day (\$1,000) will be added to the compensation arrangements to reflect the greater travel time. The Chairman of the Committee would receive an additional annual fee of \$2,000. In addition, each member would receive \$1,500 a day for a seven hour day for tasks directed by the Authority apart from Committee work. Partial days worked would be prorated. Committee members will also be reimbursed for reasonable out-of-pocket expenses associated with meeting attendance. The total compensation to be paid to each member under the contracts will not exceed \$60,000.

FISCAL INFORMATION

"Funds required for this Committee have been included in the 1995 Approved O & M Budget. Funds required for 1996 will be included in the budget submittal for that year. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Chief Nuclear Officer recommends that the Trustees approve the award of contracts to William F. Conway and Gregory E. Kane, and a change order to the existing contract with James K. Asselstine on such terms and conditions as described herein.

"The General Counsel and I concur in the recommendation."

Trustee Miller expressed satisfaction that the mechanism whereby the NAC members keep the Trustees abreast of current nuclear issues will be continued. The Vice Chairman expressed concurrence, noting that the NAC must continue to fulfill its important role.

Trustee Waldbauer requested that the Chairman of the NAC report verbally to the Trustees within a short time period after each meeting and that the Secretary provide written minutes after they are approved by the Committee Chairman. Trustee Duch urged that the NAC try to tailor its meeting dates so that such meetings are held close in time to the Trustees' meetings. Mr. Cahill responded that the NAC would meet on February 24, several days before the next regular Trustees' meeting.

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

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RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, a change order to the contract with James K. Asselstine and the award of contracts to William F. Conway and Gregory E. Kane as Nuclear Advisory Committee consultants are hereby approved, for a period of two years commencing January 4, 1995, as recommended in the foregoing report of the President, in the amount and for the purpose listed below:

<u>O & M</u>	<u>Projected Closing Date</u>	<u>Contract Approval</u>
Nuclear Advisory Committee		
James K. Asselstine Chairman	01/03/97	Not To Exceed <u>\$60,000</u>
William F. Conway Member	01/03/97	Not To Exceed <u>\$60,000</u>
Gregory E. Kane Member	01/03/97	Not To Exceed <u>\$60,000</u>

15. Adjournment of a Proposed Public Hearing Concerning Amendments to Part 461 of the Authority's Rules and Regulations

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the adjournment of a proposed public hearing regarding amendments to Part 461 of the Authority's Rules and Regulations concerning the State Environmental Quality Review Act ('SEQRA').

BACKGROUND

"At their meeting of November 29, 1994, the Trustees, in conjunction with the approval of a proposed settlement of two lawsuits challenging the Authority's 1000 MW firm power, 800 MW diversity and interconnection agreements with Hydro-Quebec on environmental and other grounds, authorized the filing of proposed amendments to Part 461 of the Authority's Rules and Regulations with the Department of State. As part of the rule making process, a public hearing was scheduled for February 8, 1995, and notice of such hearing was published in the State Register and in the Environmental Notice Bulletin.

"On January 5, 1995, Governor George E. Pataki issued Executive Order No. 2 imposing a 90-day moratorium on the adoption of any rule or regulation proposed by an executive state agency.

DISCUSSION

"In order to act consistently with the underlying executive Order No. 2, it would be appropriate for the Authority to adjourn sine die the public hearing scheduled for February 8, 1995, in connection with proposed amendments to Part 461 and authorize the Secretary to file such notice as may be deemed appropriate by the General Counsel to effectuate the foregoing.

FISCAL INFORMATION

"There is no fiscal impact.

RECOMMENDATION

"It is recommended that the public hearing scheduled as part of this rule making process be adjourned.

"The SEQRA Officer and Director - Environmental Program, the General Counsel, the Senior Vice President - Transmission, and I concur in the recommendation."

January 31, 1995

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

RESOLVED, That the proposal to hold a public hearing in connection with proposed amendments to Part 461 of the Authority's Rules and Regulations, now scheduled for February 8, 1995, be, and hereby is, adjourned sine die; and be it further

RESOLVED, That the Secretary is authorized and directed to file such notice as may be deemed appropriate by the General Counsel to effectuate the foregoing.

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16. Resolution - John F. Duffy

WHEREAS, John F. Duffy joined the New York Power Authority staff as Assistant General Counsel in October 1976; and

WHEREAS, he was promoted to First Assistant General Counsel in 1985; and

WHEREAS, he represented the Power Authority in legislative, labor, power contracting, tax, employee benefit and inter-utility matters and faithfully and skillfully discharged his duties throughout his more than 18 years at the Authority; and

WHEREAS, in addition to his involvement in other legal issues, he applied his singular expertise to a series of Power Authority financings that provided the resources for vital projects and saved millions of dollars for the state's ratepayers; and

WHEREAS, his attention to detail and nuance, his careful and reasoned opinions that often went against prevailing judgment, and his strong sense of rectitude truly made him the "Conscience of the Power Authority"; and

WHEREAS, John Duffy has retired from the Power Authority staff; and

WHEREAS, his understated manner, insightful intelligence, wry humor and unerringly sound judgment will long be remembered;

BE IT THEREFORE RESOLVED, That the Trustees of the Power Authority of the State of New York commend and thank John Duffy for his years of loyal and laudable service and express their sincere hope that he enjoy a long, happy and productive retirement.

January 31, 1995

17. Resolution - John L. Lenney

WHEREAS, John L. Lenney served the New York Power Authority for more than three decades, beginning as a part-time tour guide at the St. Lawrence-FDR Project and ascending to the leadership of the Authority's Public Affairs Department; and

WHEREAS, from the start of his Power Authority career in August 1963 until his retirement at the end of 1994, John Lenney witnessed, participated in and helped to shape many of the major events that have formed the Authority's modern history; and

WHEREAS, to every assignment, he brought a firm sense of purpose, an unshakable optimism and commitment to success, and an unswerving loyalty to the Authority and its goals; and

WHEREAS, he was the Power Authority's "Statewide Ambassador"--to labor and business; community leaders and public officials; customers and citizens--explaining the Authority's programs, defusing crises, and sharing celebrations; and

WHEREAS, through his genuine likability and concern for others, he built a legion of personal friends throughout the state who in turn became the Power Authority's friends; and

WHEREAS, the high respect and affection in which he was held outside the Power Authority was evidenced as well by his colleagues throughout the Authority and by successive members of this Board, to whom he was a continuing source of guidance and assistance;

BE IT THEREFORE RESOLVED, That the Trustees of the Power Authority of the State of New York salute and thank John Lenney for his long and distinguished service, recognize the indelible mark he has left on this organization and wish him good health, happiness and fulfillment in his retirement.

January 31, 1995

18. Resolution - Michael F. Woods

WHEREAS, Michael F. Woods joined the New York Power Authority staff in 1983; and

WHEREAS, he spearheaded the Power Authority's job creation efforts, first as Manager, and, after July 1987, as Vice President of Industrial Economic Development; and

WHEREAS, he solicited and evaluated applications for power and recommended allocations that led to the creation and retention of tens of thousands of New York State jobs that enhanced the lives of his fellow citizens; and

WHEREAS, his responsibilities included supporting the work of the New York State Economic Development Power Allocation Board; and

WHEREAS, Michael Woods has retired from the Power Authority staff; and

WHEREAS, his diligence, competence and skills, not to mention his warm personality, unflagging good humor and ready smile, will be missed at the Power Authority and by the countless business and economic development officials who benefited from his counsel;

BE IT THEREFORE RESOLVED, That the Trustees of the Power Authority of the State of New York recognize, with gratitude, the enormous contributions made by Michael F. Woods; and be it further

RESOLVED, that the Trustees extend their best wishes to him for an enjoyable and productive future.

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19. Next Meeting

The next Regular meeting of the Trustees will be held on **Tuesday, February 28, 1995, in the New York Office at 11:30 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

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Closing

Upon motion made and seconded, the meeting was closed at 12:15 p.m.

Anne Wagner-Findeisen
Corporate Secretary

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