

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

December 14, 2004

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the Albany Office at 10:50 a.m.

Present: Louis P. Ciminelli, Chairman
Frank S. McCullough, Jr., Vice Chairman
Timothy S. Carey, Trustee
Joseph J. Seymour, Trustee
Michael J. Townsend, Trustee

Eugene W. Zeltmann	President and Chief Executive Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Power Generation
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
Joseph Del Sindaco	Senior Vice President and Chief Financial Officer
Angelo S. Esposito	Senior Vice President – Energy Services and Technology
Edward Hubert	Senior Vice President – Transmission
Louise M. Morman	Senior Vice President – Marketing, Economic Development and Supply Planning
Brian Vattimo	Senior Vice President – Public and Governmental Affairs
Joseph J. Carline	Assistant General Counsel – Power and Transmission
Thomas P. Antenucci	Vice President – Project Management
Arnold M. Bellis	Vice President – Controller
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer
Gary Paslow	Vice President – Governmental Affairs and Policy Development
Donald A. Russak	Vice President – Finance
Thomas Warmath	Vice President and Chief Risk Officer
James H. Yates	Vice President – Major Accounts Marketing and Economic Development
Dennis T. Eccleston	Chief Information Officer
Angela D. Graves	Deputy Secretary
Steven DeCarlo	Regional Manager – Central New York
John B. Hamor	Executive Director – State Governmental Relations
John L. Osinski	Executive Director – Regulatory Affairs
Paul W. Belnick	Director – Energy Services and Technology
Jordan Brandeis	Director – Supply Planning, Pricing and Power Contracts
Noel P. DesChamps	Director – Power Generation Support Services
John L. Murphy	Director – Public Relations
Joan Tursi	Director – Budgets
Daniel Wiese	Director – Corporate Security/Inspector General
Shalom Zelingher	Director – Research and Technology Development
Steven Lockfort	Manager – Risk Reporting
James F. Pasquale	Manager – Business Power Allocations and Compliance
Mary Jean Frank	Associate Secretary
Lorna M. Johnson	Assistant Secretary
Bonnie Fahey	Executive Administrative Assistant
Benjamin C. Wong	Project Manager
Richard Hackman	Program Manager
Lucy M. Labruzzo	Program Manager
Richard F. Verdi	Program Administrator
Guerino Trovato	Program Administrator
William Marini	LAN Administrator III

Dorothy Lechmanski
Susan Granich
Noelle Kinsch

Budget Examiner, New York State Division of Budget
Paralegal, Cohen, Dax & Koenig, P.C.
Attorney, LeBoeuf, Lamb, Greene & MacRae

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

1. **Approval of the Minutes of the Regular Meeting and the Executive Session**

The minutes of the meeting of November 23, 2004 were unanimously adopted.

2. **Financial Reports for the Eleven Months Ended November 30, 2004**

Mr. Bellis provided the Financial Reports for the eleven months ended November 30, 2004.

3. Report from the President and Chief Executive Officer

President Zeltmann asked Mr. Esposito to introduce a recently completed video prepared by the Energy Services and Technology team and produced by Corporate Support Services. Mr. Esposito said that as of 2004 the Authority has invested more than \$780 million in energy services projects that have resulted in more than \$600 million in energy savings, creating or retaining jobs and expanding business opportunities in New York State. He said that the video's audience will be the Authority's customers, legislators and other stakeholders.

The video began by stating that the Authority has carried out 1,400 energy services projects at 2,200 locations throughout the state, saving about \$90 million annually to date. The Authority's public-sector energy services customers include public school systems, the State University of New York ("SUNY"), police and fire departments, libraries and mass transit agencies.

The Authority's energy services projects have resulted in a reduction of nearly 190 MW in electricity demand (the equivalent of three small power plants), with cleaner air resulting from a greenhouse gas emissions cut of more than 650,000 tons per year. The Authority recovers its investment in these projects within 10 years by sharing in the energy savings realized.

The video focused on energy services projects at the New York City Police Academy, SUNY's Fashion Institute of Technology, the Buffalo and New York City public schools and the White Plains Public Library. At the end of the video, Governor Pataki praised the Authority's tremendous leadership in the energy services area.

Chairman Ciminelli stated that he thought the video was very well done. Mr. Esposito thanked Mr. Vesce and the Corporate Support Services staff for their work on producing it.

4. 2005 Operation and Maintenance Capital and Fuel Budgets

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the 2005 Budgets for Operation and Maintenance (‘O&M’), Capital and Fuel Purchases as follows:

	2005 Budget <u>(\$ million)</u>
O&M	264.3
Capital	301.0
Fuel	346.8

BACKGROUND

“The Authority is committed to providing reliable, affordable energy; retaining and creating jobs in New York State and promoting the development of energy-efficient technologies. The Authority continues to undertake and implement projects, strategically positioning itself to meet the challenges of a changing electric market. The 2005 budgets are intended to provide the Authority’s operating facilities and support organizations with the resources needed to meet these challenges, as well as its overall strategic objectives.

DISCUSSION

O&M

“The O&M budget of \$264.3 million represents an increase of \$4.5 million, or 1.8% , over the 2004 budget of \$259.8 million. The increase is attributable to increases in Headquarter Support (\$4.8 million) and Transmission (\$0.6 million), offset by reductions in Power Generation (\$0.7 million) and Research and Development (\$0.2 million). Salaries, including overtime and fringe benefits, account for \$158.5 million, or approximately 60%, of the budget.

“The 2005 Budget does not include O&M funding for the 500 MW Combined Cycle plant. During 2005, when operating assumptions and an in-service date are more definite, a budget will be finalized and presented for approval.

“The 2005 payroll budget increase of \$2.2 million is the result of projected wage and salary increases, (\$3.2 million), offset by a reduction in overtime and provisional and temporary help (\$1.0 million). Fringe benefits increased by \$5.4 million, due primarily to escalated medical and prescription drug expenses for retirees and greater pension contributions. The labor and fringe benefit increases are slightly offset by a \$0.6-million increase in the charge-out of these costs to capital projects. Non-payroll expenses of \$105.8 million decrease by \$2.5 million in 2005 due primarily to completion of the Poletti outage in 2004 and decreases in non-recurring production and transmission facility initiatives, offset by an increase in headquarters support spending.

“Power Generation’s 2005 budget is \$0.7 million (0.5%) below the 2004 level, primarily due to the completion of the Poletti maintenance outage in 2004 (\$5.0 million) and a slight reduction in non-recurring initiatives. Offsetting these reductions are normal increases in payroll and fringe benefits (\$3.0 million), which were somewhat reduced by decreased overtime and temporary help. Major non-recurring work includes the continuation of the Niagara Dam Face and Concrete Repair (\$6.7 million), Lewiston Pump Generating Plant (‘LPGP’) Overhaul (\$2.5 million), Niagara Upgrade (\$0.5 million) and many new projects, including LPGP Feeder Wire Replacement (\$0.4 million), St. Lawrence Iroquois Crane Rehabilitation (\$0.4 million), Niagara Life Extension and Modernization Study (\$0.3 million), Blenheim-Gilboa (‘B-G’) Spillway Lower-Level Intake Trash Removal (\$0.3 million) and Niagara 630-Ton Gantry Crane Rollup Door (\$0.2 million).

“The 2005 Transmission budget is \$0.6 million (1.1%) above the 2004 level due to minor increases in payroll and benefits, transmission line operations and maintenance support and ISO and EMS system consultant support. Major ongoing initiatives include continuation of the Right-of-Way Maintenance program (\$2.0 million), Tower Painting on the Marcy-South Line (\$0.5 million) and Laser Profiling on the MSC/MSU Lines (\$0.3 million).

“Headquarters support departments are \$4.8 million (7.2%) above the 2004 level, due primarily to increases in payroll and benefit costs (\$1.1 million), greater IT maintenance expenses for security systems and new computer applications (\$1.4 million), the planned renovation of the WPO garage (\$1.0 million) and increased consulting services for legal and energy risk assessment programs.

“The R&D budget of \$9.2 million is \$0.2 million (2.2%) below the 2004 level, reflecting a slight reduction in the Electric Technology program.

Fuel

“The Fuel budget of \$346.8 million is an increase of \$109.2 million (46.0%) from 2004. This is a cash budget reflecting planned fossil-fuel purchases in 2005 for Poletti, Flynn, the Small Clean Power Plants (‘SCPPs’) and the 500 MW plant. The budget assumes higher commodity prices, more generation, greater gas usage at Poletti and first-time oil and gas purchases for the 500 MW plant.

Capital

“The 2005 Capital budget totals \$301.0 million, a decrease of \$140.0 million (31.7%) from 2004. Included in this request are both new and ongoing capital projects, as well as general plant equipment purchases. The decrease is primarily due to reduced spending for the 500 MW Combined Cycle plant. The Combined Cycle project accounts for \$86.5 million (29%) of the budget, while Energy Efficiency projects are budgeted for \$66.7 million (22%) of the 2005 request.

“Other significant projects include \$22.6 million for continuation of the Niagara Upgrade and \$21.9 million for the St. Lawrence Upgrade/Life Extension, as well as \$13.5 million for beginning the B-G Life Extension and Modernization project. Hydro Relicensing and Compliance is budgeted at \$15.6 million for St. Lawrence and \$11.5 million for Niagara.

FISCAL INFORMATION

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

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

RECOMMENDATION

“The Senior Vice President and Chief Financial Officer and Vice President and Controller recommend approval of the 2005 Operation & Maintenance, Fuel and Capital budgets as discussed herein.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration and I concur in the recommendation.”

Ms. Tursi presented the highlights of staff’s recommendations to the Trustees and thanked all Authority staff who had been involved in preparing the budget.

In response to questions from Chairman Ciminelli, Mr. Hiney said that (i) the oil, which is equivalent to jet fuel, will serve as a back-up fuel for the 500 MW combined cycle plant once it is operational, (ii) the fuel will go into inventory and (iii) the budget assumes the plant will be in service for two months in 2005.

Responding to another question from Chairman Ciminelli, Mr. Hiney said that the Authority would be hedging its fuel prices going forward, but said that over-hedging is a potential problem. He said that the Authority is using the New York Mercantile Exchange for financial hedging. Mr. Hiney stated that his staff would be working with Mr. Warmath's staff to find the optimum hedging level. He also said that fuel price volatility was substantial in the short term and that hedging allows the Authority to achieve stability in its electricity rates.

Mr. Del Sindaco thanked Ms. Tursi and her staff for the outstanding work they did on preparing the budget.

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

RESOLVED, That the 2005 budgets for Operation and Maintenance, Fuel and Capital expenditures, as discussed in the foregoing report of the President and Chief Executive Officer, are hereby approved; and be it further

RESOLVED, That up to \$69.1 million of monies in the Operating Fund are hereby authorized to be withdrawn from such Fund and deposited in the Capital Fund, provided that at the time of withdrawal of such amount or portions of such amount, the monies withdrawn are not then needed for any of the purposes specified in Subsections (1) (a)-(c) of Section 503 of the General Resolution Authorizing Revenue Obligations adopted on February 24, 1998, with the satisfaction of such condition being evidenced by a certificate of the Treasurer or the Deputy Treasurer; and be it further

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

O&M AND FUEL

2005 BUDGET

(\$ MILLION)

<u>DEPARTMENT</u>	<u>2004</u>	<u>2005</u>	<u>CHANGE</u>
EXECUTIVE OFFICES	11.9	12.7	6.8%
BUSINESS SERVICES	21.8	23.9	9.5%
MARKETING	9.1	9.4	2.6%
HUMAN RESOURCES AND CORP SUPPORT	21.9	23.3	6.6%
TRANSMISSION			
ENERGY CONTROL CENTER	5.5	5.5	0.0%
HEADQUARTERS SUPPORT	5.6	5.3	-4.7%
CLARK ENERGY CENTER	10.1	10.7	5.5%
TRANSMISSION FACILITIES	<u>26.9</u>	<u>27.2</u>	<u>0.9%</u>
TOTAL TRANSMISSION	48.1	48.7	1.1%
ENERGY EFFICIENCY	2.7	3.0	11.3%
POWER GENERATION			
POWER GENERATION – HQ	7.7	9.3	19.5%
BLENHEIM-GILBOA	16.6	17.9	7.9%
CHARLES POLETTI	24.2	21.0	-12.8%
NIAGARA	47.7	47.8	0.2%
ST. LAWRENCE	18.4	18.4	-0.1%
R.M. FLYNN	6.3	5.9	-7.3%
SMALL CLEAN POWER PLANTS	9.8	9.7	-0.7%
SMALL HYDRO	<u>4.2</u>	<u>4.2</u>	<u>2.0%</u>
TOTAL POWER GENERATION	134.9	134.2	-0.5%
R&D AND INSTITUTIONAL FUNDING	9.4	9.2	-2.2%
TOTAL O&M BUDGET	<u>259.8</u>	<u>264.4</u>	<u>1.8%</u>
FUEL			
OIL	37.5	73.2	95.2%
GAS	197.1	270.7	37.3%
HEDGING	<u>3.0</u>	<u>2.9</u>	<u>-3.3%</u>
TOTAL FUEL BUDGET	<u>237.6</u>	<u>346.8</u>	<u>46.0%</u>

CAPITAL
2005 BUDGET
(\$ MILLION)

	<u>2004</u>	<u>2005</u>	<u>CHANGE</u>
NEW GENERATION			
500 MW COMBINED CYCLE	<u>177.9</u>	<u>86.5</u>	
	177.9	86.5	-51.4%
ENERGY CONSERVATION			
SENY CUSTOMER PROGRAMS	41.5	32.2	
OTHER NYPA-FUNDED PROGRAMS	18.0	18.2	
DISTRIBUTED GENERATION PROGRAMS	11.9	5.5	
PETROLEUM OVERCHARGE RESTITUTION PROGRAMS	1.5	2.5	
ENVIRONMENTAL BOND ACT AND BOE PROGRAMS	10.5	6.4	
OFFSET EMISSIONS PROJECTS	<u>3.7</u>	<u>1.9</u>	
	87.1	66.7	-23.4%
TRANSMISSION	7.5	10.3	37.3%
POWER GENERATION			
BLENHEIM-GILBOA	10.2	17.0	
CHARLES POLETTI /R.M. FLYNN	2.3	0.8	
NIAGARA	60.0	51.7	
ST. LAWRENCE	74.6	45.1	
SMALL CLEAN POWER PLANTS	<u>9.5</u>	<u>10.3</u>	
	156.6	124.9	-20.2%
ADMINISTRATION SUPPORT	11.9	12.6	5.9%
TOTAL CAPITAL BUDGET	<u>441.0</u>	<u>301.0</u>	<u>-31.7%</u>

5. Allocation of 1,650 kW of Hydro Power

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve two allocations of available Replacement Power (‘RP’) totaling 1,650 kW to two industrial companies.

BACKGROUND

“Under the RP Settlement Agreement, Niagara Mohawk Power Corporation (‘NiMo’), with the approval of the Authority, identifies and selects certain qualified industrial companies to receive delivery of RP. Qualified companies are current or future industrial customers of NiMo that have or propose to have manufacturing facilities for the receipt of RP within 30 miles of the Authority’s Niagara Switchyard. RP is the 445,000 kW of firm hydro power generated by the Authority at its Niagara Power Project (‘Project’) that has been made available to NiMo pursuant to the Niagara Redevelopment Act.

DISCUSSION

“On October 22, 2003, the Authority, NiMo, Empire State Development Corporation and the Buffalo Niagara Enterprise signed a Memorandum of Understanding (‘MOU’) that outlines the process to coordinate marketing and allocating Authority hydro power. The entities noted above have formed the Western New York Advisory Group (‘Group’) with the intent of better using the value of this resource to improve the economy of Western New York and the State of New York. Nothing in the MOU changes the legal requirements applicable to the allocation of hydro power.

“Based on the Group’s discussions, staff recommends that the available power be allocated among two companies, as set forth in Exhibit ‘5-A.’ The Exhibit shows, among other things, the amount of power requested by each company, the recommended allocation and additional employment and capital investment information. These projects will help to maintain and diversify Western New York’s industrial base and will provide new employment opportunities. They are projected to result in the creation of 36 jobs.

“These contracts will be for a term expiring August 31, 2007, subject to legislation being passed that authorizes extension of the Replacement Power program.

RECOMMENDATION

“The Director – Business Power Allocations, Regulation and Billing recommends that the Trustees approve the allocation of 1,650 kW of hydro power to the companies listed in Exhibit ‘5-A.’

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

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

RESOLVED, That the allocation of 1,650 kW of Replacement Power, as detailed in Exhibit “5-A,” be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

December 14, 2004

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

New York Power Authority
 Replacement Power
 Recommendations for Allocations

Exhibit "5-A"
 December 14, 2004

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage Benefits	Power Recommended (kW)	Contract Term (1)
A-1	Curtis Screw Co. Inc.	Buffalo	Erie	1,452	16	\$3,500,000	\$47,000	1,450	Until 8/31/07
A-2	PCB Now-Tech, Inc.	Lackawanna	Erie	<u>200</u>	<u>20</u>	<u>\$1,550,000</u>	<u>\$37,000</u>	<u>200</u>	Until 8/31/07
	Total RP Recommended			1,652	36	5,050,000	84,000	1,650	

(1) The Niagara Project license and the resale agreement with Niagara Mohawk (NS-1) expires on August 31, 2007.

APPLICATION SUMMARY

Replacement Power

Company:	Curtis Screw Co. Inc
Location:	Buffalo, New York
County:	Erie
IOU:	NIMO
Business Activity:	Manufacturer of precision-machined components
Project Description:	The project will include the installation of a minimum of 11 new pieces of dedicated equipment required to manufacture parts needed for a new project at full volume. The company's induction heat treatment process consumes the most power. Other equipment installed will be screw machines, cross drills, gun drills, broaches, straighteners and washers.
Prior Application:	Yes
Existing Allocations:	600 kw of RP and 300 kw of PFJ
Power Request:	1452 kW
Power Recommended:	1450 kW
Job Commitment:	
Existing	260 jobs
New	16 jobs
New Jobs/Power Ratio:	11 jobs/MW
New Jobs – Avg. Wage and Benefits	\$47,000
Capital Investment:	\$3,500,000
Capital Investment Per MW	\$2,413,793/MW
Summary:	The company was founded in Buffalo in 1905. It is an industry leader in precision-machined components and assemblies for the automotive market. Products manufactured as a result of the expansion will be power steering racks for the Ford F150, Expedition and Lincoln Navigator. The company's North Carolina and Buffalo facilities are being considered to run its new program. The RP allocation would tip the scale to its Buffalo operation.

APPLICATION SUMMARY

Replacement Power

Company:	PCB Now-Tech, Inc.
Location:	Lackawanna, New York
County:	Erie
IOU:	NIMO
Business Activity:	Manufacturer of precision-machined components
Project Description:	The project scope includes adding equipment to increase the company's capacity to manufacture more products for its precision-machined component lines. The project will also include modification to the company's existing facility to accommodate the new equipment, including but not limited to lighting, HVAC, electrical service and mechanical infrastructure.
Prior Application:	Yes
Existing Allocations:	250 kw of Replacement Power
Power Request:	200 kW
Power Recommended:	200 kW
Job Commitment:	
Existing	60 jobs
New	20 jobs
New Jobs/Power Ratio:	100 jobs/MW
New Jobs – Avg. Wage and Benefits	\$37,000
Capital Investment:	\$1,550,000
Capital Investment Per MW	\$7,750,000/MW
Summary:	PCB Now-Tech, Inc. is a supplier of precision-machined components for the industrial, medical, aerospace and defense industries. The company has more than 30 years of experience in machining critical valve components. A low-cost RP allocation will help it remain competitive and add jobs.

**6. Informational Item – Quarterly Review of Power For Jobs
Employment Commitments**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“At their meeting of February 24, 2004, the Trustees approved a one-year extension to the moratorium against taking enforcement action against customers when their actual employment levels fall short of their agreed-upon employment commitments. Customers are having difficulty meeting their commitments as a result of the national economic downturn. The Trustees approved the moratorium extension retroactive to January 1, 2004. As a result, the following discussion of PFJ (‘PFJ’) customers is for informational purposes only. A summary of all contracts discussed in this memorandum is provided as Exhibit ‘6-A.’

BACKGROUND

“All of the PFJ contracts contain a customer commitment to retain or add a specific number of jobs. If the actual job level falls below 90% of that commitment, the Authority may reduce that customer’s power allocation proportionately.

“In order to ensure compliance with agreed-upon job commitments, Authority staff initiates a review of all PFJ power allocations that have an ‘anniversary date’ within the quarter being reported. This quarterly review covers companies that began receiving power during the 1st Quarter of 1999, 2000, 2001, 2002 and 2003. The Authority had 81 customers with 81 contracts first receiving power in the 1st Quarter of 1999, two customers with two contracts first receiving power in the 1st Quarter of 2000, four customers with four contracts first receiving power in the 1st Quarter of 2001, 10 customers with 10 contracts first receiving power in the 1st Quarter of 2002 and 84 customers with 91 contracts first receiving power in the 1st Quarter of 2003.

DISCUSSION

“Staff reviewed a total of 181 customers with 188 contracts. The 188 contracts reviewed represent overall power allocations of 119.395 MW and total employment commitments of 78,178 jobs. In the aggregate, these customers reported actual employment of 74,880 positions, which represents some 95.78% of the total job commitments for PFJ customers reporting on their anniversary dates. Notwithstanding, there are 69 customers whose actual job levels are below the minimum threshold. They are discussed below and summarized in Exhibit ‘6-A.’

Allocation: 1,000 kW of Power for Jobs power

Jobs Commitment: 665 jobs

Background: Acme Architectural Products, Inc. (‘Acme’) is a privately owned company that was founded in 1924 and is now a leading manufacturer of building products for the construction industry. Acme is one of the largest manufacturers in Brooklyn. The company manufactures hollow-metal doors and frames, bathroom partitions, office furniture and architectural wall products. For the past year, Acme averaged 442.33 positions, i.e., 66.52% of its employment commitment. Economic conditions decreased business. The company is maintaining its current average of 442 employees and hopes to hire if the economy improves.

Arctic Storage of Utica, Inc., Yorkville, Oneida County

Allocation: 160 kW of Power for Jobs power

Jobs Commitment: 4 jobs

Background: Arctic Storage of Utica, Inc. (‘Arctic’), founded in 1957, is a frozen-food warehouse that stores frozen food for food distributors, grocery stores, restaurants and other wholesale and retail concerns. For the past year, Arctic averaged 3.00 positions, i.e., 75.00% of its employment commitment. Arctic is only one job short of meeting its commitment.

Auburn Vacuum Forming, Inc., Auburn, Cayuga County

Allocation: 125 kW of Power for Jobs power

Jobs Commitment: 46 jobs

Background: Auburn Vacuum Forming ('Auburn'), founded in 1969, manufactures thermoformed plastic component parts used by manufacturers of industrial equipment. For the past year, Auburn averaged 39.65 positions, i.e., 86.19% of its employment commitment. Auburn is just one job short of meeting its employment commitment.

Augros, Inc., Ronkonkoma, Suffolk County

Allocation: 500 kW of Power for Jobs power

Jobs Commitment: 125 base jobs and 25 created jobs by the end of third year

Background: Augros Inc. ('Augros'), a subsidiary of a French company that has been in business for more than 50 years, manufactures intricate molded-plastic container caps for the cosmetics industry. For the past year, Augros averaged 103.25 positions, i.e., 82.60% of its employment commitment. Augros suffered a large sales drop and went through a change in senior management in the reporting year. Currently, the company has recovered a bit and employment is up to 117 positions.

Ballet Tech Foundation, Manhattan, New York County

Allocation: 25 kW of Power for Jobs power

Jobs Commitment: 54 jobs

Background: Ballet Tech Foundation ('Ballet Tech') is both a professional ballet company, formed in 1974, and a ballet school, founded in 1978. For the past year, Ballet Tech averaged 36.50 positions, i.e., 67.59% of its employment commitment. Funding decreased last year to such an extent that the company had to decide what was best for its ability to stay afloat. Ballet Tech decided to suspend the professional company and keep the school open, which resulted in lay-offs. The company will take a few years to get back to meeting its commitment.

Barry Steel Fabrication, Inc., Lockport, Niagara County

Allocation: 75 kW of Power for Jobs power

Jobs Commitment: 49 jobs

Background: Barry Steel Fabrication, Inc. ('Barry Steel'), founded 27 years ago, is a privately owned company. Barry Steel designs and fabricates steel structures such as steel columns, beams, stairways and railings, as well as complete buildings. For the past year, Barry Steel averaged 27.67 jobs, i.e., 56.46% of its commitment, due to a decline in sales. However, business has begun to increase and the company now stands at 30 employees. The company hopes to continue hiring in 2005.

Bernzomatic, division of Newell Rubbermaid, Medina, Orleans County

Allocation: 40 kW of Power for Jobs power

Jobs Commitment: 262 jobs

Background: Bernzomatic, division of Newell Rubbermaid ('Bernzomatic'), founded in 1876 in Newark, NJ, moved to Rochester in 1945 and has been in Medina since 1979. The company manufactures propane torches that they developed in the 1950s. For the past year, Bernzomatic averaged 233.25 positions, i.e., 89.03% of its employment commitment. The company was just two jobs short of its commitment for the year, but grew to meet the commitment in the last month reported.

Bonded Insulation Company, Inc., Hagaman, Montgomery County

Allocation: 300 kW of Power for Jobs power

Jobs Commitment: 34 jobs

Background: Bonded Insulation Company, Inc. ('Bonded'), founded in 1962, is a manufacturer of cellulose insulation used in residences and light commercial buildings, as well as fire retardant. The fire retardant is a key component of the cellulose insulation. For the past year, Bonded averaged 25.53 positions, i.e., 75.10% of its employment commitment. The company grew significantly in 2004 and expects to meet its commitment.

Buffalo Technologies Corp., Buffalo, Erie County

Allocation: 350 kW of Power for Jobs power

Jobs Commitment: 73 Jobs

Background: Buffalo Technologies Corp. ('Buffalo Technologies') is a privately owned company that has been in business for more than 90 years. The company custom-designs and manufactures energy-efficient, high-quality processing equipment for the food, chemical and pharmaceuticals industries. Buffalo Technologies is one of the few companies that can offer product design, testing, engineering and manufacturing in one location. For the past year, Buffalo Technologies averaged 26.58 jobs, i.e., 36.42% of its commitment. The slow economy caused decline in the overseas business, but the company is now hiring for the first time in three years. The company, which has a product backlog and 29 employees, anticipates an increase in sales and may hire two to three people in the first quarter of 2005.

Cameron Fabricating Corporation, Horseheads, Chemung County

Allocation: 325 kW of Power for Jobs power

Jobs Commitment: 142 jobs

Background: Cameron Fabricating Corporation ('Cameron'), founded in 1983, is a high-end manufacturer of custom-fabricated metal products and services. Although initially Cameron's main market was food-related manufacturing, the company has since expanded its markets. For the past year, Cameron averaged 122.38 jobs, i.e., 86.18% of its commitment. Cameron grew in late 2003 and through 2004. The company is meeting its employment commitment, with 155 employees.

Carrier Corporation, Syracuse, Onondaga County

Allocation: 5,000 kW of Power for Jobs power

Jobs Commitment: 1,477 jobs

Background: Carrier Corporation ('Carrier') has been operating for more than 85 years. Carrier manufactures air-conditioning, industrial refrigeration and transport refrigeration products, as well as air-conditioner and refrigerator compressors. For the past year, Carrier averaged 1,146.25 positions, i.e., 77.61% of its employment commitment. Carrier's below-commitment job level was a result of corporate restructuring and challenging economic conditions in the HVAC industry.

Carville National Leather Corp., Johnstown, Fulton County

Allocation: 250 kW of Power for Jobs power

Jobs Commitment: 56 jobs;

Background: In business since 1967, Carville National Leather Corp. ('Carville') colors and finishes cowhide leather for the upholstery, shoe, handbag and garment leather trades, and now for the military. For the past year, Carville averaged 47.52 jobs; i.e., 84.85% of its commitment. However, the company met its commitment in the last quarter reported. Carville has diversified its customer base to maintain its stability and enhance its growth.

Cecilware Corp., Long Island City, Queens County

Allocation: 400 kW of Power for Jobs power

Jobs Commitment: 400 jobs

Background: Cecilware Corp. ('Cecilware'), a privately held company in business since 1911, manufactures equipment for the food-services industry, including cappuccino and coffee machines and fryers. For the past year, Cecilware averaged 265.00 jobs, i.e., 66.25% of its commitment. Currently, the company has 250 employees since foreign competition has hurt its business. However, several large orders have come in and the company is growing a bit.

Climax Manufacturing Company, Carthage, Jefferson County

Allocation: 1,500 kW of Power for Jobs power

Jobs Commitment: 339 jobs

Background: Climax Manufacturing Company ('Climax'), founded in 1902, manufactures paperboard and boxes for high-end apparel, gift shops and bakeries. For the past year, Climax averaged 298.67 positions, i.e., 88.10% of its employment commitment. Climax met its commitment for the second half of its reporting period.

Codino's Italian Foods, Inc., Scotia, Schenectady County

Allocation: 150 kW of Power for Jobs power

Jobs Commitment: 34 jobs

Background: Founded more than 40 years ago, Codino's Italian Foods, Inc. ('Codino's') manufactures frozen pasta, including ravioli, manicotti, stuffed shells and a Codino's invention, stuffed rigatoni. The company serves

retail, food-service and institutional businesses in the East and Midwest. For the past year, Codino's averaged 20.92 jobs; i.e., 61.52% of its commitment. The company feels that the low-carbohydrate eating trend hurt its sales, as well as leading to less-than-satisfactory results from its plan to pay slotting charges in order to have better shelf positioning in supermarkets. However, Codino's believes that it is in transition and is working hard on building new business, such as private-label pasta and food service.

Coyne Textile Services, Schenectady, Schenectady County

Allocation: 150 kW of Power for Jobs power

Jobs Commitment: 76 jobs

Background: Coyne Textile Services ('Coyne'), founded in 1929, provides textile rental products and laundering services to thousands of accounts nationwide. Coyne rents workplace uniforms, floor mats and mops. The laundry service specializes in heavy soils associated with the chemical industry. For the past year, Coyne averaged 42.92 positions, i.e., 56.47% of its employment commitment.

Crucible Specialty Metals, Syracuse, Onondaga County

Allocation: 4,000 kW of Power for Jobs power

Jobs Commitment: 875 jobs

Background: Crucible Specialty Metals ('Crucible'), which in 1985 became the successor to a business that had been in operation since 1876, manufactures 98% of domestic automotive-valve steel requirements and produces most of the powdered metal used in the U.S. For the past year, Crucible averaged 612.00 positions, i.e., 69.94% of its employment commitment. The specialty-steel industry is just coming out of a recession. Crucible will have about 50 more employees by the end of the year and foresees continued recovery.

CWR Manufacturing Co., Syracuse, Onondaga County

Allocation: 200 kW of Power for Jobs power

Jobs Commitment: 68 jobs

Background: CWR Manufacturing Co. ('CWR'), a family-owned business founded in 1959, manufactures high-quality cold-formed metal fasteners for light and heavy industry. For the past year, CWR averaged 57.08 jobs; i.e., 83.94% of its commitment. Poor economic conditions resulted in a reduction of employment. The company uses the NYS Shared-Work Program, a voluntary program that allows a company to reduce its employees' hours temporarily in response to temporary difficulties, rather than laying those employees off; they receive partial unemployment benefits to supplement their reduced income. CWR has seen improvement in 2004; it grew by three employees and is now only one job short of its employment commitment.

DHD Healthcare, Wampsville, Madison County

Allocation: 400 kW of Power for Jobs power

Jobs Commitment: 132 jobs

Background: DHD Healthcare ('DHD'), in business since 1920, manufactures molded, machined and assembled plastic parts for the medical and automotive industries. For the past year, DHD averaged 117.33 positions, i.e., 88.89% of its employment commitment. DHD is just one job short of meeting its employment commitment.

Distributor Data Forms, Inc., Cortland, Cortland County

Allocation: 100 kW of Power for Jobs power

Jobs Commitment: 24 jobs

Background: Distributor Data Forms, Inc. ('DDF'), founded in 1986, manufactures custom continuous and snap-out business forms and does some commercial printing. For the past year, DDF averaged 15.00 jobs, i.e., 62.50% of its employment commitment. The poor economy slowed sales last year, but they have recently increased. If business continues at the current pace, DDF may hire two more people by the end of the second quarter of 2005. The company currently has 16 employees.

Divine Brothers Company, Utica, Oneida County

Allocation: 375 kW of Power for Jobs power

Jobs Commitment: 183 jobs

Background: Divine Brothers Company ('Divine'), founded in 1892, originally manufactured quality industrial buffing wheels, but has since expanded to finishing products, industrial casters and wheels and specialty molded

polyurethane products. For the past year, Divine averaged 107.38 jobs, i.e., 58.93% of its employment commitment. Divine's business is off due to the sluggish economy. The company has no plans for growth at this time.

Eastern Castings Corp., Cambridge, Washington County

Allocation: 250 kW of Power for Jobs power

Jobs Commitment: 33 jobs

Background: Eastern Castings Corp. ('Eastern Castings'), a family-owned business founded in 1946, makes aluminum castings through a permanent-mold process. Some of the company's major customers include Harley Davidson and Black & Decker. For the past year, Eastern Castings averaged 24.58 jobs, i.e., 74.49% of its employment commitment. Eastern Castings grew this year to its current level of 30 jobs, meeting its employment commitment.

Exolon-ESK Company, Tonawanda, Erie County

Allocation: 600 kW of Power for Jobs power

Jobs Commitment: 130 jobs

Background: Exolon-ESK Company ('Exolon'), in business since 1914, manufactures silicone carbide and fused aluminum oxide for the abrasive, refractory and metallurgical industries. The company's main customers are grinding-wheel manufacturers, refractory producers and granite quarries. For the past year, Exolon averaged 39.67 jobs, i.e., 30.51% of its employment commitment. In August 2001, the company was acquired by Washington Mills Electro Minerals Company ('Washington Mills'), becoming a wholly owned subsidiary of Washington Mills. Administrative functions have been consolidated into Washington Mills' Niagara Falls facility. Although the plan has been to direct Washington Mills' processing needs through Exolon's facility, thus producing job growth, the downturn in the economy and Chinese dumping problems being reviewed by the federal government, have forced the company to maintain its current employment level. Plans for expansion and new product development at this facility are on hold.

Fibron Products, Inc., Buffalo, Erie County

Allocation: 250 kW of Power for Jobs power

Jobs Commitment: 43 jobs;

Background: Fibron Products, Inc. ('Fibron') was established in 1949. For the past year, Fibron averaged 16.00 jobs; i.e., 37.21% of its commitment. The economy slowed business last year. Employment fell from 16 to 15 during 2004 and the company is in Chapter 11 bankruptcy. However, new equipment is being installed and it is possible that two to three more people will be hired in 2005.

Fitzpatrick & Weller, Inc., Rochester, Monroe County

Allocation: 1,000 kW of Power for Jobs power

Jobs Commitment: 230 jobs

Background: Fitzpatrick & Weller, Inc. ('F&W'), a family-owned business that has been operating since 1895, is a woodworking company. The company manufactures furniture components, casket parts, staircase parts, kitchen cabinet parts, and hardwood lumber. For the past year, F&W averaged 148.75 jobs, i.e., 64.67% of its employment commitment. F&W lost its largest customer last year and most furniture production has moved overseas. The company consolidated two component plants to become more efficient and is diversifying into other markets, such as custom kiln-drying operations.

Gray-Syracuse Inc., Chittenango, Madison County

Allocation: 1250 kW of Power for Jobs power

Jobs Commitment: 395 jobs

Background: Gray-Syracuse Inc. ('Gray'), founded in 1943, uses the investment casting process to produce high-specification castings for the aerospace and industrial gas-turbine markets. For the past year, Gray averaged 317.42 jobs, i.e., 80.36% of its commitment. The company's employment was down due to the economy and recovery depends on the economy improving.

Here Art Center (Home for Contemporary Theater & Art), Manhattan, New York County**Allocation:** 30 kW of Power for Jobs power**Jobs Commitment:** 18 jobs**Background:** Here Art Center ('Here Art'), formerly the Home for Contemporary Theater & Art, averaged 13.54 jobs for the past year, i.e., 75.23% of its commitment. A recent decline in sales caused the theater company to lose two people during 2004. The company plans to maintain its current employment level of 13 people.**International Business Machines Corporation**, Sterling Forest, Orange County**Allocation:** 1,350 kW of Power for Jobs power**Jobs Commitment:** 1,087 jobs**Background:** International Business Machines Corporation ('IBM'), incorporated in 1911, develops and manufactures the most advanced information technologies, including computer systems, software, networking systems, data-storage devices and microelectronics. This site is a data center for JPMorgan Chase Bank and the U.S. Securities and Exchange Commission. For the past year, IBM averaged 564.58 positions, i.e., 51.94% of its employment commitment. Business conditions at the site currently call for the present employment level.**International Paper – Geneva Container**, Geneva, Ontario County**Allocation:** 500 kW of Power for Jobs power**Jobs Commitment:** 105 jobs**Background:** International Paper – Geneva Container ('International Paper'), which was founded in 1898 and built this facility in 1955, provides corrugated containers for central New York State industries. For the past year, International Paper averaged 83.58 positions, i.e., 79.60% of its employment commitment. Currently, the company has 84 employees; it expects to add a few positions, but not enough to meet its commitment.**ITT Standard, Inc.**, Cheektowaga, Erie County**Allocation:** 1,000 kW of Power for Jobs power**Jobs Commitment:** 320 jobs**Background:** ITT Standard, Inc. ('ITT') has run this facility since 1987. ITT manufactures heat-transfer products for original equipment manufacturers and end users in a variety of markets: material processing, HVAC, power generation and military applications. For the past year, ITT averaged 256.58 positions, i.e., 80.12% of its employment commitment. The demand for commercial HVAC systems was weak last year, but ITT is adding a new product line, which should lead to job growth in the coming year.**J. J. Cassone Bakery Inc.**, Port Chester, Westchester County**Allocation:** 450 kW of Power for Jobs power**Jobs Commitment:** 247 jobs**Background:** J. J. Cassone Bakery Inc. ('J. J. Cassone'), a family-owned bakery that has been in business for more than 90 years, bakes breads, rolls, cakes, donuts and pastries. For the past year, J. J. Cassone averaged 199.58 jobs, i.e., 80.80% of its employment commitment. Business has been very slow. Currently, the employment level is around 191 jobs and employment is stable.**Jacmel Jewelry, Inc.**, Long Island City, Queens County**Allocation:** 170 kW of Power for Jobs power**Jobs Commitment:** 227 jobs**Background:** Jacmel Jewelry, Inc. ('Jacmel'), a privately owned company founded in 1977, designs, manufactures and ships fine jewelry. During this past reporting year, the company was recovering from the downturn in the jewelry business. For the past year, Jacmel averaged 200.08 jobs, i.e., 88.14% of its commitment. Jacmel grew in 2004 and is now meeting its commitment with 226 jobs.**Jada Precision Plastics Corporation**, Rochester, Monroe County**Allocation:** 375 kW of Power for Jobs power**Jobs Commitment:** 91 jobs**Background:** Jada Precision Plastics Corporation ('Jada'), founded in 1967, is a custom injection molder of thermoplastic materials for the automotive, business machine and imaging industries. For the past year, Jada averaged 58.08 jobs, i.e., 63.83% of its employment commitment. The slow economy hurt Jada this past year, but the company believes it will grow in the coming year.

Jamestown Advanced Products, Inc., Jamestown, Chautauqua County

Allocation: 300 kW of Power for Jobs power

Jobs Commitment: 113 jobs

Background: Jamestown Advanced Products, Inc. ('Jamestown'), founded in 1987, manufactures metal grease interceptors, floor drains, steel pallets, campground equipment and mailboxes. For the past year, Jamestown averaged 90.58 jobs, i.e., 80.16% of its employment commitment. However, the majority of this number of employees were actually those of Jamestown's largest customer, which leased space in its building, but moved out last year. Currently, Jamestown employs 62 workers, but the company has recently added a new powder-coating line, which will create some jobs.

Keystone Corporation, Buffalo, Erie County

Allocation: 450 kW of Power for Jobs power

Jobs Commitment: 62 jobs

Background: Keystone Corporation ('Keystone') is a 75-year-old family-owned business that began chrome-plating bumpers for Pierce-Arrow automobiles. The company has since expanded to more than 20 different precious metal-finishing products with electro-deposited and non-electro-deposited coatings. For the past year, Keystone averaged 29.58 jobs; i.e., 47.72% of its commitment. The company suffered a steep sales decline during 2003, but has since recovered a bit. The employment level has stabilized and is starting to grow again.

Kraft Foods, Walton, Delaware County

Allocation: 1,000 kW of Power for Jobs power

Jobs Commitment: 180 jobs

Background: Kraft Foods ('Kraft'), which has had this facility since 1912, manufactures cottage cheese, sour cream and premium dips here. For the past year, Kraft averaged 147.92 jobs, i.e., 82.18% of its employment commitment. As part of a streamlining process, Kraft eliminated a truck fleet in 2000 and discontinued a small product line, accounting for a drop of about 30 positions. The company is currently at 153 employees, a higher than in its report. Business has increased 30% and Kraft may hire as many as five more people in 2005.

Manth-Brownell, Inc., Kirkville, Madison County

Allocation: 700 kW of Power for Jobs power

Jobs Commitment: 192 jobs

Background: In business for more than 50 years, Manth-Brownell, Inc. ('Manth') is one of the largest manufacturers of precision-turned parts. These parts are for various industries, including electronics, automotive, communications, sporting goods and medical equipment. The company employs highly skilled labor. For the past year, Manth averaged 169.75 jobs; i.e., 88.41% of its commitment. The company has since grown to 182 jobs, which meets its employment commitment.

Marlette National Corporation, Buffalo, Erie County

Allocation: 500 kW of Power for Jobs power

Jobs Commitment: 102 jobs

Background: Marlette National Corporation ('Marlette'), based in Wisconsin and with a Buffalo facility since the 1920s, is an electroplating firm for the automotive industry, chrome-finishing radiators and bumpers. For the past year, Marlette averaged 55.33 jobs, i.e., 54.25% of its employment commitment. The economy, plus the loss of one of the company's largest customers, caused the decline in employment. The company currently has 56 employees, with 19 temporary positions. Marlette usually hires a temp for three months or more. The work is labor intensive and the average work week is 55 hours. Marlette hopes to hire six more people in 2005.

Midstate Spring Inc., Syracuse, Onondaga County

Allocation: 140 kW of Power for Jobs power

Jobs Commitment: 50 jobs

Background: Midstate Spring Inc. ('Midstate'), founded in 1939, manufactures precision springs, wire forms and four slide parts. Midstate is ISO 9002 certified. For the past year, Midstate averaged 38.50 jobs, i.e., 77.00% of its employment commitment. The company is growing slowly and has added six jobs, meeting its employment commitment.

Milligan and Higgins, Johnstown, Fulton County

Allocation: 200 kW of Power for Jobs power

Jobs Commitment: 39 jobs

Background: Milligan and Higgins ('Milligan'), founded in 1868, manufactures hide glue, technical gelatins and proteins from by-products of the meat-packing and tanning industries. For the past year, Milligan averaged 25.66 positions, i.e., 65.81% of its employment commitment. A decline in business caused the reduction in employment from 25 jobs to the current level of 14 jobs. The company hopes to maintain this number next year.

Niagara Falls Medical Center, Niagara Falls, Niagara County

Allocation: 500 kW of Power for Jobs power

Jobs Commitment: 930 jobs

Background: Niagara Falls Medical Center ('NFMC') is a community hospital that provides a wide range of services to Western Niagara County. In addition an extensive outreach program to the county's citizens, the hospital offers emergency services, intensive care, coronary care, maternity and neonatal care, laboratory services and diagnostic imaging. For the past year, NFMC averaged 820.32 positions, i.e., 88.21% of its employment commitment. Employment is based on need and the economy.

Niagara Gear Corp., Buffalo, Erie County

Allocation: 100 kW of Power for Jobs power

Jobs Commitment: 41 jobs

Background: Niagara Gear Corp. ('Niagara Gear'), in business for more than 40 years, is a contract manufacturer specializing in precision-ground spur, helical and pump gears. For the past year, Niagara Gear averaged 29.75 jobs; i.e., 72.56% of its commitment. The company grew to its current level of 34 jobs, with two additional employees to be hired. Niagara Gear expects to meet its commitment this year.

NIBCO, Inc., South Glens Falls, Saratoga County

Allocation: 1,000 kW of Power for Jobs power

Jobs Commitment: 179 jobs

Background: NIBCO, Inc. ('NIBCO') is a manufacturer of flow-control products for residential and commercial construction, specifically cast-brass fittings for plumbing and heating. For the past year, NIBCO averaged 56.83 positions, i.e., 31.75% of its employment commitment. In June 2002, NIBCO shut down its cast foundry and machining operations as part of a consolidation project, laying off 65% of its workforce. NIBCO is clearing the former foundry production area with the intent of bringing in another process to its plant. However, if the company is not able to bring in business, it will be forced to move from this site.

Novapak Corporation, Philmont, Columbia County

Allocation: 700 kW of Power for Jobs power

Jobs Commitment: 153 jobs

Background: Novapak Corporation ('Novapak') is a custom extrusion blow molder of plastic containers for the cosmetics, medical, specialty and industrial markets. For the past year, Novapak averaged 122.83 jobs, i.e., 80.28% of its employment commitment. In September 2003, the Philmont and Kingston plants merged, with manufacturing taking place only at Philmont. The company is now meeting more than 100% of its commitment.

Oberdorfer Pumps, Inc., Syracuse, Onondaga County

Allocation: 140 kW of Power for Jobs power

Jobs Commitment: 41 jobs

Background: Oberdorfer Pumps, Inc. ('Oberdorfer'), founded in 1890 to manufacture agricultural pumps, has since expanded to industrial, marine and commercial pumps. For the past year, Oberdorfer averaged 35.33 positions, i.e., 86.18% of its employment commitment. Although the slow economy has hurt the company's business badly, Oberdorfer is less than two jobs short of its commitment.

Pace University, Manhattan, New York County, and Pleasantville and White Plains, Westchester County

Allocation: 1,000 kW of Power for Jobs power

Jobs Commitment: 2,871 base jobs and 4 created jobs by the end of third year

Background: Pace University ('Pace'), founded in 1906, has campuses in Manhattan, Pleasantville and White Plains. The university consists of the Dyson College of Arts and Sciences, the Lubin School of Business, the School of Computer Science and Information Systems, the School of Education, the School of Law and the Lienhard School of Nursing. For the past year, Pace averaged 2,304.67 positions, i.e., 80.27% of its employment commitment. Currently, Pace's employment level is 2,605 jobs, i.e., 90.73% of its contractual commitment. While Pace has no further growth plans, it is negotiating to build another dormitory, which would require new workers.

Par Foam Products, Inc., Buffalo, Erie County

Allocation: 185 kW of Power for Jobs power

Jobs Commitment: 202 jobs

Background: Par Foam Products, Inc. ('Par Foam'), a minority-owned and -operated company, manufactures products made out of sponge, rubber foam and plastic for major industrial customers. For the past year, Par Foam averaged 144.08 jobs, i.e., 71.33% of its employment commitment. Par Foam's business has been hurt by its customers moving their operations abroad or closing altogether. However, the company has several new contracts and is up to 157 jobs. Par Foam expects to recover enough to meet its commitment in 2005.

Polymer Conversions, Orchard Park, Erie County

Allocation: 325 kW of Power for Jobs power

Jobs Commitment: 89 jobs

Background: Polymer Conversions ('Polymer'), in business since 1979, designs plastic products from inception, including mold design and plastic injection molding of parts. For the past year, Polymer averaged 74.17 jobs, i.e., 83.33% of its contractual commitment. Due to the poor economy, Polymer's customers have cut back orders and some have gone out of business. However, the company is now growing slowly.

Precision Systems Manufacturing, Inc., Liverpool, Onondaga County

Allocation: 200 kW of Power for Jobs power

Jobs Commitment: 81 jobs

Background: Precision Systems Manufacturing, Inc. ('Precision'), in jeopardy of being liquidated, was bought by its current owners in 1998. Precision provides machining, sheet-metal fabrication, certified welding, and custom design and build for special machines. For the past year, Precision averaged 61.58 jobs, i.e., 76.08% of its employment commitment. Precision has grown substantially since the reporting period and employment is now at 77 workers, which meets its commitment.

Producto Machine Company, Jamestown, Chautauqua County

Allocation: 350 kW of Power for Jobs power

Jobs Commitment: 131 jobs

Background: Producto Machine Company ('Producto'), founded in 1928, manufactures precision-tooling components for the aerospace, electronics, sheet-metal, paper-stamping, plastics and pharmaceutical industries. For the past year, Producto averaged 90.83 jobs, i.e., 69.34% of its employment commitment. Producto suffered its worst year in 2003, forcing the company to resort to short-term furloughs and some permanent layoffs. However, because the company's aggressive development of new markets has been successful, all short-term furloughed employees have been reactivated and laid-off employees have been recalled. Producto is using overtime, rather than hiring new people, until the economic climate improves.

Rome Specialty Company, Inc., Rome, Oneida County

Allocation: 135 kW of Power for Jobs power

Jobs Commitment: 21 jobs

Background: In business for more than 75 years, family-owned Rome Specialty Company, Inc. ('Rome Specialty') manufactures terminal fishing tackle – swivels, snaps, split rings, etc. For the past year, Rome Specialty averaged 18.50 jobs; i.e., 88.10% of its commitment. The company is less than one job below its commitment.

Seneca Foods Corporation, Marion, Wayne County

Allocation: 1,100 kW of Power for Jobs power

Jobs Commitment: 246 jobs

Background: Seneca Foods Corporation's ('Seneca') plant in Marion processes canned and frozen vegetables. These food products are packed under the company's own brands, as well as under private labels. For the past year, Seneca averaged 215.25 jobs; i.e., 87.50% of its commitment. A seasonal processing operation, the plant has a larger workforce in the packing months.

Sentry Metal Blast, Inc., Niagara Falls, Niagara County

Allocation: 250 kW of Power for Jobs power

Jobs Commitment: 41 jobs

Background: Sentry Metal Blast, Inc. ('Sentry') was founded in 1971. Sentry's primary business is metal blasting and industrial coating, but it is also involved in tank and vessel fabrication. For the past year, Sentry averaged 19.00 jobs, i.e., 46.34% of its contractual commitment. The company has purchased new equipment and has been very aggressive in finding new customers, with several large new projects coming up in a few months that should increase employment to its commitment level.

Southern Tier Plastics, Inc., Binghamton, Broome County

Allocation: 350 kW of Power for Jobs power

Jobs Commitment: 79 jobs

Background: Founded in 1967, Southern Tier Plastics, Inc. ('Southern Tier') is a custom molder of plastic injection parts for worldwide distribution. For the past year, Southern Tier averaged 44.08 jobs, i.e., 55.80% of its employment commitment. Southern Tier grew by 10 jobs, even though one large customer moved its business to China.

Standard Manufacturing Co., Inc., Troy, Rensselaer County

Allocation: 160 kW of Power for Jobs power

Jobs Commitment: 152 jobs

Background: Standard Manufacturing Co., Inc. ('Standard'), a privately held company that has been in business since 1924, manufactures and sells apparel worldwide. The company receives raw materials; drafts, cuts and sews them into finished products and then ships those products. For the past year, Standard averaged 75.67 jobs, i.e., 49.78% of its commitment. Last year, Standard's business was hurt by the slow economy; any growth is contingent on an improved economy.

Stella D'Oro Biscuit Co., Inc., Bronx, Bronx County

Allocation: 500 kW of Power for Jobs power

Jobs Commitment: 345 jobs

Background: Stella D'Oro Biscuit Co., Inc. ('Stella D'Oro'), in business for more than 70 years, manufactures biscuits, cookies and breadsticks. For the past year, Stella D'Oro averaged 227.83 positions, i.e., 66.04% of its employment commitment. Sales and volume were down last year and employment is directly linked to volume. The company is cautiously optimistic about growth in the coming year.

Stork H&E Turbo Blading, Inc., Ithaca, Tompkins County

Allocation: 350 kW of Power for Jobs power

Jobs Commitment: 116 jobs

Background: Stork H&E Turbo Blading, Inc. ('H&E') (originally named H&E Turbo Blading and then H&E Machinery, Inc.) manufactures turbine blades. For the past year, H&E averaged 88.67 jobs, i.e., 76.44% of its contractual commitment. The company had to downsize due to poor economic conditions. However, it is actively searching for new business and is trying to grow. H&E cannot predict what its employment level will be in the coming year.

STS Duotek, Inc., Rush, Monroe County

Allocation: 175 kW of Power for Jobs power

Jobs Commitment: 55 jobs

Background: STS Duotek, Inc. ('STS') is a contract assembler, sterilizer, packager and testing laboratory for the medical-device industry. The company provides testing to help move a device or pharmaceutical through the FDA

approval process. Once a device is approved, STS assembles, sterilizes and packages the device. For the past year, STS averaged 47.00 jobs, i.e., 85.45% of its commitment. The company met its commitment in the last quarter reported.

Symbol Technologies, Inc., Holtsville, Suffolk County

Allocation: 1,750 kW of Power for Jobs power

Jobs Commitment: 2,027 jobs

Background: Symbol Technologies, Inc. ('Symbol'), founded in 1974, is the world leader in designing and manufacturing bar-code scanners, portable data-collection devices and software- programming tools. Symbol's products use laser technology and wireless LANs to retrieve data such as product and price information used everywhere, from grocery stores to the stock market. For the past year, Symbol averaged 1,391.92 positions, i.e., 68.67% of its employment commitment. Symbol has eliminated all of its pure manufacturing through subcontracting. The company is trying to expand its bar-code business in Europe, as the U.S. market is saturated. However, Symbol is focusing its business on wireless LAN systems for which sales would be worldwide. The company is in a hiring mode now and is growing.

Syracuse China Company, Syracuse, Onondaga County

Allocation: 500 kW of Power for Jobs power

Jobs Commitment: 487 jobs

Background: Founded in 1871 as Onondaga Pottery Co., Syracuse China Company ('Syracuse China') is a North American leader in chinaware manufacturing. For the past year, Syracuse China averaged 429.43 jobs, i.e., 88.18% of its employment commitment. The slow economy hurt Syracuse China's business, but the company has grown since the last reporting period and now meets its contractual commitment.

Syracuse Label Company, Inc., Liverpool, Onondaga County

Allocation: 300 kW of Power for Jobs power

Jobs Commitment: 151 jobs

Background: Syracuse Label Company, Inc. ('Syracuse Label'), in business since 1967, prints labels mainly for consumer products, but also for industrial use. For the past year, Syracuse Label averaged 109.42 jobs, i.e., 72.46% of its employment commitment. Currently, Syracuse Label is unsure about future growth, as its business has been hampered by a sluggish economy.

Syracuse Plastics, Inc., Fayetteville, Onondaga County

Allocation: 400 kW of Power for Jobs power

Jobs Commitment: 123 jobs

Background: Syracuse Plastics, Inc. ('Syracuse Plastics'), founded in 1953, manufactures plastic parts and components for various customers and industries and does finishing, assembly and other contract-manufacturing services. For the past year, Syracuse averaged 85.92 jobs, i.e., 69.85% of its employment commitment. A significant amount of Syracuse Plastics' business went overseas, but the company expects to maintain its current employment level.

The Beeches of Rome, Inc., Rome, Oneida County

Allocation: 300 kW of Power for Jobs power

Jobs Commitment: 104 jobs

Background: The Beeches of Rome, Inc. ('The Beeches'), founded in 1908, is a 75-unit lodge and conference center. For the past year, The Beeches averaged 59.42 positions, i.e., 57.13% of its employment commitment. Job growth will depend on how well the business does. Jobs are seasonal at The Beeches and Central New York is struggling economically..

The Fulton Companies, Pulaski, Oswego County

Allocation: 400 kW of Power for Jobs power

Jobs Commitment: 235 jobs

Background: The Fulton Companies ('Fulton'), founded in 1947, manufacture heat-transfer products, primarily boilers, water and thermal-fluid heaters and associated accessories. For the past year, Fulton averaged 207.75 positions, i.e., 88.40% of its employment commitment. The sluggish economy has made it difficult for Fulton to

meet its employment goals. However, the company's aggressive efforts to grow allowed it to meet its employment commitment in the last quarter reported.

The Lawrence Ripak Company Inc., West Babylon, Suffolk County

Allocation: 400 kW of PFJ power

Jobs Commitment: 90 jobs

Background: The Lawrence Ripak Company Inc. ('Ripak'), founded in 1952, provides services to the aircraft industry, including magnetic particle inspection, X-ray inspection, non-destructive testing, ultrasonic inspection and several metal-finishing operations. For the past year, Ripak averaged 75.00 jobs, i.e., 83.33% of its contractual commitment. With the world aviation industry in recession, Ripak has still managed to minimize job cuts.

The Penn Traffic Company, Syracuse, Onondaga County

Allocation: 900 kW of PFJ power

Jobs Commitment: 468 jobs

Background: The Penn Traffic Company ('Penn Traffic') is a leading food retailer in the eastern United States, operating supermarkets and a wholesale food-distribution business. The Syracuse location is its corporate headquarters and a distribution center for frozen food, dairy, produce and meat products. In May 2003, the company filed for Chapter 11 bankruptcy. Out-of-state supermarkets were sold as part of the reorganization, which resulted in a decreased need for administrative staff in Syracuse. However, business and jobs have stabilized. For the past year, Penn Traffic averaged 377.21 jobs, i.e., 80.60% of its contractual commitment.

UJA Federation of New York, Manhattan, New York County

Allocation: 650 kW of Power for Jobs power

Jobs Commitment: 547 jobs

Background: UJA Federation of New York ('UJA') is the largest umbrella philanthropic organization in the world. UJA funds hospitals, senior centers, mental-health agencies, educational facilities, child-care organizations, cultural organizations and much more. For the past year, UJA averaged 462.58 jobs, i.e., 84.57% of its contractual commitment. UJA relies on donations for its operations. Donations were down this past year, forcing a reduction in employment. The organization is hopeful that the economy will improve so that donations will increase and more employees can be hired.

Universal Instruments Corporation, Binghamton, Broome County

Allocation: 3,000 kW of Power for Jobs power

Jobs Commitment: 1,124 jobs

Background: Universal Instruments Corporation ('Universal'), founded in 1919 as a safety-pin manufacturer, switched to manufacturing electronic assembly equipment in 1950. Today, Universal is the only American high-technology manufacturer of extremely fast and accurate automated-assembly equipment for circuit boards and electronic components. For the past year, Universal averaged 610.63 positions, i.e., 54.33% of its employment commitment. A dramatic downturn in the global electronic assembly industry, in addition to the high cost of doing business in New York State over the reporting period, forced the company to downsize. The industry is rebounding, which should result in slow growth.

Universal Linen Service Co., Inc., Rome, Oneida County

Allocation: 175 kW of Power for Jobs power

Jobs Commitment: 71 jobs

Background: Universal Linen Service Co., Inc. ('Universal Linen'), founded in 1973, is a linen-supply company. The company washes, dries, presses and packages linens for nursing homes, hospitals, hotels, motels, restaurants and other smaller accounts. For the past year, Universal Linen averaged 39.70 jobs; i.e., 55.93% of its commitment. Several of the company's big accounts were taken away by a competitor, but it has since gotten most of those accounts back. Currently, the company has 56 full-time equivalent employees. If overtime were includible in its job calculations, Universal Linen would be meeting its commitment.

The York Theatre Co., Manhattan, New York County

Allocation: 80 kW of Power for Jobs power

Jobs Commitment: 124 jobs

Background: The York Theatre Co. ('York'), founded in 1969, is dedicated to developing and producing new musicals, as well as preserving notable, yet neglected, musicals of the past. York produces about 200 performances a year for more than 30,000 theater goers. For the past year, York averaged 12.79 positions, i.e., 10.31% of its employment commitment. Due to the near-weekly changes of performances, the actual number of workers is obscured, as the average for one month might be low because one week might have many workers while other weeks have almost none. The original calculation of the average number of workers in the application did not account for down periods.

Mr. Pasquale presented an overview of the quarterly job commitments review for the Power for Jobs ('PFJ') program, adding that 37% of the companies that had reported job levels less than their contractual commitment were now trending upward in terms of their jobs. A discussion ensued among the Trustees about the Authority's policy for dealing with PFJ customers that don't meet their job-commitment levels. In response to a request from Trustee Carey, Ms. Morman said that her staff would examine the Authority's current policy and make recommendations to the Trustees both as to whether the Authority should continue with its present policy and as to potential alternatives.

I. ALLOCATIONS TO CONTINUE WITH NO CHANGE

Company	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment	Average '03-'04 Jobs	Average Annual % Achieved
Acme Architectural Products, Inc.	11/24/98	PFJ	1,000	665	442.33	66.52
Arctic Storage of Utica, Inc.	9/28/98	PFJ	160	4	3.00	75.00
Auburn Vacuum Forming	6/29/99	PFJ	125	46	39.65	86.19
Augros, Inc.	6/26/01	PFJ	500	125	103.25	82.60
Ballet Tech Foundation	5/25/99	PFJ	25	54	36.50	67.59
Barry Steel Fabrication, Inc.	11/24/98	PFJ	75	49	27.67	56.46
Bernzomatic, div. of Newell Rubbermaid	3/30/99	PFJ	40	262	233.25	89.03
Bonded Insulation Company, Inc.	10/27/98	PFJ	300	34	25.53	75.10
Buffalo Technologies Corp.	10/27/98	PFJ	350	73	26.58	36.42
Cameron Fabricating Corporation	11/24/98	PFJ	325	142	122.38	86.18
Carrier Corporation	10/27/98	PFJ	5,000	1,477	1146.25	77.61
Carville National Leather Corp.	3/30/99	PFJ	250	56	47.52	84.85
Cecilware Corp.	10/27/98	PFJ	400	400	265.00	66.25
Climax Manufacturing Company	2/24/99	PFJ	1,500	339	298.67	88.10
Codino's Italian Foods	3/30/99	PFJ	150	34	20.92	61.52
Coyne Textile Services	4/27/99	PFJ	150	76	42.92	56.47
Crucible Specialty Metals	3/30/99	PFJ	4,000	875	612.00	69.94
CWR Manufacturing (AJ Murphy)	3/30/99	PFJ	200	68	57.08	83.94
DHD Healthcare	4/27/99	PFJ	400	132	117.33	88.89
Distributor Data Forms, Inc.	10/27/98	PFJ	100	24	15.00	62.50
Divine Brothers Company	10/27/98	PFJ	375	183	107.83	58.93
Eastern Castings	5/25/99	PFJ	250	33	24.58	74.49
Exolon-ESK Company	9/28/98	PFJ	600	130	39.67	30.51
Fibron Products	4/27/99	PFJ	250	43	16.00	37.21
Fitzpatrick & Weller, Inc.	10/27/98	PFJ	1,000	230	148.75	64.67
Gray-Syracuse, Inc.	10/27/98	PFJ	1,250	395	317.42	80.36
Here Art Center (Home Contemporary Theater & Art)	5/25/99	PFJ	30	18	13.54	75.23
International Business Machines Corp.	1/27/98	PFJ	1,350	1,087	564.58	51.94
International Paper – Geneva Container	11/24/98	PFJ	500	105	83.58	79.60
ITT Standard	10/27/98	PFJ	1,000	320	256.58	80.12
J.J. Cassone Bakery, Inc.	10/27/98	PFJ	450	247	199.58	80.80
Jacmel Jewelry	3/30/99	PFJ	170	227	200.08	88.14
Jada Precision Plastics Co.	10/27/98	PFJ	375	91	58.08	63.83
Jamestown Advanced Products, Inc.	10/27/98	PFJ	300	113	90.58	80.16
Keystone Corp.	4/27/99	PFJ	450	62	29.58	47.72
Kraft Foods	9/28/98	PFJ	1,000	180	147.92	82.18
Manth-Brownell	4/27/99	PFJ	700	192	169.75	88.41
Marlette National Corporation	10/27/98	PFJ	500	102	55.33	54.25
Midstate Spring, Inc.	9/28/98	PFJ	140	50	38.50	77.00
Milligan and Higgins	6/29/99	PFJ	200	39	25.66	65.81
Niagara Falls Medical Center	10/27/98	PFJ	500	930	820.32	88.21
Niagara Gear	5/25/99	PFJ	100	41	29.75	72.56
NIBCO, Inc.	10/27/98	PFJ	1,000	179	56.83	31.75
Novapak Corporation	10/27/98	PFJ	700	153	122.83	80.28
Oberdorfer Pumps, Inc.	9/28/98	PFJ	140	41	35.33	86.18
Pace University	6/26/01	PFJ	1,000	2,871	2,304.67	80.27
Par Foam Products, Inc.	11/24/98	PFJ	185	202	144.08	71.33

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Exhibit "6-A"

Company	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment	Average '03-'04 Jobs	Average Annual % Achieved
Polymer Conversions	4/27/99	PFJ	325	89	74.17	83.33
Precision Systems Mfg., Inc.	9/28/98	PFJ	200	81	61.58	76.03
Producto Machine Company	9/28/98	PFJ	350	131	90.83	69.34
Rome Specialty Company	3/30/99	PFJ	135	21	18.50	88.10
Seneca Foods Corp. (Marion Plant)	2/24/99	PFJ	1,100	246	215.25	87.50
Sentry Metal Services	5/25/99	PFJ	250	41	19.00	46.34
Southern Tier Plastics, Inc.	9/28/98	PFJ	350	79	44.08	55.80
Standard Manufacturing Co., Inc.	10/27/98	PFJ	160	152	75.67	49.78
Stella D'Oro Biscuit Co., Inc.	6/26/01	PFJ	500	345	227.83	66.04
Stork H&E Turbo Blading Inc.	4/27/99	PFJ	350	116	88.67	76.44
STS Duotek	4/27/99	PFJ	175	55	47.00	85.45
Symbol Technologies, Inc.	4/28/98	PFJ	1,750	2,027	1391.92	68.67
Syracuse China Company	9/28/98	PFJ	500	487	429.43	88.18
Syracuse Label Co., Inc.	9/28/98	PFJ	300	151	109.42	72.46
Syracuse Plastics, Inc.	9/28/98	PFJ	400	123	85.92	69.85
The Beeches of Rome, Inc.	9/28/98	PFJ	300	104	59.42	57.13
The Fulton Companies	9/28/98	PFJ	400	235	207.75	88.40
The Lawrence Ripak Co.	6/29/99	PFJ	400	90	75.00	83.33
The Penn Traffic Company	4/27/99	PFJ	900	468	377.21	80.60
United Jewish Appeal-Federation of N.Y.	4/28/98	PFJ	650	547	462.58	84.57
Universal Instruments Corporation	10/27/98	PFJ	3,000	1,124	610.63	54.33
Universal Linen	3/30/99	PFJ	175	71	39.70	55.93

7. Blenheim-Gilboa Pumped Storage Power Project Rates – Final Action

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve as a final action the revision of the firm demand charge for the Blenheim-Gilboa Pumped Storage Power Project (‘B-G’) from \$2.30/kW per month to \$3.92/kW per month, consistent with the Authority’s procedures under the State Administrative Procedures Act (‘SAPA’), 21 NYCRR § 455.

BACKGROUND

“The existing demand rate for sale of firm capacity from B-G of \$2.30/kW per month has been in effect since February 1990. A total of 568 MW of firm B-G capacity was sold to Central Hudson Gas and Electric Corporation, New York State Electric and Gas Corporation, Niagara Mohawk Power Corporation and Rochester Gas and Electric Corporation under contracts that expired June 30, 2002. An additional 200 MW of firm B-G capacity was sold to Consolidated Edison Company of New York, Inc. (‘Con Edison’), Long Island Power Authority (‘LIPA’) and Orange and Rockland Utilities, Inc. (‘O&R’) under contracts with an expiration date of April 30, 2015 (all seven utilities referred to as the ‘Contractors’). In addition, the governmental customers in the Southeastern New York area have been allocated 250 MW of firm B-G capacity.

“Staff held discussions with Con Edison and LIPA (O&R is now a subsidiary of Con Edison) on the Authority’s need to increase the B-G rates to meet increased revenue requirements. The increased revenue requirement stems from the addition of new costs such as Post-retirement Benefits Other than Pensions (‘PBOPs’), increases in operation and maintenance expenses and reallocation of shared-services charges. After further discussions, Authority staff and Con Edison determined that it was in their mutual interest to terminate the B-G contracts effective June 30, 2004. In the meantime, staff continued discussions with LIPA. As a result of these discussions, Authority staff agreed to propose a \$3.92/kW per month B-G firm demand rate for adoption by the Trustees.

DISCUSSION

“At their meeting of September 27, 2004, the Trustees authorized the Secretary of the Authority to file notice for publication in the New York State Register of a revision of the B-G firm demand charge. Notice was published in the State Register on October 13, 2004. The public comment period ended on November 29, 2004. As LIPA is the only customer affected by this action and all issues have been resolved through direct negotiations, LIPA waived the public forum that would normally be conducted under the Authority’s procedures. No comments from other parties were received during the comment period.

FISCAL INFORMATION

“Implementation of the proposed B-G rates would allow the Authority to recover its increased costs associated with firm power sales from B-G. The total increased revenues from LIPA will amount to \$1.0 million.

RECOMMENDATION

“The Director – Supply Planning, Pricing and Power Contracts recommends that the Trustees approve as a final action the increase in the Blenheim-Gilboa Pumped Storage Power Project firm demand rates from \$2.30/kW per month to \$3.92/kW per month.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President and Chief Financial Officer, and I concur in the recommendation.”

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

WHEREAS, on September 27, 2004, the Authority authorized the Secretary to file notice of proposed action for publication in the New York State Register of its intention to adjust the Blenheim-Gilboa Pumped Storage Power Project firm power rates; and

WHEREAS, such notice was duly published in the State Register on October 13, 2004, and more than 45 days have elapsed since such publication; and

WHEREAS, the sole affected customer, the Long Island Power Authority, has waived the requirement for a public forum normally conducted under the Authority's procedures, and no other parties have submitted comments during the comment period;

NOW THEREFORE BE IT RESOLVED, That the rates for sale of firm power from the Blenheim-Gilboa Pumped Storage Power Project, as recommended in the foregoing report of the President and Chief Executive Officer, are hereby approved effective January 1, 2005; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee be, and hereby is, authorized to issue written notice as required by contract with respect to the modification in rates, including applicable tariff leaves; and be it further

RESOLVED, That the Secretary of the Authority be, and hereby is, directed to file notice of final action 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; and be it further

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

8. Membership In Electric Power Research Institute – Extension

The Executive Vice President – Power Generation submitted the following report:

SUMMARY

“The Trustees are requested to authorize the Executive Vice President – Power Generation to enter into a five-year extension of the Authority’s existing membership in the Electric Power Research Institute (‘EPRI’) effective January 1, 2005 for an estimated total increase of \$9 million.

BACKGROUND

“EPRI is the premier electric utility research organization, having a 2004 budget of \$265 million supported by approximately 795 members. Members include regulated utilities such as rural cooperatives, municipal and public power systems, investor-owned utilities and federal power agencies. Responding to the changing utility environment, EPRI has expanded its customer base to also serve unregulated and non-utility entities, international utilities, energy enterprise organizations involved in public benefit programs and equipment manufacturers.

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

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

DISCUSSION

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

“The EPRI membership fee is based on a formula that takes into account kWh generation and sales for the preceding three years. Since 1995, EPRI has provided its members with choices to select products and services from its technology portfolio.

“On an annual basis, the Research and Technology Development Division, working together with its key stakeholders in various departments, identifies key targets for which the Authority and its customers would derive benefits from EPRI products and services. For 2004, staff selected approximately 40 targets in the areas of power generation, transmission, environment, distributed resources, power quality and customer systems.

“EPRI’s programs are planned, developed and implemented by market segments guided by an Industry Committee Structure, consisting of member representatives selected for expertise in their particular fields. The Authority’s President and Chief Executive Officer currently serves as chairman of the EPRI board and Authority staff represents the Authority at all levels of the EPRI advisory structure, the Research Advisory Council, and Market Segment Councils and their working groups.

“Through this participation, the Authority has been able to influence EPRI’s direction and obtain numerous benefits from using EPRI’s products and services. Over the last few years, staff has been effective in obtaining several million dollars of EPRI cofunding for projects of interest to the Authority and have worked closely with EPRI to develop and implement technologies at the Authority’s facilities. Examples include the development and implementation of the Convertible Static Compensator at Marcy substation, the Reliability Centered Maintenance (‘RCM’) projects for Transmission Lines and Substations, Condition Assessment of Cables and Generator Step-Up Transformers and HydroTrac for monitoring the electrical performance of hydro generators. These projects have resulted in significant benefits to the Authority.

“In view of the Authority’s long working relationship with EPRI, discussions were initiated to secure an extension to the Authority’s multiyear agreement, which would result in savings for the Authority. Such a five-year contract extension would start at the level of \$1.75 million per year in 2005 and continue through 2009, with minor escalation. This multiyear extension will save the Authority an estimated \$1,350,000 compared with purchasing the same services on a year-by-year basis .

FISCAL INFORMATION

“Funds required for the Authority’s 2005 payment to EPRI are included in the 2005 O&M Budget. Costs associated with future years will be included in the budget submittals for those years. Payments will be made from the Operating Fund..

RECOMMENDATION

“The Senior Vice President – Energy Services and Technology and the Director – Research and Technology Development recommend that the Trustees authorize the Executive Vice President – Power Generation to enter into a five-year extension of the Authority’s existing membership in the Electric Power Research Institute effective January 1, 2005, at an annual fee of \$1.75 million per year in 2005 dollars for an estimated total increase of \$9 million.

“The Executive Vice President, Secretary and General Counsel, the Vice President – Controller and I concur in the recommendation.”

Mr. Zelingher presented the highlights of staff’s recommendations to the Trustees. In response to a question from Trustee Carey, Mr. Zelingher said that the Authority had been paying the Electric Power Research Institute \$1.6 million per year in dues for the past three years, which would increase to \$1.75 million per year for the next five years, with minor escalations after this five-year period.

The following resolution, as submitted by the Executive Vice President – Power Generation, was unanimously adopted.

RESOLVED, That the Executive Vice President – Power Generation is hereby authorized to enter into a five -year extension of the Authority’s existing membership agreement in the Electric Power Research Institute (“EPRI”) effective January 1, 2005 and is authorized to execute such agreement, as recommended in the foregoing report of the Executive Vice President – Power Generation, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, in the amounts and for the purpose listed below:

<u>Operating Fund</u>	<u>Expenditure Approval</u>
Electric Power Research Institute Agreement number: 4500001167	\$1.75 million – 2005
	\$1.75 million – 2006
	\$1.75 million – 2007
	\$1.85 million – 2008
	<u>\$1.90 million – 2009</u>
TOTAL	<u>\$9.00 million</u>

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

9. Informational Item – Annual Report Regarding Energy Risk Management Policies and Procedures

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Governing Policies for Energy Risk Management (‘Governing Policies’) direct the President and Chief Executive Officer or his designee to provide to the Trustees periodically, but no less than annually, a report regarding policies and procedures established under this program, as well as program results and policy compliance. The following, the second of such annual reports, will briefly describe developments in this area since approval of the Governing Policies.

BACKGROUND

“At their meeting of October 29, 2002, the Trustees approved the Governing Policies, which established the following:

- Scope of the program (all transactions related to either physical commodities and derivatives for electrical energy, capacity, ancillary services, transmission, natural gas, fuel oil and related hedging transactions);
- Risk management philosophy (non-speculative);
- Energy Risk Management Committee (‘ERMC’) as the vehicle for establishing procedures for administering the program;
- Permissible risk management (hedging) instruments; and
- Requirement for reporting to the Trustees.

“The objective of the Governing Policies is to identify exposures to energy and fuel price movements, to understand the potential financial impact of such exposure on the Authority and to mitigate, where appropriate or as deemed prudent by management, the possible adverse impact of such exposures while maintaining adequate flexibility to improve financial performance.

DISCUSSION

“Over the course of the past year, the ERMC and the Energy Risk Assessment and Control (‘ERAC’) staff have issued three additional procedures and a revision of one existing procedure, further refining administration of the risk management program. Such procedures are, in brief, as follows:

- Revision: Procedure 6 version 1.1 (5-1-04) – **Deal Confirmations** – Details requirements for written confirmation of all energy and fuel commodity transactions.
- *New*: Appendix A to Procedure 7.0 – **Telephone Recording/Voice Recording: Operating Policy 5-0: Energy Control Center Telephone Recording** – Developed in cooperation with and implemented by the Authority’s Energy Control Center (‘ECC’) to provide guidelines for use of its internal telephone taping system.
- *New*: Procedure 6.1 Deal confirmation – **NYMEX Brokerage Account Procedure: Reconciliation & Check Out** – Addresses the need to ensure: timely recording of NYMEX transactions, reconciliation of telephone instructions to implementing brokers against actual positions executed and segregation of duties across Authority departments.
- *Draft*: Procedure 8.0 – **Counterparty Credit Risk Management** – Introduces and defines credit risk management policies and overall monitoring and control of the Authority’s credit risk.

PROGRAM ACTIVITIES

“The Authority is routinely exposed to energy and fuel price risk in the conduct of its day- to-day operations. In most cases, price volatility holds significant potential risk to the business objectives of the Authority. ERAC, through policy development and interaction with various Authority business units, works to identify such risk and make it known to management. A primary ERAC mission is to spread the culture of risk awareness and identification throughout the Authority and to bring to bear analytical analysis in an attempt to quantify the range of risk-weighted outcomes of energy and fuel activities. To this end, during the last year, ERAC has undertaken the following:

- Continued the development and refinement of the analytical model developed by a consultant to the Authority to project a range of potential regional forward electric prices, as well as economic generation levels within Authority environmental permit limitations.
- Established processes within Treasury, ERM and Accounting for properly handling NYMEX confirmations, including necessary documentation for Accounting to validate broker statements to facilitate Treasury’s transfer of margin to the broker. *[Trustee action of 4-27-2004: Authorization of Commodity Broker Agreements for Hedging Purposes, Additional NYMEX Transaction Authorizations and Creation of Margin Reserve Fund]*
- Issued an RFP (Inquiry # Q-02-3403CR) to solicit third-party expertise in developing, completing and implementing credit processes and procedures, including the development and implementation of an internal credit scoring model.
- Issued RFP (Inquiry #Q-02-3421DS) to contract with a third party to perform mark-to-market fair-value-evaluation work required for financial reporting of derivative positions in accounting statements.

PROGRAM RESULTS AND COMPLIANCE

“As during the first year of the program, only a few minor administrative issues of procedure non-compliance have arisen. In all cases, the non-compliance was promptly detected and corrected with no negative consequence to the Authority.

“For 2004, working with the Human Resource Department’s Performance Planning Group, some new performance measures were established for ERAC. The first new measure characterizes overall Authority financial risk exposure and is essentially a Value at Risk (‘VaR’) measurement for the Authority’s portfolio of generation, customer load and hedge transactions. The second new measure characterizes the collective financial quality of the counterparties used for Authority hedge transactions and is essentially calculated as a credit exposure weighted average of the counterparties’ Standard & Poor’s default ratings. Results of 12.8% and 0.15%, respectively, were recognized under these new measures, which is well under the established control limits of 20% and 3.5%, respectively.

“Performance was also good under the measures reported last year. For the second year of the program, targets were established for timely completion of Deal Rationale Sheets (‘DRS’). A completion target of 75% of all DRS forms within three business days was set for 2004. Excluding the DRS for NYMEX transactions, which were initially delayed pending system modifications, actual performance had exceeded the goal.

“During the first year of the program, a measure was established for receipt of confirmation statements/documentation from all counterparties within eight days. During 2004, actual performance exceeded the goal, with confirmation completion averaging six days.

“During the first year of the program, a measure was established for timely production and distribution of credit reports detailing current credit ratings of approved counterparties every six business days, with an annual average of no more than every seven days. For 2004, timely issuance of the routine credit report was achieved 93% of the time.

“In 2004, an independent audit of the ERAC area by external auditors under the direction and supervision of Internal Audit, was commissioned and performed. The external auditor was selected by the RFP process (Inquiry No Q-02-3307jb) and the firm selected was Energy Strategies, Inc. The audit was conducted over the course of several months and the final audit report was delivered in June 2004. During the audit, in-depth interviews with 15 Authority managers and executives were conducted, including, among others, the President and Chief Executive Officer, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Power Generation, the Acting Chief Financial Officer, the Vice President and Chief Risk Officer and the Vice President – Energy Resource Management. A comprehensive review of the Authority’s supporting documentation, including all of the Authority’s risk management policies and procedures, was performed, as well as an independent audit of the Authority’s energy transaction paper trail. The audit found as follows:

- The risk management function adequately defines current risk management oversight and control.
- The principles of risk management permeate the Authority.
- Objectives set by the Trustees have been well communicated and have evolved into an observable impact on corporate culture.
- Authority employees have a high degree of professionalism, are well motivated and work well together.
- The Authority has moved a long way in a short time to establish an effective energy risk management group.
- The Authority’s risk management rules and procedures are comprehensive, clearly defined and easily understood.
- The risk management function is closely aligned with the Authority’s strategic planning process.
- The current procedure of calling the counterparty to determine the mark to market value of open positions is not good practice.
- Deals and quotes are highly concentrated with a small number of ‘regular’ counterparties which probably doesn’t provide a full indication of the market.
- ERAC should develop a ‘dashboard’ with simple metrics to capture risk and financials so that senior management can constantly monitor the relative level of risk at any given point in time.
- During the next several years the Authority’s energy risk exposure will likely magnify considerably. The Authority will need to consider additional risk management strategies to hedge against electric and natural gas price volatility.

“The audit contained some other findings and observations. All findings are being addressed by management.

FUTURE PROGRAM INITIATIVES

“Staff plans to continue refining relevant work procedures and identifying new risk areas. Additional planned work includes issuance of an RFP to solicit third-party expertise to evaluate the current information systems used for risk measurement, transaction capture, collateral management and settlement associated with hedge transaction activities.

CONCLUSION

“Implementing an independent energy risk assessment and control program is a major task, and due to the ever-changing character of relevant markets, an ongoing process. This year, the program focused on:

- Further understanding the Authority’s business model/mission and ascertaining the risk exposures related to specific customers;

- Providing development and training for staff; and
- Ensuring that risk considerations are part of every business discussion and process.

“Significant progress has been made toward implementing the tools and techniques of risk management and spreading the risk awareness philosophy of making risk assessment part of every business discussion. Going forward into 2005, the focus will be as follows:

- Continuing to identify, analyze and review the Authority’s risk exposures;
- Developing risk mitigation strategies suited to management’s tolerance for risk, especially in relation to larger customers;
- Maintaining a robust customer/client relationship between ERAC and all other Authority business units;
- Making risk awareness part of every business discussion;
- Implementing automated systems for risk measurement, management and strategic planning; and
- Providing continued staff development and training.

10. Procurement (Services) Contract – Select Energy Services Incorporated, DMJM+Harris and PB Power, Inc. – Contract Award; Authorization to Fund Statewide Energy Services Program; Revision of Statewide Energy Services Program

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize increased funding in the amount of \$250 million for the Statewide Energy Services Program (‘Statewide ESP’). This amount, which will be recovered from program participants, will be in addition to the \$183 million previously approved by the Trustees. In addition, the Trustees are requested to approve the award of contracts for project management and program implementation services with the firms of Select Energy Services Incorporated (‘Select’), DMJM+Harris (‘DMJM’) and PB Power, Inc. (‘PB Power’) for an aggregate amount of \$230 million in connection with the Statewide ESP initiative. These contracts would be for three years with an option to renew for two additional years. The Trustees are also requested to approve the revisions to the Statewide ESP to include: (1) those energy services projects recently authorized by legislation for public and private elementary and secondary schools throughout the state and for specified New York State-based federal military installations; and (2) energy services projects for otherwise qualified program participants in the service territories of public power electric systems in New York State, including the Long Island Power Authority, municipal electric systems and rural electric cooperatives.

BACKGROUND

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

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

“The Authority’s mission is to provide clean, economical and reliable energy consistent with its commitment to safety, while promoting energy efficiency and innovation for the benefit of its customers and all New Yorkers. In that regard, the Authority has provided energy services programs across the State to reduce energy consumption and peak demand. To date, the Authority’s programs have reduced the demand for electricity by 187 MW, resulting in savings of more than \$88 million annually.

“Statewide ESP is an energy efficiency program that provides a turnkey approach to identifying, procuring and implementing energy-saving solutions for participants outside the Southeastern New York (‘SENY’) territory. Statewide ESP and the market segments covered by the program have evolved over time. The initial program, launched in the early 1990s, was called the Statewide High Efficiency Lighting Program (‘HELP’). This program was offered to facilities owned and operated by New York State and served by investor-owned utilities outside the SENY service territory. As the name implies, the technologies installed were relatively simple lighting retrofits. As demand for the program expanded, new HELP initiatives were launched that targeted different sectors. These include Long Island HELP, which targeted public schools on Long Island; Public Schools HELP, which targeted the remaining schools across the state and County and Municipal HELP, which targeted county and local facilities. During this time, the energy-saving measures offered by the programs were expanded to allow for more comprehensive projects. Ultimately, to streamline the budgeting process and provide a single fully integrated program to all these sectors, the Trustees, at their meeting of December 16, 1997, approved the consolidation of all these programs into Statewide ESP, a single program available to all public entities served by investor-owned utilities outside the SENY service territory.

DISCUSSION

A. Contractor Selection

“As the general contractor for Statewide ESP, the Authority contracts for the installation of ESP measures with Implementation Contractors (‘ICs’). The services provided by the ICs complement the Authority’s staff resources in implementing the ESP. The scope of work generally consists of the following:

- On-site screenings of participants’ facilities to determine likely candidates for significant energy and operational cost savings realized by installing energy efficiency measures.
- On-site surveys, energy audits and technical feasibility studies to identify potential applications for energy efficiency measures approved for the ESP.
- Detailed engineering studies and analyses of specific energy efficiency measures or systems.
- Design of proposed systems and/or measures.
- Preparation of project proposal documents and solicitation of competitive bids.
- Procurement of equipment and installation services.
- Construction management and oversight of proposed system and/or measure installation and project closeout (including waste management).

“In addition, the IC, under staff supervision, is required to work directly with the participant from the facility audit to the final acceptance of the equipment installed. The IC, which competitively bids procurement of materials and installation of the recommended energy efficiency measures, is required to guarantee the quality of all work.

“In September 2004, the Authority advertised a Request for Proposals (‘RFP’) in the New York State Contract Reporter soliciting firms interested in providing implementation services for the Statewide ESP. As a result of that advertisement and invitations to bid, the Authority sent twenty-eight firms RFP packages; additional firms received the proposal via associations and other channels. A mandatory bidders’ conference was held in September 2004 to explain the proposed scope of work and provide an opportunity for potential bidders to ask questions and seek clarification. Twenty-five firms attended the mandatory pre-bid conference.

“In October 2004, 18 firms submitted bids for the program. Three of these bids were not considered because the bidders did not attend the mandatory bidders’ conference and one bidder withdrew its bid following an oral presentation of its proposal to Authority staff. Of the remaining bidders the lowest-cost five bids were evaluated based on a number of technical criteria by a team of four staff members. These criteria included: the firm’s relevant experience, energy analysis capabilities, construction management experience, project team organization, project team member qualifications, building and electrical code familiarity, financial capabilities, support offices’ location and proposal format. The three lowest bidders also had the three highest-scored proposals. As a result, staff recommends awarding contracts to the following lowest-cost firms: Select, DMJM and PB Power.

PB Power, Inc.

“PB Power, the lowest-cost bidder, specializes in the design of mechanical and electrical systems, including energy conservation analysis and design of improved HVAC systems, central chiller and boiler plants, power distribution, plumbing and fire protection/life safety systems. PB Power has provided design and implementation services for the Authority’s Statewide ESP and has performed very well.

Select Energy Services, Inc.

“Select, tied with DMJM as the second lowest-cost bidder, is a full-service energy management company with strong in-house engineering and project management capabilities and offices in Smithtown, Albany, Syracuse and Buffalo. Select has provided design and engineering services for the Authority under the name of HEC Energy Services and has also performed well.

DMJM+Harris

“DMJM, tied with Select as the second lowest-cost bidder, has been actively involved in the utility energy services industry for more than a decade and is one of the nation’s leading energy services providers. The company maintains a strong in-house engineering and project management team. DMJM provides design and engineering services for the Authority in the SENY market and has performed very well.

B. Revision of Statewide ESP

“Historically, the eligible participant base of Statewide ESP has been ‘those public entities served by Investor Owned Utilities outside the Authority’s SENY service territory.’ The prime intent of this language was to delineate contracts issued for use by the Authority’s governmental customers in the New York City metropolitan region (SENY service territory) and those contracts issued for work outside this area. However, the term ‘Investor Owned Utilities’ inadvertently excluded otherwise qualified public entities located in public power electric utility systems (such as the Long Island Power Authority, municipal electric utility systems and rural electric cooperatives) from participating in the program. It is recommended that these otherwise qualified public entities be included as eligible participants in Statewide ESP.

“In addition, it is proposed that Statewide ESP be revised to include such projects as authorized by recently enacted legislation:

- (1) energy efficiency services and clean energy technologies for public and non-public elementary and secondary schools throughout the State (Chapter 287 of the Laws of 2004); and
- (2) energy efficiency and conservation services and facilities using conventional or new energy technologies for the following military establishments: Fort Drum, Fort Hamilton, United States Military Academy at West Point, Watervliet Arsenal, Niagara Falls Air Reserve Base, Air Force Research Laboratory at Rome, Defense Finance Accounting Services at the former Rome Air Force Base, North East Air Defense Sector, Stewart Air National Guard Base, Hancock Field Air National Guard Base, Stratton Air National Guard Base and the Air National Guard Base at Francis S. Gabreski Airport. Chapter 286 of the Laws of 2004.

“Staff anticipates that the projects to be implemented pursuant to the provisions discussed above would include, but not be limited to, measures such as lighting, motors, motor drives, heating, ventilating and air conditioning measures and controls, boilers, building shell measures, other energy efficient non-electric heating equipment, and clean energy generation technologies like wind, solar, photovoltaic, biomass, tidal, geothermal, waste methane, fuel cells, and clean burn gas and diesel fueled technologies where waste heat is captured for use by the facility. Some new generation projects may require permits from agencies with jurisdiction. No funds will be expended for the construction and/or installation of new generation technologies until all the appropriate assessments called for under the terms of the State Environmental Quality Review Act are completed.

FISCAL INFORMATION

“Additional funding of \$250 million is requested to implement the Authority’s service offering under Statewide ESP. The funding will be provided from the proceeds of the Authority’s Commercial Paper Notes and/or the Operating Fund. In addition, projects may be funded, in part, with monies from Petroleum Overcharge Restitution (‘POCR’) funds. All Authority costs, including Authority overheads and the costs of advancing funds,

but excluding any grant of POCR funds, will be recovered consistent with other Energy Services and Technology Programs .

RECOMMENDATION

“The Senior Vice President – Energy Services and Technology and the Director – Energy Services recommend that the authorized funding for the Statewide Energy Services Program be increased by \$250 million and that procurement services contracts for Implementation Contractor services be awarded to Select Energy Services Incorporated, PB Power, Inc. and DMJM+Harris. In addition, it is recommended that the Statewide Energy Services Program be expanded as discussed above.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President – Public and Governmental Affairs, the Senior Vice President and Chief Financial Officer, the Vice President – Procurement and Real Estate and I concur in the recommendation.”

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

RESOLVED, That the Trustees authorize the President and Chief Executive Officer, the Senior Vice President – Energy Services and Technology or such other officer designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority and Statewide Energy Services Program (“Program”) participants, and to execute agreements and other documents with Select Energy Services Incorporated, DMJM + Harris and PB Power Inc., such agreements having such terms and conditions as the executing officer may approve, subject to the approval of the for m thereof by the Executive Vice President, Secretary and General Counsel, to facilitate the development of the Program, and that the authorized funding level for the Program be \$250 million, in addition to the \$183 million previously authorized for the Program, as listed below:

<u>Commercial Paper Program/ Operating Fund/POCR</u>	<u>Authorization</u>
Statewide ESP	
Previously Authorized	\$183 million
Additional Funding	<u>\$250 million</u>
Total Amount Authorized	<u>\$433 million</u>

AND BE IT FURTHER RESOLVED, That in accordance with the Guidelines for Procurement Contracts adopted by the Authority and Expenditure Authorization Procedures, \$230 million of the foregoing amount be allocated to the approved contracts for Select Energy Services Incorporated, DMJM + Harris, and PB Power, Inc. in the amounts and for the purposes listed below:

<u>Commercial Paper Program/ Operating Fund/POCR</u>	<u>Ceiling</u>	<u>Date</u>
DMJM+Harris PB Power, Inc. Select Energy Services Inc.	\$230 million (aggregate)*	12/16/2007

* A total of \$230 million will be allocated to DMJM+Harris, PB Power, Inc., and Select Energy Services, Inc. The allocation will be determined as facilities are assigned. The initial award will be \$20 million to each contractor.

AND BE IT FURTHER RESOLVED, That the Statewide ESP program be revised to include :

- (1) Energy efficiency services and clean energy technologies for public and non-public elementary and secondary schools throughout the State;**
- (2) Energy efficiency and conservation services and facilities using conventional or new energy technologies for the following military establishments: Fort Drum, Fort Hamilton, United States Military Academy at West Point, Watervliet Arsenal, Niagara Falls Air Reserve Base, Air Force Research Laboratory at Rome, Defense Finance Accounting Services at the former Rome Air Force Base, North East Air Defense Sector, Stewart Air National Guard Base, Hancock Field Air National Guard Base, Stratton Air National Guard Base, and the Air National Guard Base at Francis S. Gabreski Airport; and**
- (3) qualifying entities served by the Long Island Power Authority, municipal electric systems and rural electric cooperatives in the State;**

AND BE IT FURTHER RESOLVED, That the Authority's Commercial Paper Notes, Series 1, Series 2 and Series 3, may be issued to finance Program costs and Operating Fund monies may be used to finance Program costs; and be it further

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

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

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Energy Services and Technology, the Senior Vice President and Chief Financial Officer, the Treasurer, the Deputy Treasurer, the Deputy Secretary and Deputy General Counsel and all other officers of the Authority are, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

11. Procurement (Services) Contract – Blenheim-Gilboa Power Project – Life Extension and Modernization Program – Spherical Valves Contract – Hitachi America, Ltd. – Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of a \$12.5 million contract to Hitachi America, Ltd. (‘Hitachi’) for the design, fabrication, delivery and installation of one new, and the rehabilitation of three existing, Spherical Valves as part of the Blenheim-Gilboa Power Project (‘Project’) Life Extension and Modernization Program (‘LEM Program’). The term of the contract will be from January 2005 through May 2010.

BACKGROUND

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

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

“The President and Chief Executive Officer authorized funding of \$1.0 million in December 2002 to begin preliminary Engineering and Design. At their meeting of November 25, 2003, the Trustees approved the initiation of the LEM Program for the Project and authorized capital expenditures for \$26.3 million to begin engineering, procurement and construction for long-lead components. The present total authorized funding is \$27.3 million. The projected expenditure of \$5.0 million for this contract by 2006 is within the current authorized expenditure limits.

“Work on the first unit to undergo an overhaul under this LEM Program would begin in the fall of 2006 and be completed in the spring of 2007, with the fourth and last unit to be completed in the spring of 2010.

“The spherical valves at the Project are the only means of isolating the pump -turbines from the upper reservoir. The head elevation difference between the upper reservoir and the spherical valves is more than 1,000 feet. The valves, which are large hydraulic structures with an inside diameter of 9.25 feet, were originally built by Hitachi in the early 1970s.

“The rehabilitation of the spherical valves necessitates the upper reservoir being drained, since there are no head works to close off the vertical shaft. This draining will be done during each unit outage, with the Project being unavailable for approximately six weeks during October and November each year. The timing of this is planned to coincide with the period of least demand to minimize overall economic impact.

DISCUSSION

“A request for proposals (‘RFP’) describing the scope of design, manufacturing, disassembly, overhaul and reassembly required for the spherical valves was issued on August 16, 2004 to eight bidders and by advertisement in the New York State Contract Reporter.

“The RFP required the bidder to design one new spherical valve to fit within the existing penstock flanges. Since draining the upper reservoir is necessary to replace a spherical valve, timely completion of the work would be essential to return the Project to service. The purchase of a new valve for the first unit will enable the first valve to be replaced immediately after the upper reservoir is drained and will avoid extended outage time for each of the subsequent valve replacements.

“Once the new valve is installed for the first unit, the spherical valve removed would be inspected and refurbished by the contractor. This refurbishment would take several months and the valve would be returned to the Project the following year for installation in the second unit. The valve removed from that unit would be refurbished after it was removed, with this approach continuing to the fourth unit.

“On October 15, 2004, proposals were received from two bidders. Their as-received total lump sum prices are summarized below:

<u>Bidder</u>	<u>As-Received Bid Price</u>	<u>Evaluated Award Amount</u>
Hitachi America, Ltd.	\$12,183,779	\$12,552,224
Voith Siemens	\$16,341,012	N/A

“The evaluated price included price adjustment for the new seal design for the three existing spherical valves. In its proposed new valve design, Hitachi offered a new seal design that is more robust than the seals used with the original valves. Staff recommends that the new seals be included with the rehabilitation of the three existing valves.

“Consistent with the Authority’s bid evaluation procedure, the two proposals were evaluated on the basis of cost, completeness, schedule, warranty, exceptions taken to the bidding documents, experience, quality control, safety and adherence to the Authority’s M/WBE participation goals and Equal Employment Opportunity requirement.

“An Evaluation Committee with representatives from Procurement, Engineering, Quality Assurance, Project Management and Project staff analyzed the bids, met with the low bidder, Hitachi, on October 21, 2004 to obtain additional information and reviewed all the pertinent factors to determine the lowest-priced technically qualified proposal.

“Hitachi is the original equipment manufacturer for the spherical valves at the Project. Performance of the original equipment has been very good and site personnel are pleased with the support Hitachi has offered over the past 30 years.

FISCAL INFORMATION

“Payments will be made from the Capital Fund.

RECOMMENDATION

“The Vice President – Project Management, the Vice President and Chief Engineer, the Vice President – Procurement and Real Estate, the Regional Manager – Central New York and the Project Manager recommend that the Trustees approve the award of a contract to Hitachi America, Ltd. for the design, fabrication, delivery and installation of four spherical valves.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration and I concur in the recommendation.”

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and Expenditure Authorization Procedures, approval is hereby granted to award a multiyear contract to

Hitachi America, Ltd. as recommended in the foregoing report of the President and Chief Executive Officer, in the amount and for the purpose listed below:

<u>Contract Award</u>	<u>Award Amount</u>	<u>Project Completion</u>
Hitachi America, Ltd. for the design, fabrication, delivery and installation of one new and rehabilitation of three existing spherical valves.	\$12,552,224	May 2010

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

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

The Executive Vice President – Power Generation submitted the following report:

SUMMARY

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

BACKGROUND

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

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

DISCUSSION

“The terms of these contracts will be more than one year; therefore, the Trustees’ approval is required. Except as noted, all of these contracts contain provisions allowing the Authority to terminate the services for the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all contracts, which range in estimated value from \$28,000 to \$10,000,000. Except as noted, these contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

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

Contracts in Support of Business Units/Departments and the Facilities:

“The contract with **A & A Maintenance Enterprises, Inc. (Q-02-3506; PO # TBA)**, a New York State-certified Minority Business Enterprise (‘MBE’) firm, would become effective on January 1, 2005, subject to the Trustees’ approval. The purpose of this contract is to provide for janitorial services for the Authority’s Clarence D. Rappleyea Building (White Plains Office), including tenant space and the parking garage. Since janitorial services are considered a ‘preferred source’ pursuant to New York State law, a proposal was initially sought from the New York State Industries for the Disabled (‘NYSID’). Their price was extremely high, and NYSID agreed that the Authority could seek competitive proposals from other bidders, provided that if their price was within 15% of the lowest qualified bidder, NYSID would be awarded the contract. Bid packages were sent to 27 firms, including any that may have responded to a notice in the New York State Contract Reporter. Seven bids were received and evaluated. Based on its qualifications and ability to perform such work, in addition to its competitive pricing, staff recommends the award of the subject contract to A & A Maintenance Enterprises, the low bidder. A & A’s pricing is approximately 36% lower, on average, than that submitted by NYSID, well above the 15% threshold previously noted. The intended term of this contract is three years, with an option to extend for two additional years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$5,304,606 (including the option years).

“Pursuant to the Authority’s lease agreement with the New York State Office of Alcoholism and Substance Abuse Services (‘OASAS’), the Authority is required to provide for janitorial services for the space leased by OASAS on the eighth and ninth floors of 501 Seventh Avenue in New York City. The contract with **A & S**

Enterprises (Q-02-3505; PO # TBA) would provide for such janitorial services for OASAS, as well as for the Authority's New York Office at the same location; it would become effective on January 1, 2005, subject to the Trustees' approval. Services include removing rubbish; maintaining carpet, kitchen, coffee station, glass entrance door and partition, and tile floor; and providing lavatory supplies. Bid packages were sent to 28 firms, including any that may have responded to a notice in the New York State Contract Reporter. Six bids were received and evaluated. Based on its qualifications and ability to perform such work, in addition to its competitive pricing, staff recommends the award of the subject contract to A & S Enterprises, the low bidder, subject to the approval of building management for 501 Seventh Avenue (currently CB Richard Ellis). The New York State Industries for the Disabled had previously advised that they were not interested in performing this work. The intended term of this contract is three years, with an option to extend for two additional years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$375,000 (including the option years). It should be noted that any expenses incurred for such services will be reimbursed to the Authority as additional rent.

"The two contracts with **B.A.C. Electrical Construction Co., Inc. ('B.A.C.')** and **Healy Electric Contracting, Inc. ('Healy')** (Q-02-3504; PO #s TBA) would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of these contracts is to provide for on-call general electrical services for the Authority's Clarence D. Rappleyea Building, garage and grounds (White Plains Office). Services include furnishing all labor and materials, equipment, tools, transportation, supervision and labor for demolishing, removing, erecting, installing, connecting, testing, troubleshooting and placing in service various electrical apparatus in the building and parking garage or on the grounds. Bid packages were sent to five firms, including any that may have responded to a notice in the New York State Contract Reporter. Based on their qualifications and ability to perform such work, in addition to their competitive pricing, staff recommends the award of the subject contracts to B.A.C. and Healy, the low bidders of three bids received and evaluated. The intended term of these contracts is three years, with an option to extend for two additional years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total estimated amount expected to be expended for the total term of the contracts, \$600,000 (including the option years).

"The contract with **CEA Technologies, Inc. ('CEATI'; PO # TBA)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for the continuation of the Authority's membership and participation in the activities of eight Interest Groups of the Canadian Electricity Association. Such membership and project participation, ongoing since 1999 under previously issued contracts that are now expiring, provide the Authority with an opportunity to collaborate with Canadian utilities and to identify technology issues and challenges of common concern and work cooperatively to find cost-effective solutions. The Interest Groups include: Wind and Ice Storm Mitigation, Life Cycle Management of Station Equipment and Apparatus, Transmission Lines Asset Management, Power System Planning and Operations, Water Management, Hydraulic Plant Life, Dam Safety and Strategic Options for Sustainable Power Generation (including participation in the SFA Pacific Program). These groups bring together leading experts from more than 40 participating utilities representing both large and small Canadian, as well as some North American, European and Asian, utilities. Continuing involvement with these interest groups provides significant benefits to the Authority by providing access to the latest technical information available in the field, as well as co-funding opportunities for various Authority-sponsored projects. Recent projects in which the Authority has participated include, but are not limited to: geophysical methods for assessing seepage and internal erosion in embankment dams; use of biodegradable oils and greases in power plants; end-of-life decisions on circuit breakers; and various de-icing and anti-icing technologies. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the total term of the contract, \$675,000.

"The contract with **Chopra-Lee, Inc. ('Chopra-Lee'; 4600001332)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for asbestos and lead analysis testing and monitoring services, on an 'as needed' basis, for the Niagara Power Project. Such environmental sampling and laboratory analysis services are required on a 24-hour basis with a one-half-hour response time and a two-hour turnaround for test results. Chopra-Lee was the sole responding bidder of 11 firms to which bid packages were sent, including any that may have responded to a notice in the New York State Contract Reporter. Based on its satisfactory qualifications and reasonable pricing, staff recommends the award of the subject contract to Chopra-Lee, which is qualified and has provided satisfactory services under an existing contract. The intended term of this

contract is up to four years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the total term of the contract, \$200,000.

“Another contract with **Chopra-Lee, Inc. ('Chopra-Lee'; 4600001333)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for sampling, testing and analysis of wastewater for the Niagara Power Project. Services include scheduled monthly collection of wastewater and analysis for various elements, as well as unscheduled collection and analysis (including drinking fountain water), on an 'as needed' basis, and submittal of a written report of the findings. Bid packages were sent to 13 firms, including any that may have responded to a notice in the New York State Contract Reporter. Based on its satisfactory qualifications and reasonable pricing, staff recommends the award of the subject contract to Chopra-Lee, the low bidder of five bids received and evaluated. In addition, Chopra-Lee has provided satisfactory services under an existing contract. The intended term of this contract is up to four years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the total term of the contract, \$100,000.

“The Authority's operating facilities, substations, electrical transmission facilities, and maintenance and support facilities (hereinafter 'facilities') store and use various types of oils or oil products in their normal operating practices. Government regulations require that owners and operators of facilities that store oil and have the potential to spill oil to land or to waters of the United States or adjoining shorelines prepare Spill Prevention Control and Countermeasure ('SPCC') Plans. Significant efforts are made to prevent oil spills at all Authority projects. The Authority's operating facilities have sufficient equipment and trained personnel to respond to and clean up minor oil spills. In the event that an oil spill should exceed the capability of the project's resources, Authority facilities employ contractors that can furnish cleanup expertise, manpower and equipment on an 'as needed' basis to provide emergency oil spill containment and cleanup services. To ensure that each Authority facility has sufficient resources to control and clean up discharged oil in a reliable and timely manner, in compliance with government regulations, and to establish long-term relationships with cost-effective and consistent oil spill cleanup service providers in the proximity of Authority facilities, a Request for Proposals ('RFP') for emergency oil spill response, cleanup and disposal services was sent to 19 firms, including any that may have responded to a notice in the New York State Contract Reporter. Six bids were received and evaluated, based on criteria that include, but are not limited to: completeness of the submittal with respect to requirements set forth in the RFP; response time to the Authority facility; cleanup capabilities for land and surface water spills; amount and type of equipment at the contractor's staging facility, United States Coast Guard certification and calculated costs for typical land and surface water spill scenarios. A contractor response time of two hours or less with sufficient resources to contain, control and clean up discharged oil was a primary factor in the selection process. Where response time and cleanup capability were equivalent among bidders, cost was a factor in determining which bidder would be the primary response contractor for the Authority's facility. Using these criteria, staff recommends the award of contracts to the four lowest qualified bidders: **Clean Harbors Environmental Services, Miller Environmental Group, Modern Disposal Services, Inc.** and **OP-TECH Environmental Services (Q-02-3449; PO #s TBA)**. Such contracts would become effective on January 1, 2005, subject to the Trustees' approval. The intended term of these contracts is four years, with an option to extend for one additional year, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total estimated amount expected to be expended for the total term of the contracts, \$500,000, including the option year. Approval of such funds is requested on a project basis and funding for each facility will be included in the annual budget submittal for each respective facility.

“Pursuant to the Power Authority Act, as well as internal procedures adopted by the Trustees, the Authority is required to publish notice of public hearings on proposed contracts for the sale of power, public forums, certain prospective allocations of power, allocations of economic development power recommended by the Economic Development Power Allocation Board and various events that affect communities. The unique and specialized services that advertising firms provide ensure timely, cost-effective compliance with statutory mandates and internal procedures. The two contracts with **Creative Media Agency, LLC** and **Fanness Group, Inc. (Q-02-3487; PO #s TBA)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of these contracts is to provide media advertising services for the placement of mandatory legal and public advertisements for the Authority in newspapers and periodicals throughout New York State. Services may include: advertising design, mechanical preparation, copywriting, typesetting, proofs and color separation. These agencies were the two responding bidders of four firms invited to bid, including any that may have responded to a notice in the New York State Contract Reporter. Based on the percentage of each agency's industry discount passed along to the Authority,

as well as their efficient and reliable performance of such services under existing contracts with the Authority, staff recommends the award of new contracts to both firms. In addition, the award of two contracts for such services would continue to afford the Authority good upstate and downstate coverage. The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total amount expected to be expended for the term of the contracts, \$500,000. Payment would be made only for services rendered.

“The contract with **General Electric Company ('GE'; PO # TBA)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for a feasibility study, including combustion laboratory testing, of biodiesel fuel mixture for use in gas turbines at the Authority's 500 MW plant. Biodiesel is a clean-burning alternative fuel, produced from domestic, renewable resources, derived from naturally occurring vegetable oils (such as soybean oil) or animal fats. It can be used in its pure form or can be blended in any percentage with petroleum diesel to create a biodiesel fuel blend for use in conventional diesel engines. Given the Authority's objective of reducing emissions to the lowest possible extent and of using cleaner fuel, which reflects New York State's energy policy, GE was requested to consider the feasibility of using a biodiesel fuel mixture for the gas turbines (which are designed to use either natural gas or conventional fossil fuels, such as No. 2 diesel fuel or Jet-A, a distillate of kerosene). A preliminary analysis indicated that biodiesel may have the potential for use as a fuel for the 500 MW plant, but it is now necessary to conduct detailed combustion laboratory testing to determine the likely effects of a biodiesel fuel mixture for use in the gas turbines, especially with respect to emissions and gas turbine performance. GE will also provide a recommendation regarding whether future biodiesel field validation tests are justified, as well as an overall recommendation and discussion of the suitability of the fuel for gas turbines. This award is made on a sole-source basis, since GE is the plant designer and original equipment manufacturer of the gas turbines; GE owns the proprietary design data and drawings for the gas turbines, and is uniquely qualified to perform such work. The intended term of this contract is one year, with an option to extend for up to one additional year, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$1,400,000. (It should be noted that separate additional contracts may be issued for other associated matters, such as the procurement of biodiesel fuel, the analysis of such fuel and how it should be tested and other related tasks, all in accordance with the Authority's Expenditure Authorization Procedures.)

“The contract with **Greencorp Waste Removal, Inc. ('Greencorp'; 460001346)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for refuse disposal services for the St. Lawrence/FDR Power Project. Services include furnishing all necessary containers for five locations, with refuse removal twice a week (as well as recyclables and insulators, as needed), and include the container, hauling, landfill and disposal fees. Bid packages were sent to three contractors, including any that may have responded to a notice in the New York State Contract Reporter. Based on its satisfactory qualifications and reasonable pricing, staff recommends the award of the subject contract to Greencorp, the low bidder of two bids received and evaluated. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$250,000.

“The Authority currently has a network of seven Phasor Measurement Units ('PMUs') operating at six key substations in New York State, with two additional units to be installed. These satellite-synchronized measurement and monitoring units provide a highly precise snapshot of events (system disturbance data) in the power system. They were instrumental to the analysis of events during the August 14, 2003 blackout. As a result of that day's events, a joint U.S./Canadian investigation recommended that PMUs be installed at key locations on the high-voltage transmission system. In response, the U.S. Department of Energy initiated the Eastern Interconnection Phasor Project ('EIPP'), encouraging all utilities to install and network PMUs in order to bring real-time phasor data to central locations, such as various control centers and Independent System Operators ('ISOs'), for eventual transmission to the Northeast Electric Reliability Council ('NERC'). The Authority's PMUs have been in operation for approximately 12 years and require maintenance and upgrade, as computer systems become obsolete and new hardware and software are developed. The continued maintenance of these PMUs is very important in order to ensure a continuous stream of valuable data to the Authority's Energy Control Center, as well as to NYISO, EIPP and NERC. The new contract with **Macrodyne, Inc. ('Macrodyne'; PO # TBA)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for the continuation of such maintenance and support services, including hardware and software engineering services, as well as spare

parts, for the Authority's network of PMUs. Regular software upgrades provided as part of continuing system enhancement will also be supplied. This contract is awarded on a sole source basis, since Macrodyne is the original equipment manufacturer and, as such, is uniquely qualified to maintain these units, which provide valuable information to various entities. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$250,000.

"The contract with **Most Healthcare Systems, Inc. ('Most Healthcare'; 4600001328)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for annual medical/occupational physical examinations for approximately 80 employees at the Charles Poletti Power Project. Such examinations will be performed on site in a medical trailer to be provided by the aforementioned firm. Bid packages were sent to 12 firms, including any that may have responded to a notice in the New York State Contract Reporter. Based on its satisfactory qualifications and reasonable pricing, staff recommends the award of the subject contract to Most Healthcare, the low bidder of four bids received and evaluated. The intended term of this contract is up to three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$63,360.

"The contract with **New York State Office for Technology ('OFT'; PO # TBA)** would provide for computer center services to support the Authority's Information Technology needs. These include providing computer capacity on the OFT mainframe for Authority production and test platforms, as well as operations support for batch and online processing on a '24/7' basis, and such other services as the Authority may require, in addition to software licensing and maintenance fees (which were previously paid under a separate contract). This award is made on a sole source basis, since it is basically a renegotiation of the current agreement, and would provide continued support for the Authority's ongoing needs. OFT is the current provider of such services in support of the Authority's SENY and Wholesale billing systems under the current agreement. OFT will continue to support the Authority's billing systems under the new agreement and to provide other requisite support, as may be required. The intended term of this contract is up to five years (to be released on an annual basis), subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the five-year term of the contract, \$2,575,000.

"The two contracts with **OILTEST, Inc. ('OILTEST') and SGS North America, Inc. ('SGS', formerly SGS Control Services, Inc.) (QFS-2004-80; PO #s TBA)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of these contracts is to provide for independent petroleum inspection services in connection with delivery (via barge, tanker and/or pipeline), transfer and storage of residual (No. 6) and distillate (No. 2 and aviation kerosene) fuel oil within New York Harbor and the Long Island Sound. Services include the inspection, measurement, temperature determination, sampling and laboratory analysis/testing of such fuel oil to be used as a power plant fuel at the Authority's electric generating stations at the Charles A. Poletti and Richard M. Flynn Power Projects, as well as the new 500 MW combined cycle power plant currently under construction. Such inspections are summarized in written certificates that provide: (i) the basis of payment for oil delivered; (ii) the basis for assessing penalties for non-conforming oil and (iii) evidence of compliance with environmental quality regulations. OILTEST and SGS were the two lowest bidders of eight bids received and evaluated (of eight firms to whom bid packages were sent, including any that may have responded to a notice in the New York State Contract Reporter). The benefits of awarding contracts to more than one inspection firm include increased operational flexibility and enhanced competitiveness over the life of the contracts. The award of multiple contracts for such services is also consistent with standard industry practice. The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total amount expected to be expended for the term of the contracts, \$28,000. It should be noted that rates will remain firm for the duration of the contracts.

"At their meeting of July 27, 2004, the Trustees approved the award of multiple contracts to five firms, for an initial amount of \$150 million in aggregate, for implementation contractor services in connection with various SENY Energy Services Program ('SENY ESP') initiatives and projects. Based on the anticipated project load, two firms (DMJM + Harris, Inc. and Camp, Dresser and McKee, Inc.) were selected for wastewater treatment projects, as the result of a competitive bid process. Since that time, several Authority customers, including the Westchester County Department of Environmental Facilities and the New York City Department of Environmental Protection, have expressed increased interest in the ESP for wastewater treatment. As a result, staff anticipates a much higher

volume of projects in this area. The addition of a third implementation contractor with wastewater treatment expertise would ensure that the Authority has sufficient resources in place to meet this projected increased demand. **Savin Engineers, P.C.** ('Savin') is a full-service engineering firm with expertise in water treatment and distribution facilities (for drinking water) and wastewater collection and treatment facilities (for sewer water). The firm was the third lowest evaluated bidder for such services in the aforementioned competitive bid (**Q-02-3406**) and meets the technical qualifications specified in the Request for Proposals. In addition, Savin is a New York State-certified Minority Business Enterprise ('MBE'), and the firm's fees and costs are comparable to those of the other two firms providing such services. Staff therefore recommends the award of a contract to Savin (**PO # TBA**) that would become effective on January 1, 2005, subject to the Trustees' approval. The intended term of this contract is approximately three years (to be coterminous with the two aforementioned previously approved contracts for such services), with an option to extend for two additional years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the release and allocation to the subject contract of previously approved funding for the total amount expected to be expended for the term of the contract, \$10,000,000 (including the option years). It should be noted that all costs will be recovered by the Authority from the participating customers.

"The contract with **TEC Components ('TEC'; 4500094588)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for the refurbishment of various generator babbitt bearings for the two remaining units in the Robert Moses Niagara Power Plant upgrade. Bid packages were sent to nine firms, including any that may have responded to a notice in the New York State Contract Reporter. Based on its satisfactory qualifications and reasonable pricing, staff recommends the award of the subject contract to TEC, the low bidder of three bids received and evaluated. The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$149,496.

"The contract with **USFilter / Ionpure (Q-02-3490; PO # TBA)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for the rental of specialized equipment and related services for portable demineralized water systems to support the Small Clean Power Plants located at seven sites in New York City and Brentwood, Long Island. Bid packages were sent to three firms, including the only two qualified sources known to provide such equipment in the Northeast, as well as one prospective bidder that responded to a notice in the New York State Contract Reporter. Two bids were received and evaluated. Based on its ability to meet all technical requirements and low price, staff recommends the award of a contract to USFilter / Ionpure, the low bidder. The intended term of this contract is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$3,500,000 (including contingency for additional equipment or services, as may be required).

"In 1996, the Authority pioneered the development, installation and commissioning of a 200 kW fuel cell powered by anaerobic digester gas ('ADG') from the Yonkers Joint Sewage Treatment Plant. Subsequently, the Authority deployed a natural gas-powered fuel cell in New York City's Central Park, which was the first application of such fuel cell technology in Manhattan. Since then, 10 additional fuel cells have been installed by the Authority in the New York City boroughs for a total of 12, and three more may be added by 2006. The installed capacity of such fuel cells currently totals 2.4 MW and has generated more than 20 million megawatt-hours of clean, reliable power. Routine maintenance is needed to keep the fuel cells operational. At their meeting of June 29, 1999, the Trustees approved the award of a five-year contract for maintenance services that is now expiring. The new contract with **UTC Fuel Cells, LLC ('UTC', formerly ONSI Corp.) (PO # TBA)** would become effective on January 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for the continuation of maintenance services for up to 15 Authority-owned and -operated fuel cell power plants ('FCPPs') in the greater New York City metropolitan area. The subject contract is awarded on a sole source basis, since UTC is the original equipment manufacturer of the FCPPs and there are no other known firms capable of performing such operations and maintenance work on fuel cells. While it was previously anticipated that Authority staff might take over this function, a re-examination of this issue indicates that outsourcing such services continues to be more economical. The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$700,000, plus an additional \$250,000 for spare parts, as may be required, for a total approved amount of \$950,000.

FISCAL INFORMATION

“Funds required to support contract services for various Business Units/Departments and the Facilities have been included in the 2005 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

“Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the project’s Capital Expenditure Authorization Request. Payment for the contract in support of Energy Services projects will be made from the Energy Conservation Effectuation and Construction Fund.

RECOMMENDATION

“The Deputy Secretary and Deputy General Counsel, the Vice President – Procurement and Real Estate, the Vice President and Chief Engineer, the Vice President – Project Management, the Vice President – Energy Resource Management, the Chief Information Officer, the Director – Research and Technology Development, the Director – Energy Services, the Director – Corporate Support Services, the Director – Environmental Programs, the Regional Manager – Northern New York, the Regional Manager – Western New York, the Regional Manager – Central New York and the Regional Manager – Southeast New York recommend the Trustees’ approval of the award of multiyear procurement contracts to the companies listed in Exhibit ‘12-A’ and as discussed above, for the purposes and in the amounts set forth above.

“The Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President and Chief Financial Officer, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President – Energy Services and Technology, the Senior Vice President – Public and Governmental Affairs, and I concur in the recommendation.”

Vice Chairman McCullough recused himself from voting on the contract with A & A Maintenance Enterprises, Inc.

The following resolution, as submitted by the Executive Vice President – Power Generation, was unanimously adopted.

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

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

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

EXHIBIT "12-A"
December 14, 2004

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹</u> <u>Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
CORP SERV & ADMIN - CorpSuppServ	A & A MAINTENANCE ENTERPRISES, INC. (Q-02-3506; PO# TBA)	01/01/05	Provide for janitorial services for Rappleyea Bldg (+ option to extend for 2 additional yrs) (WPO), including tenant space and garage	12/31/07	B/S			\$5,304,606*
						*Note: represents total for 5-year term (including option years)		
CORP SERV & ADMIN - CorpSuppServ	A & S ENTERPRISES (Q-02-3505; PO# TBA)	01/01/05	Provide for janitorial services for 8 th & 9 th floors of 501 Seventh Ave., NYC (for NYO and OASAS)	12/31/07 (+ option to extend for 2 additional yrs)	B/S			\$375,000*
						*Note: represents total for 5-year term (including option years)		
CORP SERV & ADMIN - CorpSuppServ	Q-02-3504; 2 awards: 1. B.A.C. ELECTRICAL CONSTRUCTION CO. 2. HEALY ELECTRIC CONTRACTING, INC. (PO #s TBA)	01/01/05	Provide for on-call general electrical services for the Rappleyea Building, garage and grounds	12/31/07 (+ option to extend for 2 additional yrs)	B/C			\$600,000*
						*Note: represents combined total for 5-year term (including option years)		
ES&T - R&TD	CEA TECHNOLOGIES, INC. ("CEATI") (PO# TBA)	01/01/05	Provide for membership in 8 interest groups of the Canadian Electricity Assn. & participation in various projects	12/31/07	S/N			\$675,000*
						*Note: represents total for 3-year term		
POWER GEN - NIA	CHOPRA - LEE INC. (4600001332)	01/01/05	Provide for asbestos & lead analysis testing and monitoring services	12/31/08	B/S			\$200,000*
						*Note: represents total for 4-year term		
POWER GEN - NIA	CHOPRA - LEE, INC. (4600001333)	01/01/05	Provide for waste water sampling, testing and analysis services	12/31/08	B/S			\$100,000*
						*Note: represents total for 4-year term		

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search

2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement

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

EXHIBIT "12-A"
December 14, 2004

<u>Plant Site Contract</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Award Basis</u> ¹	<u>Compensation Contract Type</u> ²	<u>Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of</u>
POWER GEN \$500,000* ENVIRONMENT- AL PROGRAMS	4 awards: 1. CLEAN HARBORS 2. MILLER ENV. GROUP 3. MODERN DISPOSAL SERV. 4. OP-TECH ENV. SERV. (Q-02-3449; PO#s TBA)	01/01/05	Provide for emergency oil spill response, cleanup and disposal services statewide (+ option to extend for 1 additional year)	12/31/08	B/S			*Note: represents combined estimated total for 5-year term (including option year)
LAW - \$500,000* CorpSecy'sOff	2 awards: 1. CREATIVE MEDIA AGENCY 2. FANNESS GROUP (Q-02-3487; PO #s TBA)	01/01/05	Provide for media advertising services for prep & placement of mandatory legal and public ads in NYC/NYS newspapers periodicals	12/31/07	B/P			*Note: represents combined total for 3-year term
ES&T - R&TD / 500 MW	GENERAL ELECTRIC COMPANY (PO # TBA)	01/01/05	Provide for feasibility study & combustion lab testing of biodiesel fuel mixture for gas turbines at 500 MW plant	12/31/05	S/P			\$1,400,000* *Note: represents total for 2-year term (including option year)
POWER GEN - STL	GREENCORP WASTE REMOVAL, INC. (4600001346)	01/01/05	Provide for refuse removal and disposal services for STL	12/31/07	B/S			\$250,000* *Note: represents total for 3-year term
ES&T - R&TD	MACRODYNE INC. (PO # TBA)	01/01/05	Provide for system maintenance & support of Phasor Measurement Unit network, including software/hardware engineering services & parts	12/31/09	S/P			\$250,000* *Note: represents total for 5-year term
POWER GEN - POL & Brentwood	MOST HEALTHCARE SYSTEMS, INC. (4600001328)	01/01/05	Provide for annual medical/ occupational physical examinations (POL & Brentwood)	12/31/07	B/P			\$63,360* *Note: represents total for 3-year term

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

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

EXHIBIT "12-A"
December 14, 2004

<u>Plant Site Contract</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Award Basis</u> ¹	<u>Compensation Contract Type</u> ²	<u>Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of</u>
BUSINESS SERVICES - IT	NEW YORK STATE OFFICE FOR TECHNOLOGY (PO # TBA)	01/01/05	Provide for computer center services	12/31/09	S/S	(to be released annually)	\$2,575,000*	
								*Note: represents estimated total for 5-year term
POWER GEN - \$28,000* ERM & FUELS OPERATIONS	2 awards: 1. OILTEST, INC. 2. SGS NORTH AMERICA, INC. (QFS-2004-80; PO # TBA)	01/01/05	Provide for independent petroleum inspection services in connection with fuel deliveries in NY Harbor and Long Island Sound	12/31/07	B/P			*Note: represents combined total for 3-year term
ES&T - ENERGY SERVICES	SAVIN ENGINEERS, P.C. (Q-02-3406; PO # TBA)	01/01/05	Provide for implementation contractor services for SENY ESP for wastewater projects for 2 additional yrs)	07/31/07	B/C	(+ option to extend		\$10,000,000* *Note: to be released and allocated from previously-funding; represents total for approx. 5-year term (including option years). All costs will be recovered by the Authority.
POWER GEN - NIA	TEC COMPONENTS (4500094588)	01/01/05	Provide for refurbishment of various babbitt bearings for 2 remaining units in RMNPP upgrade	12/31/06	B/S		\$149,496*	*Note: represents total for 2-year term
POWER GEN - SMALL CLEAN POWER PLANTS	US FILTER / IONPURE (Q-02-3490; PO # TBA)	01/01/05	Provide for rental of specialized equipment & related services for portable demineralized water systems to support the SCPPs	12/31/09	B/E		\$3,500,000*	*Note: represents total for 5-year term (including contingency)
ES&T - R&TD parts)	UTC FUEL CELLS, LLC (formerly ONSI Corp.) (PO # TBA)	01/01/05	Provide for maintenance services for Authority-owned and -operated fuel cell power plants	12/31/06	S/S		\$950,000*	*Note: represents total for 2-year term (including spare

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

13. Procurement (Services) Contracts – Business Units and Facilities – Extensions, Approval of Additional Funding and Increases in Compensation Ceiling

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the continuation and funding of the procurement contracts listed in Exhibit ‘13-A’ in support of projects and programs for the Authority’s Business Units/Departments and Facilities. In addition, the Trustees are requested to approve an increase in the compensation ceiling of the contracts with Lockwood Greene Engineers, Inc. and North American Energy Services. Detailed explanations of the nature of such services, the reasons for extension, the additional funding required and the projected expiration dates are set forth below.

BACKGROUND

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

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

DISCUSSION

“Although the firms identified in Exhibit ‘13-A’ have provided effective services, the issues or projects requiring these services have not been resolved or completed, and the need exists for continuing these contracts. The Trustees’ approval is required because the terms of these contracts exceed one year and/or because the cumulative change order limits will exceed the levels authorized by the Expenditure Authorization Procedures in forthcoming change orders. All of the subject contracts contain provisions allowing the Authority to terminate the services at the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures.

“Extension of each of the contracts identified in Exhibit ‘13-A’ is requested for one or more of the following reasons: (1) additional time is required to complete the current contractual work scope or additional services related to the original work scope; (2) to accommodate an Authority or external regulatory agency schedule change that has delayed, reprioritized or otherwise suspended required services; (3) the original consultant is uniquely qualified to perform services and/or continue its presence and rebidding would not be practical or (4) the contractor provides a proprietary technology or specialized equipment, at reasonably negotiated rates, that the Authority needs to continue until a permanent system is put in place.

Contracts in Support of Business Units/Departments and Facilities:

“The contract with **Bennett Kielson Storch DeSantis & Company, LLP (4500084225)** provides for audit services for the operating expenses of the Authority’s Clarence D. Rappleyea Building in White Plains, specifically the allocation of common-area maintenance charges to the tenants of the building. The Authority owns the Rappleyea Building, which is a Class A, 420,000-square-foot, 17-story structure with 30,000-square-foot floors. The Authority occupies 58% of the building; the balance is occupied by tenants. The original award, which was competitively bid, became effective on March 1, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise the option in order to continue services, as may be required. The current contract amount is \$9,500; it is anticipated that an additional \$20,500 will be

required for the extended term. The Trustees' approval is requested to extend the subject contract through February 28, 2007, and to approve the additional funding requested.

“The contract with **Candela Systems Corp. (4500074596)** provides for electrical lighting and sensor installation services at the State University of New York – Fashion Institute of Technology (‘SUNY-FIT’), as part of the Authority’s High Efficiency Lighting Program (‘HELP’). The original contract, which was competitively bid, became effective on July 28, 2003 for a term of one year. Due to initial delays in material delivery and emergent issues during installation, as well as customer-related delays (e.g., access to rooms), the contractor was not able to complete installation services within the original contract term. An interim extension through December 31, 2004 was authorized in accordance with the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures. The current contract amount is \$806,051. The Trustees are requested to ratify and approve the previously authorized interim extension of the subject contract through December 31, 2004, with no additional time or funding requested. It should be noted that all costs associated with this contract will be recovered by the Authority.

“The contract with **The Center for Research and Public Policy (4500081102)** provides for opinion leader survey research services for the Authority. Services include conducting a statewide telephone survey of a random sample of 600 opinion leaders in order to better understand these stakeholders’ knowledge and opinion of the Authority and to evaluate the effectiveness of its communications with them. The original contract, which was competitively bid, became effective on November 25, 2003 for an initial term of one year, with an option to extend for one additional year. A short-term interim extension through December 14, 2004 was authorized in accordance with the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures. A one-year extension is now requested to exercise the option in order to continue services, as may be required. Such extension would provide continuity in tracking the Authority’s effectiveness in communicating with its key stakeholders and would allow for the completion of the 2004 and 2005 annual surveys. The current contract amount is \$17,950; it is anticipated that an additional \$50,000 may be required for the extended term (in the event that two such surveys will be conducted). The Trustees are requested to ratify the previously authorized interim extension through December 14, 2004, and to approve an extension of the subject contract through December 31, 2005, as well as the additional funding requested.

“The contract with **CME Associates, Inc. (4500068572)** provides for testing and inspection services (of concrete, grout, weld, metals, paint) in connection with the Robert Moses Niagara Power Plant upgrade and the Lewiston Pump Generating Plant overhaul. The original award, which was competitively bid, became effective on April 1, 2003 for a term of one year. In March 2004, construction activities at the Blenheim-Gilboa Power Project (‘B-G’) related to the installation of a circuit breaker necessitated third-party testing services to be performed. The subject contract provided an expedited means to provide such services. Subsequently, simultaneous construction activities associated with the dam face restoration, crane deck and fishing pier rehabilitation at the Niagara Project required additional third-party testing services. The subject contract was used to support these efforts and the contract was extended through September 30, 2004, with no increase in dollar value. Due to a continued need for such services at the B-G and Niagara Projects, an interim extension through December 31, 2004, as well as an additional \$5,000, was subsequently authorized in accordance with the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures. An additional three-month extension is now requested in order to provide for the continuation of such services, as may be required. The current contract amount is \$52,187; it is anticipated that an additional \$15,000 will be required for the extended term. The Trustees are requested to ratify the previous extensions of the subject contract through December 31, 2004, and to approve an additional extension through March 31, 2005, as well as the additional funding requested.

“The five contracts with **CSL Enterprises, Inc. dba Reel Vision Productions (4500083460), Digital Dreams Media, Inc. (4500083482), EMSTAR Media, Inc. (4500083457), Pioppi Video Entertainment Corp. (4500083471) and Sharehouse, Inc. (4500083753)** provide for various video-related services for the Authority. Services include videography, video editing, video producer-director-editor services, video systems maintenance engineer and video systems operations consultant, as listed in Exhibit ‘13-A.’ The original awards, which were competitively bid, became effective on January 1, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise the option in order to provide services on an ‘as needed’ basis. The current contract amounts, which range between \$15,000 and \$95,000 each, total \$280,000; it is anticipated that additional funding in amounts ranging between \$20,000 and \$150,000, as more fully

set forth in Exhibit '13-A,' may be required for the extended term. The Trustees' approval is requested to extend the subject contracts through December 31, 2006, and to approve the additional funding requested.

"The contract with **Fantastic Graphics (4500083324)** provides for printing services to furnish and deliver business cards, memorandum and letterhead, continuous three-part forms and self-adhesive label stock for the Authority's White Plains Office. The original award, which was competitively bid, became effective on January 16, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested in order to exercise the option and continue services, as may be required. The current contract amount is \$29,400; it is anticipated that an additional \$50,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through January 15, 2007, and to approve the additional funding requested.

"The contract with **Horizon Engineering Associates, LLP (4600001190)** provides for steam trap auditing services at various Authority customer project sites in the Southeast New York ('SENY') area, as part of the Authority's High Efficiency Lighting Program ('HELP'). Services include testing steam traps, bypass valves, safety relief valves, drains, vents and other associated equipment; tagging any failed, plugged or leaking problems; data input, analysis and report preparation, including energy analysis computation and recommendations. The original award, which was competitively bid, became effective on January 1, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise the option in order to provide for the continuation of services, as may be required. The current 'target value' is \$250,000; it is anticipated that no additional funding will be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2006, with no additional funding requested. It should be noted that all costs associated with this contract will be recovered by the Authority.

"The contract with **Laro Service Systems, Inc. (4500082978)** provides for air-conditioning maintenance services for the 8th and 9th floors of 501 Seventh Avenue, New York City (housing the Authority's New York Office and the New York State Office of Alcoholism and Substance Abuse Services, 'OASAS'). Services include monthly preventive maintenance, as well as quarterly coil cleaning and service for variable air valve boxes, as needed. The original award, which was competitively bid, became effective on January 1, 2004 for an initial term of one year, with an option to extend for two additional years. A two-year extension is now requested in order to exercise the option and continue services, as scheduled or needed. The current contract amount is \$12,000; it is anticipated that an additional \$30,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2006, and to approve the additional funding requested.

"The contract with **Maytag Services, a division of Maytag Corp. (4500086578)** provides for out-of-warranty repair services for Maytag refrigerators installed in New York City Housing Authority facilities as part of the Authority's Energy Efficiency Refrigerator program. The original contract was awarded on a sole source basis to Maytag, the original equipment manufacturer; it became effective on October 27, 2003 for an initial term of one year, with an option to renew for an additional year. A short-term interim extension through December 14, 2004 was subsequently authorized, in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. A 10-month extension is now requested to exercise the option in order to continue services, as may be required. The current contract amount is \$500,000; it is anticipated that no additional funding will be required for the extended term. The Trustees are requested to ratify the previously authorized interim extension, and to approve an extension of the subject contract through October 26, 2005, with no additional funding requested. It should be noted that all costs associated with this contract will be recovered by the Authority.

"The contract with **Nicholson Environmental, Inc. (4500081444)** provides for generator/emission stack testing services at various Authority customer facilities throughout the New York City area, as part of the Authority's Peak Load Management program. The original award, which was competitively bid, became effective on December 16, 2003 for an initial term of one year, with an option to extend for up to two additional years. Due to delays by the New York State Department of Environmental Conservation ('NYS DEC') in approving the stack testing protocols submitted by the contractor, as well as scheduling delays at two hospital facilities that require such testing, a one-year extension is now requested to exercise the first option year in order to allow sufficient time for the contractor to complete the original scope of work, including submittal of the test results and report to NYS DEC. The current contract amount is \$180,000; it is anticipated that no additional funding will be required for the

extended term. The Trustees' approval is requested to extend the subject contract through December 15, 2005, with no additional funding requested.

“The two contracts with **Parkway Exterminating Co., Inc. and Terminix International (4500084885 and 4500084878)** provide for pest control services for the Authority's White Plains Office, as well as the 8th and 9th floors of 501 Seventh Avenue in New York City (housing the Authority's New York Office and space leased to the New York State Office of Alcoholism and Substance Abuse Services, 'OASAS'), respectively. The original awards, which were competitively bid, became effective on March 1, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise the option in order to continue to provide such services, as needed. The current contract amounts are \$12,000 and \$4,000, respectively; it is anticipated that additional funding in the amounts of \$24,000 for Parkway and \$8,000 for Terminix may be required for the extended term. The Trustees' approval is requested to extend the subject contracts through February 28, 2007, and to approve the additional funding requested.

“The contract with **Quantec, LLC (4500081135)** provides for consulting services in connection with the Authority's long-term power supply planning. The original contract, which was awarded on a sole source basis, became effective on January 1, 2004 for an initial term of one year, with an option to extend for one additional year. Quantec is currently assisting the Authority with an evaluation of 33 detailed bids received in response to a Request for Proposals for long-term supply for its government customers. This process is an integral part of a parallel effort to renegotiate long-term (10-20 year) contracts with these customers. At the customers' request, Quantec and Authority staff are working in partnership with them and their consultants to evaluate such bids in order to determine which best meet the long-term goals of the government customers, as well as the Authority. The long-term nature of the current supply procurement effort, combined with the need for customer review and approval of supply decisions, make this process quite complex. A one-year extension is now requested to exercise the option in order to ensure the proper completion of this effort. Quantec will also continue to assist Authority staff with negotiating and executing final contracts with suppliers, as well as evaluating additional supply alternatives. The current contract amount is \$300,000; it is anticipated that an additional \$250,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2005, and to approve the additional funding requested.

“The contract with **Simmers Crane Design & Services Company (4600000279)** provides for crane maintenance and repair services, including spare parts and materials, for all Authority operating plants and related facilities. Services include inspections, repairs, safety bulletin analyses and resulting required repairs, OSHA compliance inspections, and any other crane-related work, as may be required. At their meeting of December 14, 1999, the Trustees approved the award of the subject contract for a three-year term, with an option to extend for one additional year, in the total amount of \$1,280,000. The original award, which was competitively bid, became effective on January 1, 2000. The option year was subsequently exercised and an additional one-year extension was later authorized in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. In September of this year, the Authority received a crane safety bulletin regarding a crane failure at a Ford plant that resulted in an employee fatality. Since the crane that failed was a Whiting crane of the same type and age as some cranes owned by the Authority, the Authority implemented an inspection plan with Simmers to perform detailed inspection and non-destructive testing examinations of the failed components (in this case, a hoist drum pinion gear and the entire hoist drive train) of all similar Authority cranes. Such inspection revealed cracks in a Whiting crane (100-ton assembly bay crane) at the Niagara Lewiston Pump Generating Plant, in the very same gear that had failed in the Ford plant crane. The affected hoists were removed from service while the gears are redesigned and replaced to ensure proper engagement. Since this is a safety issue and there is a long lead time for the replacement gears, the Authority had to act quickly in order to ensure that the crane would be available for the next unit outage. Simmers was requested to provide a proposal for this repair under the existing contract. A purchase order release, in the amount of \$90,700, was issued for this work. Due to the long lead time needed for the gearing, as well as the availability of the crane and workspace, staff estimates that the work will not be completed until the end of April 2005. An additional four-month extension is therefore requested in order to complete the crane repair, as well as to provide support for any emergent work that may arise while a new multiyear contract for such services is rebid. The current 'target value' is \$1,280,000, of which \$1,160,922 has been released to date; it is anticipated that no additional funding will be required for the extended term. The Trustees' approval is requested to ratify the previously authorized one-year extension and to approve the current four-month additional extension of the subject contract through April 30, 2005, with no additional funding requested.

“The contract with **Valco Energy Systems, Inc. (4500083225)** provides for boiler maintenance and minor repair services for two Cleaver Brooks boilers (150hp) that heat the Authority’s Clarence D. Rappleyea building in White Plains. Services include: comprehensive emergency service (e.g., for burners, controls, boiler feedwater pumps and fuel oil transfer pumps) by a qualified field engineer on a ‘24/7’ basis, with a three-hour response time; annual complete boiler cleaning and inspection and monthly preventive maintenance and fine-tuning services. The original award, which was competitively bid, became effective on January 16, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise the option in order to continue services, as may be required. Although the boilers are more than 20 years old, the Authority’s Energy Efficiency staff evaluation determined that they operate at more than 80% efficiency, are in excellent condition and do not need to be replaced. This is attributable, in large part, to the excellent service provided by both the Authority’s building engineers and Valco Energy Systems, who have been maintaining and repairing the boilers for many years. The current contract amount is \$30,000; it is anticipated that an additional \$60,000 may be required for the extended term. The Trustees’ approval is requested to extend the subject contract through January 15, 2007, and to approve the additional funding requested.

Increases in Compensation Ceiling:

“The contract with **Lockwood Greene Engineers, Inc. (4500090957)** provides for construction management oversight support services for the 500 MW plant. Such consulting services are in two phases: (I) an initial review and assessment of current and future planned Project construction activities, including the General Work Contractor’s schedule, projected completion date, overall project organization, procedures and controls; and (II) on-site assistance to the Authority’s project team in securing the timely and cost-effective substantial completion of the project. The Lockwood Greene on-site team currently consists of six personnel who provide oversight and make recommendations for managing completion of the construction of the 500 MW plant. The original award, which was competitively bid, became effective on June 7, 2004, for a term of less than one year and an approved amount limited to \$500,000. An additional \$500,000 was subsequently authorized in accordance with the Authority’s Expenditure Authorization Procedures. An extension through September 30, 2005 is now requested to provide for the continuation of Phase II activities through project completion, if needed. The current contract amount is \$1,000,000; it is anticipated that an additional \$500,000 will be required for the extended term. The Trustees’ approval is requested to extend the subject contract through September 30, 2005, and to approve the additional funding requested, thereby increasing the compensation ceiling to \$1,500,000.

“The contract with **North American Energy Services (formerly Conectiv Operating Services Company; 4500039794)** provides for operation and maintenance (‘O&M’) support for 10 gas turbine units (LM6000s) installed as part of the Small Clean Power Plants Project. (The Brentwood unit is operated and maintained by Authority personnel from the Authority’s Flynn plant.) Due to time constraints, the original award, which was competitively bid, became effective on March 16, 2001, subject to the Trustees’ subsequent ratification and approval. At their meeting of March 27, 2001, the Trustees ratified the award of the subject contract and approved a two-year award with an option for one additional year, in the amount of \$6,500,000. At their meetings of December 18, 2001 and December 17, 2002, the Trustees approved contract extensions through December 31, 2004 and increased the compensation ceiling to \$21,700,000 in order to provide the level of support required for this effort. O&M support will continue to be required on a daily basis to provide routine maintenance, verify site integrity, troubleshoot problems and related activities, since the Authority does not have sufficient staffing resources to perform such services. Staffing coverage is required on a seven-day-per-week basis (7 AM – midnight at the double-unit sites and 7 AM – 7 PM at the single-unit sites). A two-year extension is now requested to continue to provide the aforementioned ongoing daily prevention and maintenance activities, conduct outage-related activities and provide additional support during peak season, as may be required. The current contract amount is \$21,700,000; it is anticipated that an additional \$12,000,000 will be required for the extended term. It should be noted that the contractor has provided satisfactory services and has agreed to keep the compensation terms unchanged for the extended term (other than craft labor rates, which are subject to annual union contracts). The Trustees’ approval is requested to extend the subject contract through December 31, 2006, and to approve the additional funding requested, thereby increasing the compensation ceiling to \$33,700,000.

FISCAL INFORMATION

“Funds required to support contract services for various Headquarters Office Business Units/Departments and the Facilities have been included in the 2005 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

“Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the Project’s Capital Expenditure Authorization Request (‘CEAR’). Payment for contracts in support of Energy Efficiency projects and HELP programs will be made from the Energy Conservation Effectuation and Construction Fund.

RECOMMENDATION

“The Deputy Secretary and Deputy General Counsel, the Vice President – Procurement and Real Estate, the Vice President and Chief Engineer, the Vice President – Project Management, the Vice President – Major Accounts Marketing and Economic Development, the Director – Energy Services, the Director – Research and Technology Development, the Director – Supply Planning, Pricing and Power Contracts, the Director – Corporate Support Services, the Director – Communications and Marketing Services, the Regional Manager – Northern New York, the Regional Manager – Western New York, the Regional Manager – Central New York and the Regional Manager – Southeast New York recommend the Trustees’ approval of the extensions, additional funding and increase in the compensation ceiling of the procurement contracts listed in Exhibit ‘13-A.’

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

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

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

RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures, increases in the compensation ceiling of the contracts with Lockwood Greene Engineers and North American Energy Services be, and hereby are, approved as recommended in the foregoing report of the President and Chief Executive Officer, in the amounts and for the purposes listed below:

<u>Capital</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
Provide construction management oversight support/services for the 500 MW plant:		
Lockwood Greene Engineers, Inc. 4500090957		
Additional Funding Requested	\$500,000	09/30/05
Previously Approved Contract Amount	\$1,000,000	
REVISED COMPENSATION CEILING	<u>\$1,500,000</u>	

<u>O & M</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
Provide Operations & Maintenance support for ten gas turbine units (LM6000s), installed as part of the Small Clean Power Plants Project:		
North American Energy Services (formerly Conectiv Operating Services Company) 4500039794		
Additional Funding Requested	\$12,000,000	12/31/06
Previously Approved Contract Amount	\$21,700,000	
REVISED COMPENSATION CEILING	<u>\$33,700,000</u>	

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

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

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
Contracts in support of Headquarters Business Units and the Facilities:								
CORP SERV & ADMIN - CorpSupportServ	BENNETT KIELSON STORCH DeSANTIS & Co. 4500084225	03/01/04	Provide for audit services of operating expenses of the Rappleyea Building	02/28/07	B/P	\$9,500	\$9,500	\$30,000*
								*Note: includes an increase of \$20,500
ES&T - Energy Serv - HELP	CANDELA SYSTEMS CORP. 4500074596	07/28/03	Provide for electrical lighting & sensor installation services for SUNY -FIT	12/31/04	B/C	\$806,051	\$727,705	\$806,051*
								*Note: no additional funding requested All costs will be recovered by the Authority.
CORP SERV & ADMIN - Pub&GovAffairs	THE CENTER FOR RE- SEARCH & PUBLIC POLICY 4500081102	11/25/03	Provide for opinion leader survey research services	12/31/05	B/P	\$17,950	\$17,950	\$67,950*
								*Note: includes an increase of \$50,000
POWER GEN - PROJ MGMT/ NIA, B-G	CME ASSOCIATES INC. 4500068572	04/01/03	Provide for testing and inspection services (of concrete, grout, welds, metals, paint)	03/31/05	B/S	\$52,187	\$7,281	\$67,187*
								*Note: includes an increase of \$15,000
CORP SERV & ADMIN - CorpSuppServ	5 contracts: 1. CSL ENTERPRISES dba Reel Vision Productions 4500083460 2. DIGITAL DREAMS MEDIA 4500083482 3. EMSTAR MEDIA, INC. 4500083457 4. PIOPPI VIDEO ENTER- TAINMENT CORP. 4500083471 5. SHAREHOUSE, INC. 4500083753	01/01/04	Provide for various video-related services: video systems maintenance engineer services video editing services videography services video producer/director/editor services video systems operations consultant	12/31/06	B/P	\$40,000 \$65,000 \$65,000 \$95,000	\$22,713 \$57,375 \$58,835 \$83,768	\$110,000* \$185,000* \$185,000* \$35,000*
								*Note: includes an increase of \$70,000 *Note: includes an increase of \$120,000 *Note: includes an increase of \$120,000 *Note: includes an increase of \$150,000 *Note: includes an increase of \$20,000
	\$245,000*							

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
 2 Contract Type: P= Personal Service; S= Service, C= Construction

Procurement (Services) Contracts - Extensions
 (For Description of Contracts See "Discussion")

EXHIBIT "13-A"
 December 14, 2004

<u>Plant Site/ Business</u>	<u>Company Unit Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Award Basis¹ Closing Date</u>	<u>Compensation Contract Type²</u>	<u>Limit</u>	<u>Amount Expended</u>	<u>Authorized Expenditures For Life To Date</u>
CORP SERV & ADMIN - CorpSupportServ	FANTASTIC GRAPHICS 4500083324	01/16/04	Provide for printing services to furnish & deliver business cards, memo & letterhead stock, 3-part forms, self-adhesive labels	01/15/07 B/S	\$29,400		\$10,961	\$79,400*
					*Note: includes an increase of \$50,000			
ES&T - Energy Serv. - HELP	HORIZON ENGINEER- ING ASSOC., LLP 4600001190	01/01/04	Provide for steam trap auditing services at various SENY HELP project sites	12/31/06 B/P	\$250,000 ("Target Value")		\$0	\$250,000*
					*Note: no additional funding requested All costs will be recovered by the Authority.			
CORP SERV & ADMIN - CorpSupportServ	LARO SERVICE SYSTEMS INC. 4500082978	01/01/04	Provide for air-conditioning maintenance services for 8 th & 9 th flrs of 501 7 th Ave.	12/31/06 B/S	\$12,000		\$9,711	\$42,000*
					*Note: includes an increase of \$30,000			
ES&T - Energy Serv.	MAYTAG SERVICES 4500086578	10/27/03	Provide for out-of-warranty repair services for NYCHA Energy Efficient Refrigerators	10/26/05 S/S	\$500,000		\$300,604	\$500,000*
					*Note: no additional funding requested All costs will be recovered by the Authority.			
MED&SP - MajorAccts	NICHOLSON ENVIRON- MENTAL, INC. 4500081444	12/16/03	Provide for generator/engine emission stack testing at Authority customer facilities, as part of the Peak Load Management Program	12/15/05 B/S	\$180,000		\$15,094	\$180,000*
					*Note: no additional funding requested			
CORP SERV & ADMIN - CorpSupportServ	2 contracts: 1. PARKWAY EXTER- MINATING CO., INC. 4500084885 2. TERMINIX INTER- NATIONAL 4500084878	03/01/04	Provide for pest control services for the Authority's White Plains Office and 8 th & 9 th floors of 501 7 th Ave, NYC (for NYO and OASAS), respectively	02/28/07 B/S	\$12,000		\$1,368	\$36,000*
					\$4,000		\$375	\$12,000*
					*Note: includes an increase of \$24,000 and \$8,000, respectively			

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
 2 Contract Type: P= Personal Service; S= Service, C= Construction

Procurement (Services) Contracts - Extensions
 (For Description of Contracts See "Discussion")

EXHIBIT "13-A"
 December 14, 2004

<u>Plant Site/ Business</u>	<u>Company Unit Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Award Basis¹ Closing Date</u>	<u>Compensation Contract Type²</u>	<u>Limit</u>	<u>Amount Expended</u>	<u>Authorized Expenditures For Life To Date</u>
MED&SP - SupplyPng,Pric- cing&PwrCont.	QUANTEC LLC 4500081135	01/01/04	Provide for consulting services for long-term power supply planning	12/31/05	S/P	\$300,000	\$62,504	\$550,000*
							*Note: includes an increase of \$250,000	
POWER GEN - SystemEng	SIMMERS CRANE DESIGN & SERVICES 4600000279	01/01/00	Provide for crane main- tenance and repair ser- vices systemwide	04/30/05	B/S	\$1,280,000	\$1,180,900	\$1,280,000*
							*Note: no additional funding requested	
CORP SERV & ADMIN - CorpSupportServ	VALCO ENERGY SYSTEMS INC. 4500083225	01/16/04	Provide for boiler main- tenance and minor repair services for 2 Cleaver Brooks boilers at WPO	01/15/07	B/S	\$30,000	\$4,950	\$90,000*
							*Note: includes an increase of \$60,000	
<u>Increases in Compensation Ceiling:</u>								
POWER GEN - PROJ MGMT - 500 MW	LOCKWOOD GREENE ENGINEERS, INC. 4500090957	06/07/04	Provide for construction management oversight support services	09/30/05	B/P	\$1,000,000	\$409,854	\$1,500,000*
							*Note: includes an increase of \$500,000	
POWER GEN - PROJ MGMT - Small Clean Power Plants	NORTH AMERICAN ENERGY SERVICES (formerly Conectiv) 4500039794	03/16/01	Provide for operations & maintenance services for ten Small Clean Power Plants	12/31/06	B/S	\$21,700,000	\$17,583,426	\$33,700,000*
							*Note: includes \$21,700,000 previously approved by the Trustees + current increase of \$12,000,000	

1 **Award Basis:** B= Competitive Bid; S= Sole Source; C= Competitive Search
 2 **Contract Type:** P= Personal Service; S= Service, C= Construction

14. Amendment of the Deferred Compensation Plan for Employees of the Power Authority of the State of New York (Section 457 Deferred Compensation Plan)

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to adopt and approve the attached amended and restated version of the Section 457 Deferred Compensation Plan (‘Plan’) (Exhibit ‘14-A1’), to be effective January 1, 2002, including amendments through May 21, 2004, subject to receipt of an acknowledgment from the New York State Deferred Compensation Board (‘NYSDCB’). The Plan amendments are related to a number of different regulations pertaining to administration of certain features available under Section 457 of the Internal Revenue Code.

BACKGROUND

“The Plan has been maintained by the Authority since 1989. It was established primarily to provide those Authority employees covered by a collective bargaining agreement with a means of saving through a tax-deferred compensation program, although the plan is also available to salaried employees.

“The Authority has maintained the Plan as a model plan in accordance with the procedures of and pursuant to the regulations of the NYSDCB. In addition to addressing changes in regulations pertaining to sections of the Internal Revenue Code, the changes update provisions related to the retirement catch-up limitation, individual transaction restrictions, mandatory distribution of plan accounts, loan rules, withdrawal of rollover assets, rollovers by alternate payees, purchase of retirement service credit and liability limitation of committee members. (A summary of the changes to the model plan is included in an addendum to this item, Exhibit ‘14-A 2.’)

DISCUSSION

“The Plan has been reviewed by staff of the Human Resources and Law Departments, as well as by the Deferred Compensation Committee. They have found that the Plan, as amended and restated and as submitted for approval, complies with all of the rules and regulations imposed by the Internal Revenue Code, the State Finance Law, the regulations of the NYSDCB and applicable agreements.

FISCAL INFORMATION

“Amending and restating the Plan is a cost-neutral action.

RECOMMENDATION

“The Executive Vice President – Corporate Services and Administration and the Deferred Compensation Committee recommend that the Trustees adopt and approve the attached amended and restated Section 457 Deferred Compensation Plan to be effective May 21, 2004, subject to receipt of acknowledgment as specified in the regulations of the New York State Deferred Compensation Board.

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

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

RESOLVED, That the provisions of the Deferred Compensation Plan be amended and restated in order to conform with the text of the Model Plan, Exhibit “14-A1”; and be it further

December 14, 2004

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

15. Voluntary Contribution to the State Treasury

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize a voluntary contribution in the amount of up to \$57 million to the State Treasury pursuant to budget legislation enacted for State Fiscal Year 2004-05 and previously enacted laws.

BACKGROUND

“In May 2000, amendments were enacted to the state law governing the Power for Jobs program (‘PFJ Program’) as part of Chapter 63 of the Laws of 2000. The amendments provided that the Authority ‘as deemed feasible and advisable by the [Authority’s] trustees, is authorized to make an additional voluntary contribution into the state treasury to the credit of the general fund’ in support of costs associated with the PFJ Program. Under the new law, the Authority was asked to schedule such payment no later than 90 days after the end of the calendar year in which a gross receipts tax (‘GRT’) credit is available for the additional power under the fourth phase of the Authority’s PFJ Program.

“In December 2002, the Authority determined that such a contribution was feasible and an initial payment of \$67 million was made pursuant to the Trustees’ authorization for sales associated with the PFJ Program during 2001 and 2002. In December 2003, a second contribution was made in the amount of \$52 million pursuant to the Trustees’ further authorization for sales associated with the PFJ Program during 2003.

DISCUSSION

“Under all phases of the PFJ Program, distributors of the power are allowed to take a tax credit against their GRT to offset lost revenues. The Authority was initially authorized to make a voluntary contribution to the State Treasury ‘as deemed feasible and advisable by the trustees,’ equal to 50% of the GRT credit associated with Phase Four Power for Jobs sales up to a maximum of \$125 million. Further revisions to the law in 2002 (Chapter 226 of the Laws of 2002) and 2003 (Chapter 62 of the Laws of 2003) authorized the Authority to pay 100% of the GRT credit associated with Phase Four and Phase Five Power for Jobs sales for 2001, 2002 and 2003, ‘as deemed feasible and advisable by the trustees’ with such contribution still subject to the \$125-million cap in the legislation. The 2004 legislation (Chapter 59 of the Laws of 2004) continued the authorization for such contributions at 100% of the GRT credit through the end of the PFJ Program in 2005 and raised the cap to \$275 million.

“The Authority’s potential voluntary contribution associated with 2004 sales was estimated to be as much as \$57 million. Such payment, if authorized, would be due no later than 90 days from the close of 2004. The staff of the Department of Public Service is expected to certify the final amounts by early March 2005.

“Staff recommends that the Trustees authorize the payment to the State Treasury of an amount, up to \$57 million, equal to 100% of the GRT credit associated with Phase Four and Phase Five Power for Jobs sales during 2004 pursuant to the PFJ Legislation.

FISCAL IMPACT

“Given the financial condition of the Authority, its estimated revenues, operating expenses and debt service and reserve requirements, staff is of the view that it is feasible for the Authority to make the voluntary contribution of up to \$57 million authorized by the PFJ legislation. The Authority has been reserving for this amount in its financial reports.

RECOMMENDATION

“The Vice President – Governmental Affairs and Policy Development recommends that the Trustees authorize the payment to the State Treasury of up to \$57 million, representing staff’s current estimate of 100% of the

GRT credit associated with Phase Four and Phase Five Power for Jobs sales during 2004, which would bring the Authority up to a cumulative payment of \$176 million, pursuant to the Power for Jobs legislation. In light of the fact that Authority funds are available at this time but the final amount is not known, it is further recommended that \$50 million be transferred by December 31, 2004, and the remainder paid by March 30, 2005, upon receipt of the final certified figures from the Department of Public Service.

“The Executive Vice President, Secretary, and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Public and Governmental Affairs, the Senior Vice President – Chief Financial Officer and I concur in the recommendation.”

Mr. Paslow presented the highlights of staff’s recommendations to the Trustees. In response to a question from Trustee Seymour, Mr. Paslow said that the item represented the contribution for calendar year 2005.

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

RESOLVED, That the Trustees hereby authorize a payment to the State Treasury of up to \$57 million from the Authority’s Operating Fund pursuant to the Power for Jobs legislation discussed in the foregoing report of the President and Chief Executive Officer, with a payment of \$50 million of said \$57 million authorized to be made on or before December 31, 2004; and be it further

RESOLVED, That such monies in the amount of up to \$57 million to be used for the payment to the State Treasury described in the foregoing resolutions are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That as a condition to making the payments specified in the foregoing resolutions, on the day of each such payment the Treasurer shall certify that such monies to be used for the payment to the State Treasury described in the foregoing resolutions are not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, that the Chairman, Vice Chairman, President and Chief Executive Officer, Executive Vice President, Secretary and General Counsel, Senior Vice President – Chief Financial Officer, Vice President – Controller, Vice President – Finance, Deputy Secretary and Deputy General Counsel, Treasurer, and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, that they, or any of them, may deem necessary or advisable in order to effectuate the foregoing resolutions subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

16. Motion to Conduct an Executive Session

“Mr. Chairman, I move that the Authority conduct an executive session to discuss: (i) the financial history of particular corporations and matters leading to the award of contracts to particular corporations, (ii) proposed litigation, and (iii) current administrative litigation relating to particular persons and corporations.” On motion duly made and seconded an Executive Session was held.

17. Motion to Resume Meeting in Open Session

“Mr. Chairman, I move to resume the meeting in Open Session.” On motion duly made and seconded the meeting resumed in open session.

18. Increase in Government Customer Rates – Notice of Final Adoption

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to take final action to approve an increase in the rates for the sale of firm power to the New York City government customers. The overall impact on average total billed charges is 14.3%, effective with the January 2005 billing period. These rates reflect the settlement reached in December 2004 between Authority staff and the New York City government customers concerning production rates for 2005 as well as provisions governing an extended, long-term power sales contract. The new rates would also become the standard offering to customers that do not enter into long-term contracts with the Authority.

BACKGROUND

“At their meeting of September 27, 2004, the Trustees authorized the publication in the New York State Register (‘State Register’) of notice that the New York Power Authority (the ‘Authority’) proposed to increase firm power sales rates to its New York City government customers, resulting in an 18.9% average increase in overall total billed charges.

“Notification of the proposed rate increases was published in the State Register on October 13, 2004. The Authority held a public forum on November 16, 2004 in accordance with its internal rules, and closed the public comment period on November 29, 2004 in accordance with the State Administrative Procedures Act.

“From the time the rates were proposed until the end of the public comment period, continuing discussions were held among Authority staff, the government customers and the government customers’ consultants. In addition to the 2005 rates, these discussions focused on crafting a long-term contract extension. A settlement was eventually reached in December 2004 that embraced both modified 2005 rates and a framework for a long-term contract extension. Despite this settlement, the record in this proceeding nonetheless includes the transcript and written comments from the November 16, 2004 public forum, as well as the November 29, 2004 joint written comments (the ‘Joint Comments’) filed by the City of New York, the New York City Housing Authority, the Metropolitan Transportation Authority and the Port Authority of New York and New Jersey (together, ‘Major Government Customers’).

DISCUSSION

“Based on the settlement reached in December 2004, the parties agreed on rates reduced by \$28 million from those proposed by the Authority in September 2004. Although the Major Government Customers filed extensive comments in this proceeding, because of the aforementioned settlement, they have agreed that the Authority does not have to respond to the Joint Comments, and their letters to this effect are included in the record.

“Appendix ‘18-A’ contains the Preliminary Staff Report: 2005 Rate Modification Plan dated September 27, 2004, including the 2005 Cost-of-Service and detailed work papers. Appendix ‘18-B’ contains the Joint Comments filed by the Major Government Customers, the other customer comments made at the public forum, as well as the customers’ letters to the Authority referred to above. Appendix ‘18-C’ contains the current production rates and Appendix ‘18-D’ shows the final settlement production rates. Finally, Appendix ‘18-E’ shows the estimated bill impacts for the New York City government customers that result from the final settlement rates.

FISCAL INFORMATION

“The rate increase for 2005 is designed to produce additional revenues of \$105 million from the implementation date (effective with the January 2005 billing period) through the end of 2005.

RECOMMENDATION

“The Director – Supply Planning, Pricing and Power Contracts recommends that the Trustees adopt the settlement rates described herein for firm power and energy for the New York City government customers.

It is also recommended that the Secretary be authorized to publish notice of this action in the New York State Register.

“It is also recommended that the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee, be authorized to issue written notice of the final action, including a copy of the revised tariff leaves, as necessary, to the Authority’s affected customers.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President and Chief Financial Officer, the Vice President – Controller, the Vice President – Major Account Marketing and Economic Development, the Director – Major Accounts Governmental and I concur in the recommendation.”

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

WHEREAS, on September 27, 2004 the Authority authorized the Secretary to file notice of proposed action for publication in the New York State Register of its intention to adjust the affected southeastern New York government customer rates; and

WHEREAS, such notice was duly published in the State Register on October 13, 2004 and more than 45 days have elapsed since such publication; and

WHEREAS, a Public Forum was held on November 16, 2004;

NOW THEREFORE BE IT RESOLVED, That the rates for sale of firm power and energy to New York City government customers, as described in this memorandum of the President and Chief Executive Officer, are hereby approved effective with the January 2005 billing period; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee be, and hereby is, authorized to issue written notice to such customers with respect to modification of the rates, and to revise the applicable tariff leaves, as necessary; and be it further

RESOLVED, That the Secretary of the Authority be, and hereby is, directed to file notice of final action 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; and be it further

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

APPENDIX 18-A

**VOLUMINOUS
DOCUMENT**

**COPIES CAN BE OBTAINED FROM
THE SECRETARY'S OFFICE**

APPENDIX 18-B

**VOLUMINOUS
DOCUMENT**

**COPIES CAN BE OBTAINED FROM
THE SECRETARY'S OFFICE**

***NEW YORK CITY GOVERNMENT CUSTOMERS
 CONVENTIONAL PRODUCTION RATES***

Service Class		Demand Rates \$/kW-mo.		Base Energy Rates Cents/kWh *	
		Current	2005 Final Settlement	Current	2005 Final Settlement
62	General Small	**	**	6.858	8.346
64	Commercial & Industrial Redistribution	9.35	11.38	3.530	4.296
65	Electric Traction Systems	6.90	8.40	4.074	4.958
85s	NYC Transit Authority Substation	7.69	9.36	3.751	4.565
68/82	Multiple Dwellings Redistribution	8.26	10.05	3.642	4.432
69	General Large	6.82	8.30	3.814	4.642
80	NYC Streetlighting	7.52	9.15	3.631	4.419
91/93/98	NYC Public Buildings	6.97	8.48	4.036	4.912

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

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

**NEW YORK CITY GOVERNMENT CUSTOMERS
TIME-OF-DAY PRODUCTION RATES**

Service Class		Demand Rates \$/kW-mo.		On-Peak Base Energy Rates Cents/kWh		Off-Peak Base Energy Rates Cents/kWh	
		Current	2005 Final Settlement	Current	2005 Final Settlement	Current	2005 Final Settlement
64	Commercial & Industrial Redistribution	7.68	9.35	5.090	6.195	2.815	3.426
68/82	Multiple Dwellings Redistribution	7.41	9.02	5.262	6.404	2.882	3.507
69	General Large	5.64	6.86	5.442	6.623	2.835	3.450
91/93/98	NYC Public Buildings	5.71	6.95	5.844	7.112	2.857	3.477

Notes:

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

NEW YORK CITY GOVERNMENT CUSTOMERS
2005 ESTIMATED CUSTOMER IMPACTS

<u>Customer Group</u>	Annual Customer Impact <u>In Thousands</u>	Annual Electricity Bill <u>In Thousands</u>	Annual Impact on <u>Total Bill</u>
City of New York	48,000	353,000	13.6%
Metropolitan Transportation Authority	34,000	209,000	16.3%
New York City Housing Authority	13,000	98,000	13.3%
Port Authority of NY & NJ	7,000	45,000	15.6%
NYS Office of General Services	2,000	22,000	9.1%
Jacob K. Javits Convention Center	585	5,000	11.7%
United Nations Development Corp.	361	3,000	12.0%
Empire State Development Corp.	95	691	13.7%
Roosevelt Island Operating Corp.	72	597	12.1%
Battery Park City Authority	26	237	11.0%

Based on current delivery charges.
Rates will become effective with the January 2005 billing period.

**19. LIMITED DISTRIBUTION ITEM: Authorization to Negotiate
Long-Term Agreements to Provide Energy and Capacity Supplies**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize the negotiation of long-term agreements with some or all of the selected bidders described below (‘Selected Suppliers’) to provide stable predictably priced energy and capacity supplies and/or financial supply contracts to the Authority commencing in 2008 and continuing through as late as 2017 with execution of these proposed agreements being subject to approval of the Trustees. These electricity supplies, intended to serve the Authority’s governmental customers in southeastern New York (‘Governmental Customers’), will be purchased contingent upon completion of long-term contract extensions (‘Long Term Contracts’) with those customers, expected in the near future.

BACKGROUND

“The Authority has served and will continue to serve its Governmental Customers in large part with self generation and market purchases. Under purchase agreements, the Authority has previously secured base-load energy supplies in the amount of 600 megawatts from January 1, 2005 through December 31, 2008.

“At present and until at least February 2008, the in-City requirements for Unforced Capacity (‘UCAP’) to serve the Governmental Customers will be met in whole using Authority-owned assets.

“Based upon the expected Long Term Contracts with the Governmental Customers, the Authority will need additional energy and capacity starting in 2008 due to the expiration of existing power purchase agreements.

DISCUSSION

“On June 4, 2004, the Authority issued a Request for Proposals (‘RFP’) for long-term, stable, predictably priced supplies of up to 500 MW of UCAP, and sufficient energy to be supplied as early as February 1, 2008, for a term of no less than 10 and up to 20 years. Under the RFP, energy supply could take the form of physical deliveries from a specified generating facility or financial Contracts for Differences (‘CFDs’), which, through a financial hedge, would effectively allow the Authority to purchase energy on the open market at a fixed price, ensuring protection against price volatility. UCAP could take the form of physical power plants located within New York City (NYISO Zone J) or dedicated transmission lines connected to Zone J and associated with one or more generating sources so as to meet the NYISO criteria for consideration as Zone J UCAP. The RFP also specifically invited proposals for renewable energy supplies.

“Establishment of the RFP scope and bid evaluations were done in parallel with the negotiation of Long Term Contracts with certain of the Governmental Customers under a Joint Planning Process (the ‘Participating Governmental Customers’), established by the Authority and the Participating Governmental Customers at their request. Both the Participating Governmental Customers and the Authority retained outside consulting firms to assist in the evaluation process.

“The Authority received bids from 33 prospective suppliers, containing more than 60 separate bid options, which included financial products, physical unit contingent products, new generation and transmission products and renewable resource products. A second round of bidding was conducted to narrow the field of prospective suppliers, which led to the Selected Suppliers being selected for final consideration. This was based upon their ability to meet the criteria outlined in the RFP, subject to the Authority’s credit and risk criteria.

“The Selected Suppliers are: Constellation Energy Commodities Group, Inc.; Entergy Nuclear Indian Point 2, LLC; Entergy Nuclear Indian Point 3, LLC; PSEG Power, LLC; Morgan Stanley Capital Group; UBS AG; Entergy Asset Management, Inc.; PPM Energy, Inc.; and Zilkha Renewable Energy.

“The Selected Suppliers were chosen in collaboration with the Participating Governmental Customers and their consultants as part of the Joint Planning Process discussed above. The Authority’s consultant in this process, Quantec LLC, supports the recommendations contained herein.

“Experience has shown that, in negotiations, there can be movements in the price offers and obstacles in the negotiation of related terms and conditions, including the requirement to meet credit security. It is for this reason that the requested authorization includes the option to negotiate with and to prepare draft agreements, subject to Trustee approval, with any of the Selected Suppliers.

“Credit protection provisions in the proposed agreements would conform to the requirements set forth in the RFP, as recommended by the Vice President, Chief Risk Officer – Energy Risk Assessment and Control, except for any variations deemed acceptable to the Vice President, Chief Risk Officer–Energy Assessment and Control.

“The Participating Governmental Customers have requested that not all the energy specified in the RFP be purchased at this time. It is likely that another RFP will be issued next year to fill out the supply portfolio. This ‘laddering’ approach is meant as a way to mitigate risk and avoid buying during price spikes.

ENVIRONMENTAL REVIEW

“The authorization to Authority staff to proceed with negotiations only with Selected Suppliers constitutes an authorized Type II action (21 NYCRR 461.17(g)) under the Authority’s regulations implementing the State Environmental Quality Review Act. In addition, any draft agreement(s) resulting from these authorized negotiations will not commit the Authority to future decisions and will be subject to future SEQRA review and Trustee approval.

FISCAL INFORMATION

“There is no fiscal impact to the Authority resulting from this negotiation authorization.

RECOMMENDATION

“The Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Accounts and the Director – Supply Planning, Pricing and Power Contracts recommend that the President and Chief Executive Officer and the Senior Vice President – Marketing, Economic Development and Supply Planning, and their designees, each be authorized to enter into negotiations with any or all of the Selected Suppliers, as best meets the Authority’s and the Governmental Customers’ requirements, provided, however, that no execution of such agreements shall be effectuated without the Trustees’ approval, and approval as to form by the Executive Vice President, Secretary and General Counsel and approval of credit arrangements by the Treasurer and the Vice President, Chief Risk Officer – Energy Risk Assessment and Control.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Senior Vice President and Chief Financial Officer, the Treasurer, the Vice President – Controller, the Vice President–Finance, the Vice President, Chief Risk Officer – Energy Risk Assessment and Control and I concur in the recommendation.”

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

WHEREAS, the Authority has contractual obligations to serve various governmental customers in New York City and Westchester County; and

WHEREAS, the source of energy and power to serve the needs of these customers has been and continues to include, among other things, existing power purchase agreements and financial supply agreements; and

WHEREAS, such power purchase agreements and financial supply arrangements terminate at the end of 2008.

NOW, THEREFORE, BE IT RESOLVED, That the President and Chief Executive Officer and the Senior Vice President – Marketing, Economic Development and Supply Planning, and their designees, are, and each hereby is, authorized, as discussed in the foregoing report of the President and Chief Executive Officer, on behalf of the Authority:

- (I) (a) to negotiate a new Schedule to the ISDA Master Agreement between the Authority and Constellation Energy Commodities Group, Inc. (“Constellation”), dated February 16, 2001, (b) to negotiate an agreement with Constellation, which agreement shall constitute a Transaction pursuant to such Master Agreement and such Schedule, and (c) to negotiate a Confirmation in connection with such agreement pursuant to such Master Agreement and such Schedule, or (d) to negotiate such alternative ISDA Master Agreements, Schedules, agreements and Confirmations with Constellation (collectively, the “Constellation Alternative Agreements”), with such Schedules, agreements, Confirmations, and Constellation Alternative Agreements having such terms and conditions as are deemed necessary or advisable by such negotiating officer to effectuate the long-term arrangements to provide energy supplies for the Authority as discussed in the foregoing resolution of the President and Chief Executive Officer; and
- (II) (a) to negotiate Master Power Purchase and Sale Agreements (“MPPSAs”) between the Authority and Entergy Nuclear Indian Point 2, LLC, and Entergy Nuclear Indian Point 3, LLC (collectively, “Entergy Nuclear Suppliers”), (b) to negotiate agreements with the Entergy Nuclear Suppliers, which agreements shall constitute Transactions pursuant to such MPPSAs, or Transactions pursuant to the existing Master Agreements between the Authority and the Entergy Nuclear Suppliers, (c) to negotiate Confirmations in connection with such agreements pursuant to such MPPSAs or existing Master Agreements, (d) to negotiate such alternative agreements with the Entergy Nuclear Suppliers (the “Entergy Alternative Agreements”), with such MPPSAs, agreements, Confirmations and Entergy Alternative Agreements having such terms and conditions as are deemed necessary or advisable by such negotiating officer to effectuate the long-term arrangements to provide energy supplies for the Authority as discussed in the foregoing resolution of the President and Chief Executive Officer; and
- (III) to negotiate agreements, including, but not limited to, (a) MPPSAs, ISDA Master Agreements, any schedules or confirmations related to such MPPSAs or ISDA Agreements, or (b) any schedules or confirmations related to any existing EEI Master Agreements or ISDA Master Agreements between the Authority and a Selected Supplier, as described in the foregoing resolution of the President and Chief Executive Officer, or (c) any other alternative form of agreement (the “Other Alternative Agreements”), with any of the Selected Suppliers, having such terms and conditions as are deemed necessary or advisable by such negotiating officer to effectuate the long-term arrangements to provide energy or capacity supplies for the Authority as discussed in the foregoing resolution of the President and Chief Executive Officer;

with the execution of such MPPSAs, ISDA Master Agreements, EEI Master Agreements, agreements, Confirmations, Constellation Alternative Agreements, Entergy Alternative Agreements, and Other Alternative Agreements being subject to the Trustees’ approval; provided that the Executive Vice President, Secretary and General Counsel has given his approval as to the form of such agreements; and provided further that, the Treasurer and Vice President, Chief Risk Officer – Energy Risk Assessment and Control have given their approval as to the credit arrangements set forth in such agreements; and be it further

December 14, 2004

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

20. Next Meeting

The next Regular Meeting of the Trustees will be held on **Tuesday, January 25, 2005, at 11:00 a.m., at the White Plains Office**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

21. Closing

Upon motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 1:12 p.m.

A handwritten signature in black ink that reads "David E. Blabey". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

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