

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

September 24, 2012

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Minutes of the Regular Meeting of the Power Authority of the State of New York held via videoconference at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York at approximately 11:10 a.m.

Members of the Board present were:

John R. Koelmel, Chairman
Eugene L. Nicandri, Trustee
Jonathan F. Foster, Trustee
R. Wayne LeChase, Trustee
Terrance P. Flynn, Trustee
Joanne M. Mahoney, Trustee

Gil C. Quiniones	President and Chief Executive Officer (ALB)
Judith C. McCarthy	Executive Vice President and General Counsel
Edward Welz	Chief Operating Officer
Donald Russak	Chief Financial Officer
Jill Anderson	Chief of Staff and Director – Energy Policy
Thomas Antenucci	Senior Vice President – Power Supply Support Services
Joseph Kessler	Senior Vice President – Power Generation, Power Supply
Robert Lurie	Senior Vice President – Strategic Planning
William Nadeau	Senior Vice President and Chief Risk Officer
Paul Tartaglia	Senior Vice President – Energy Resource Management
Joan Tursi	Senior Vice President – Corporate Support Services
Paul Belnick	Vice President – Energy Efficiency – Energy Services and Technology
John Canale	Vice President – Project Management
Dennis Eccleston	Vice President – Information Technology/Chief Information Officer
Michael Huvane	Vice President – Marketing – Marketing & Economic Development
John Kahabka	Vice President – Environmental, Health and Safety
Patricia Leto	Vice President – Procurement
Lesly Pardo	Vice President – Internal Audit
John Suloway	Vice President – Project Development, Licensing and Compliance
Arthur Cambouris	Deputy General Counsel – Litigation
Karen Delince	Corporate Secretary
Helen Eisenfeld	Director – Financial Controls
Mike Lupo	Director – Marketing Analysis and Administration
Michael Saltzman	Director – Media Relations
Rino Trovato	Program Manager – Energy Efficiency
Timothy Muldoon	Manager – Business Power Allocations and Compliance
Karina Saslow	Manager – Employee Compensation
Gary Schmid	Manager – Network Services Infrastructure
Robert Sickles	Manager – Applications – Application Services
Andrea Luongo	Senior Project Engineer II
Egle Travis	Senior Pricing Analyst – Marketing Analysis and Administration
Katherine Rougeux	Analyst – Power Resource Planning
Lorna M. Johnson	Assistant Corporate Secretary
Brian Wilkie	Rotational Business Integration Project Manager
Sheila Baughman	Senior Secretary – Corporate Secretary’s Office
Sheri L. Mooney	Senior Vice President, Senior Programs Manager - First Niagara Financial Group
Jennifer Sanfilippo	Partner - The Mullen Group

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

Introduction

Chairman Koelmel welcomed the Trustees and staff members who were present at the meeting. He said the meeting has been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to the Authority's Bylaws, Article III, Section 3.

1. **Adoption of the September 24, 2012 Proposed Meeting Agenda**

On motion made and seconded, the meeting Agenda was adopted.

2. **Consent Agenda:**

On motion made and seconded, the Consent Agenda was approved.

a. **Approval of the Minutes**

The Minutes of the Regular Meeting held on July 31, 2012 were unanimously adopted.

**b. Joseph J. Seymour Power Plant –
Bulkhead Rehabilitation and Sinkhole Repair –
Contract of Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of a one-year contract to JT Cleary of Chestnut Ridge, NY, in the amount of \$3,144,200, for the Bulkhead Rehabilitation and Sinkhole Repair Project (‘Project’) at the Joseph J. Seymour Power Plant (the ‘Seymour Plant’). Interim approval was given with a limited authorization not to exceed \$500,000 in order for JT Cleary to commence with procuring the steel sheet pile (8-12-week lead time) which is essential to start the work and install the temporary bracing.

BACKGROUND

“In accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services, construction, equipment purchase and non-procurement contracts in excess of \$3 million requires the Trustees’ approval.

“The Seymour Plant is located in Brooklyn, New York adjacent to the Gowanus Bay. In 2010, an outside engineering firm conducted emergent investigations at the site as a result of Site Operations reporting a crack in the roadway parallel to the bulkhead. After test borings and marine investigation were carried out, it was determined that the original bulkhead support structures had failed and a new bulkhead would need to be installed. Continuous monitoring of the bulkhead was performed over the past 18 months; the monitoring has shown that additional movement is still occurring and rehabilitation is required. Permit conditions and a remediation design were agreed upon with the New York State Department of Environmental Conservation.

Evaluation

“In response to the Authority’s Request for Proposal advertised in the New York State *Contract Reporter* on July 6, 2012, seventy-seven (77) firms downloaded the bid document from the Authority’s website. Following bid addenda, pre-award meetings and clarifications, the final three proposals and revised pricing was received as follows:

Bidder	City, State	Base Bid	Bids After Clarifications
JT Cleary, Inc.	Chestnut Ridge, NY	\$3,131,200	\$3,144,200
Simpson & Brown	Cranford, NJ	\$3,127,500	\$3,183,500
Weeks Marine, Inc.	Cranford, NJ	\$3,230,000	\$3,245,000
Fair Cost Estimate	NA	\$3,984,400	NA

“Pre-award meetings were conducted on August 15, 2012 with the three lowest bidders, JT Cleary, Inc. (‘JTC’), Simpson & Brown (‘S&B’) and Weeks Marine, Inc. (‘WM’), to review their approach to the work and logistics and to confirm schedule compliance. The Evaluation Committee consisted of Authority staff and the Authority’s consultant, GZA GeoEnvironmental, Inc.

“All firms have a complete understanding of the work; project approach; have the relevant experience and are capable of completing the work in compliance with the schedule. The project is scheduled to commence September 2012 and be completed by June 2013. After confirmation of post bid items, JTC is the lowest-priced bidder and can complete the project as specified.

“JTC has been in business for 17 years and its headquarters are in New York. JTC has performed similar projects in New York and is considered a reputable contractor. The contractor is in good standing with the State of New York, as confirmed by the Authority’s Procurement Department. JTC is financially secure, has adequate experience in executing this type of work and its bid is consistent with the Fair Cost Estimate.

FISCAL INFORMATION

“Payments associated with this project will be made from the Authority’s Operating Fund.

RECOMMENDATION

“The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Procurement and the Regional Manager – SENY recommend that the Trustees approve the award of a one-year contract to JT Cleary, Inc. of Chestnut Ridge, NY, in the amount of \$3,144,200, for the Bulkhead Rehabilitation and Sinkhole Repair at the Joseph J. Seymour Power Plant.

“For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.”

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, approval is hereby granted to award a one-year contract to JT Cleary of Chestnut Ridge, NY, in the amount of \$3,144,200, for the Bulkhead Rehabilitation and Sinkhole Repair at the Joseph J. Seymour Power Plant as recommended in the attached memorandum of the President and Chief Executive Officer;

Contractor

Contract Approval

JT Cleary, Inc.
Chestnut Ridge, NY

\$3,144,200

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

**c. Moses–Willis Circuit Separation – Acquisition of Property –
Map No. SMA-500, Parcel No. 500**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize the acquisition by purchase or eminent domain of a permanent easement over and across a portion of property, presently owned by Keith Avery, in the Town of Massena, County of St. Lawrence, as more particularly shown on the attached Exhibits ‘2c-A’ and ‘2c-A-1,’ for the sum of Thirty-five Thousand Dollars (\$35,000.00). The proposed easement will encumber approximately 7.46 acres of real property in support of the pending Moses–Willis Circuit Separation Project.

BACKGROUND

“This property acquisition is in support of actions to be taken in the near term by the Authority to separate the Moses–Willis Transmission Lines 1 and 2 (MW-1 and MW-2), located in the Town of Massena, St. Lawrence County, onto different structures in order to increase reliability of the transmission system. In part, the project involves the establishment of a new right-of-way. The planned location of the right-of-way affects one private landowner, Keith Avery, who has agreed to transfer a permanent easement to the Authority for consideration of \$35,000.00. The Authority has secured an option to purchase the easement rights to the Avery property for the sum of \$7,000.00, said sum to be applied against the purchase price upon exercise of the option. This option expires on October 19, 2012. The Authority now seeks to exercise its option and secure the easement rights.

DISCUSSION

“The purpose of the underlying project is to eliminate the existing double-circuit contingency which impacts reliability by potentially causing voltage, thermal and load shedding issues, causes reduction in deliverability of renewable power and requires state ratepayers, through the New York Independent System Operator (‘NYISO’), to pay for voltage support. The separation of the MW-1 and MW-2 circuits onto different structures increases reliability of the transmission system. Both circuits could be out of service in the event the double-circuit Moses–Willis structure is damaged. To remediate this double-circuit contingency, the Authority proposes to separate the shared section by placing MW-2 on adjacent Alcoa towers (MAL-4 towers) and installing five other necessary structures on a new right-of-way.

“The Authority is in active negotiations with Long Sault, Inc. (Alcoa) to acquire easements to real property and title to the adjacent structures, conductor and associated hardware, as required, to relocate the MW-2 circuit. In conjunction with the easements to be acquired from Long Sault, Inc., acquisition of a permanent easement to the Avery property will provide the Authority with all property rights necessary for establishment of the new right-of-way.

FISCAL INFORMATION

“Payment for the property acquisition will be made from the Authority’s Capital Fund. The acquisition costs for this property will be in accordance with the Authority’s current Expenditure Authorization Procedures.

RECOMMENDATION

“The Vice President – Transmission, the Vice President – Project Management, the Vice President – Procurement and the Director – Site Purchasing/Real Estate, recommend that the Trustees approve the acquisition of permanent easement rights for property shown and described on the map entitled Power Authority of the State of New York, St. Lawrence/FDR Power Project, Moses–Willis Transmission Line, Map No. SMA-500, Parcel No. 500.

“For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.”

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

RESOLVED, That pursuant to the provisions of Article 5, Title 1 of the Public Authorities Law, the Authority hereby finds it necessary to acquire by purchase or eminent domain the real properties shown and described on a map entitled “Power Authority of the State of New York, St. Lawrence/FDR Power Project, Moses-Willis Transmission Line” as Map No. SMA-500, Parcel No. 500; hereby finds and determines that such real property is required for public use and hereby determines that such real property is reasonably necessary for the pending Moses-Willis Line Separation Project; and be it further

RESOLVED, That in the opinion of the Authority the acquisition of the real property shown and described on Power Authority of the State of New York, Map No. SMA-500, Parcel No. 500 is *de minimis* in nature so that the public interest will not be prejudiced by the acquisition of such real property without a public hearing; and be it further

RESOLVED, That the Senior Vice President – Corporate Support Services be, and hereby is, authorized and directed to execute on behalf of the Authority such certificates, requests, and directions on terms and conditions substantially in accord with the foregoing report of the President and Chief Executive Officer, as are necessary or desirable for the acquisition of such real property; and be it further

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

d. Energy Services Programs – Reallocation of Funding from the Denning’s Point State Park Project to Clarkson University

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the reallocation of up to \$2.2 million from a previously approved funding of \$10 million from the Denning’s Point State Park (‘Denning’s Point’) Project in Beacon, New York to Clarkson University in Potsdam, New York for the Beacon Institute Research and Education Project (‘Beacon Project’). The funds will be used for the planning, design and installation of energy efficiency measures and clean energy technologies (collectively, the ‘Energy Measures’) at the Research and Development Center at Clarkson University’s Old Main Building. Additionally, the Trustees are requested to approve the continued use of the remaining grant (\$5,558,100) to support the New York State Office of Parks, Recreation and Historic Preservation’s (‘OPRHP’) energy efficiency project at Denning’s Point.

BACKGROUND

“In January 2000, the State announced plans for a new research and education institute to be located at Denning’s Point (‘Beacon Institute’). A Commission, including regional and national leaders in science and education, plus representation from state agencies, developed a detailed strategic plan for the Beacon Institute. Initial development was concentrated along the Hudson River on property owned by OPRHP which contained several abandoned buildings.

“The renovation of the buildings was intended to achieve a high rating under the Leadership in Energy and Environmental Design (‘LEED’) Green Building Rating program for sustainable buildings which would be funded, in part, by the Authority in the form of a grant of up to \$10 million to OPRHP. This grant was approved by the Trustees at their September 27, 2004 meeting. OPRHP and the Authority entered into an agreement (‘Memorandum of Understanding ‘MOU’) in January 2006 whereby the Authority agreed to make available to OPRHP the sum of \$10 million to allow for the incorporation of Green Building technologies in the construction of the Beacon Institute (formerly known as the Rivers and Estuaries Center).

“Pursuant to this agreement, the Authority provided \$2,241,900 for the construction of Building One within Denning’s Point, leaving a balance of \$7,758,100. In letters dated June 5, 2006 and June 19, 2006, the Authority and OPRHP amended the MOU to provide for payment of the remaining funds to the Dormitory Authority of the State of New York (‘DASNY’) to construct the second phase of building at Denning’s Point. The funds were to be used to reimburse DASNY for costs incurred on approved Energy Measures, but only after DASNY provided required certifications on use of the funds.

DISCUSSION

“Recently, OPRHP has determined that the second phase building will not be constructed and that the remaining funds should be expended on more critical energy efficiency projects at Denning’s Point (\$5,558,100). A request has been made to the Authority that it considers programming \$2.2 million of the remaining funds to Clarkson University for Energy Measures at the Beacon Institute Research and Development Center at its Old Main Building.

“Clarkson University is eligible to receive funding for energy efficiency projects pursuant to the Authority’s energy efficiency legislation, Public Authorities Law, Section 1005(17), which authorizes the Authority to provide such funding, subject to Trustee approval, to independent not-for-profit institutions of higher education in New York State.

“Clarkson University’s Old Main Building has been abandoned for more than a decade and is showing signs of deterioration. The renovation project, expected to cost \$8 million in total, will use the Authority’s funding

of up to \$2.2 million to upgrade the building with green technologies that may include replacement of windows with energy efficient ones, as well as the replacement of the mechanical, electrical and plumbing systems with high efficiency equipment. The renovation is expected to begin in 2013, and, upon completion of the project, the historic Old Main Building would be a fully renovated, energy efficiency building and provide space for research, conferencing and a computer data center.

FISCAL INFORMATION

“Funding will be provided from the Operating Fund to Clarkson University in the form of a grant in the amount of up to \$2.2 million. Additionally, the remaining funds, up to \$5,558,100, will be provided to OPRHP to be used for appropriate projects at Denning’s Point. As a condition to the payment of any Authority Operating Fund monies, the Treasurer or the Deputy Treasurer will certify that funds to be used for the payment 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.

RECOMMENDATION

“The Senior Vice President – Economic Development and Energy Efficiency and the Vice President – Energy Efficiency recommend that the Trustees approve the authorization of funding to Clarkson University in an amount not to exceed \$2.2 million and the New York State Office of Parks, Recreation and Historic Preservation in an amount not to exceed \$5,558,900, for the planning, design and installation of energy efficiency measures and clean energy technologies.

“For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.”

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

RESOLVED, That the Trustees authorize funding from the Operating Fund in an amount not to exceed \$2.2 million to Clarkson University located in Potsdam, New York for the planning, design and installation of energy efficiency measures and clean energy technologies (“Energy Measures”) at its Old Main Building and in an amount not to exceed \$5,558,900 to the New York State Office of Parks, Recreation and Historic Preservation for Energy Measures at the Denning’s Point State Park located in Beacon, New York, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That payment to Clarkson University and the New York State Office of Parks, Recreation and Historic Preservation of any Operating Fund monies for planning, design and installation of the Energy Measures shall be conditioned upon a certification by the Treasurer or the Deputy Treasurer that such monies 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 the Chairman, the President and Chief Executive Officer, the Chief Operating Officer, and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

**e. Procurement (Services) Contracts –
Business Units and Facilities –
Awards and Extensions**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award and funding of the multiyear procurement (services) contracts listed in Exhibit ‘2e-A,’ as well as the continuation of the procurement (services) contracts listed in Exhibit ‘2e-B,’ in support of projects and programs for the Authority’s Business Units/Departments and Facilities. Detailed explanations of the recommended awards and extensions, including the nature of such services, the bases for the new awards if other than to the lowest-priced bidders and the intended duration of such contracts, or the reasons for extension and the projected expiration dates, are set forth in the discussion below.

BACKGROUND

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

“The Authority’s Expenditure Authorization Procedures (‘EAPs’) require the Trustees’ approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of \$3 million, as well as personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source or non-low bidder.

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

DISCUSSION

Awards

“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 \$700,000 to \$40 million. Except as noted, these contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

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

Extensions

“Although the firms identified in Exhibit ‘2e-B’ 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 will exceed one year including the extension, the term of extension of these contracts will exceed one year and/or because the cumulative change-order limits will exceed the levels authorized by the EAPs in forthcoming change orders. 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 the contracts identified in Exhibit ‘2e-B’ 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 reasonable negotiated rates, that the Authority needs to continue until a permanent system is put in place.

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

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

MED Energy Efficiency Resources & Technology Services

Energy Services

“The contracts with **Altran Solutions Corp. (‘Altran’), RCM Technologies, Inc. (‘RCM’) and Schuyler Engineering, P.C. (‘Schuyler’) (Q12-5223; PO#s TBA)** would provide for engineering services in connection with selected energy services and distributed generation projects at the Authority’s Customers’ facilities. Services may include, but are not limited to, engineering and design services for inspections, feasibility studies, calculations, analyses, safety assessments and construction support for assigned projects, as well as preparation of new or revision of existing drawings and technical specifications, cost estimates and schedules and construction management. These services will also support the Governor’s \$800 million initiative to reduce energy usage in state facilities by 20% over the next four years. The Authority will be central to this effort and demand for such services is expected to increase significantly. To that end, bid documents were developed by staff and were downloaded electronically from the Authority’s Procurement website by 166 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Twenty-six proposals were received and evaluated. A Post-Bid Addendum was issued to request hourly rates for additional job classifications; 13 of the original bidders responded and their submittals were evaluated further. Based on hourly rates submitted by each of these 13 bidders, Authority staff calculated the costs of a typical project to determine which bidders’ compensation schedules would result in the lowest overall project lump sum cost. Staff recommends the award of contracts to Altran, RCM and Schuyler, the three lowest-priced evaluated bidders that meet the bid requirements and are qualified to perform such work. The contracts would become effective on or about October 1, 2012 for an intended term of up to five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate total amount expected to be expended for the term of the contracts, \$5 million. Funds will be allocated as specific projects are assigned, based on the firm’s ability to provide the necessary resources, as well as its performance. Total commitments and expenditures for the contracts will also be tracked against the approved aggregate total. Such contracts will be closely monitored for utilization levels, available approved funding and combined total expenditures. It should be noted that all project costs will be recovered by the Authority.

Power Supply

“The contract with **Buffalo Environmental Consultants, Inc. d/b/a AFI Environmental (‘AFI’) (Q12-5256; PO# TBA)** would provide for the services of an Environmental, Health and Safety (‘EH&S’) professional to support EH&S compliance and Project Management activities at the Niagara Power Project. Services would include, but are not limited to: developing, implementing and maintaining EH&S programs, plans and procedures related to spill and accidental release prevention, wastewater management, petroleum and chemical bulk storage, hazardous and non-hazardous waste management, asbestos and PCB identification and abatement, State Pollutant Discharge Elimination System discharges and natural resource protection initiatives, as well as providing oversight for ongoing and emerging projects. To that end, bid documents were developed by staff and were downloaded electronically from the Authority’s Procurement website by 110 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Twelve proposals were received and evaluated. One bidder subsequently withdrew its proposal due to limited resources, and three bidders with significantly higher rates were

not considered further. An extensive review process resulted in the elimination of six additional bidders based on their lack of relevant environmental experience, certifications, proposed methodology or inability to meet other requirements set forth in the bid documents. Of the two remaining firms, staff determined that one candidate possesses stronger knowledge and experience to successfully fulfill the responsibilities of this position and better meet the Authority's needs, and also possesses all requisite current certifications and training. Based on the foregoing, staff recommends award of a contract to AFI, the most technically qualified bidder, which meets the bid requirements and has provided satisfactory service under an existing contract for such work. It should be noted that rates will remain firm for the first three years. The new contract would become effective on or about October 1, 2012 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$1 million.

"The contract with **Casella Waste Services ('Casella') (RFQ 6000133579; PO# TBA)** would provide for all labor, supervision, equipment and materials to perform recycling and disposal services of various scrap metals at the St. Lawrence/FDR Power Project, on an 'as needed' basis. Such recyclable metals include, but are not limited to, #1 heavy metal, #2 copper, clean or insulated (wires and cables), yellow brass, aluminum mixed clip and other miscellaneous metals. Services include, but are not limited to, furnishing all necessary containers and hoppers, exchanging empty containers for full ones, securing load and transportation requirements, and submitting certified weight slips for full containers. To that end, bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 39 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Two proposals were received and evaluated. Based on pricing that offers a higher, more favorable return to the Authority (i.e., a larger percentage of the American Metals Market Index price for the Buffalo area), staff recommends award of a contract to Casella, which is qualified to perform such services, meets the bid requirements and has provided satisfactory service under an existing contract for such work. The new contract would become effective on or about October 1, 2012 for an intended term of up to three years, subject to the Trustees' approval, which is hereby requested. This is expected to be a revenue-generating contract, therefore approval of funding is not required.

"The contract with **CORE Environmental, Inc. ('CORE') (Q12-5268; PO# TBA)** would provide for environmental sampling at and laboratory analysis for the Authority's power plants in the Southeastern New York ('SENY') region, in compliance with State Pollutant Discharge Elimination System ('SPDES'), Major Oil Storage Facility ('MOSF') and Resource Conservation and Recovery Act ('RCRA') testing requirements, as well as New York State Department of Health ('NYS DOH') and Department of Environmental Conservation ('DEC') methodologies and reporting requirements and New York City Department of Environmental Protection ('NYC DEP') Waste Water Directives. The service provider must also maintain NYS DOH Environmental Laboratory Approval Program ('ELAP') certification for non-potable water and solid and hazardous waste. Services include, but are not limited to, the identification of various contaminants and their respective levels in wastewater, waste oils, soil samples and hazardous waste, at prescribed frequencies or on an 'as needed' basis. Bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 39 firms, including those that may have responded to a notice in the New York State *Contract Reporter*; three proposals were received and evaluated. All three bidders submitted qualified bids and met the bid requirements, therefore cost became the primary consideration. Based on total cost estimates developed by Authority staff, as further set forth in the Award Recommendation documents, staff recommends award of a contract to CORE, the lowest-priced evaluated bidder. The contract would become effective on or about October 1, 2012 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$700,000. It should also be noted that CORE is a New York State-certified Women's Business Enterprise ('WBE').

"The contract with **Frank D. Riggio Company, Inc. ('Riggio') (RFQ 6000132943; PO# TBA)** would provide for qualified labor, supervision, tools and equipment to perform on- and off-site valve repair services (e.g., globe, gate, check safety and plug valves) for the Authority's power plants in the Southeastern New York ('SENY') region, on an 'as needed' basis. Services / requirements include, but are not limited to: troubleshooting, disassembling valves and providing written inspection reports with recommendations for repairs, with final reports upon completion of work; as well as vendor access to consumable and critical parts with a competent supply chain to effectuate such repairs and vendor machine shop facilities with capabilities to perform valve machining, repairs, welding, brazing, etc., in addition to other requirements. The contractor is also required to be on-call '24/7' and to respond within two hours to support emergent requests. Since the existing contract is expiring and the need for such

services is ongoing, bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 46 firms, including those that may have responded to a notice in the New York State *Contract Reporter*; one additional firm obtained the bid documents from an alternate source. Five proposals were received and evaluated, as further set forth in the Award Recommendation documents. Staff recommends award of a contract to Riggio, the lowest-priced technically acceptable bidder, which is qualified to perform such services, meets the bid requirements and has provided satisfactory services under an existing contract for such work. The contract would become effective on or about October 1, 2012 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$1.5 million.

"The Authority owns and operates eleven GE LM6000 gas turbine generator units at its Small Clean Power Plants ('SCPPs') in seven locations within the greater New York City metropolitan area. These units have been effectively maintained and serviced by GE Packaged Power, Inc. ('GEPP'), the original equipment manufacturer ('OEM'), since their installation and commissioning in 2001. Both scheduled and unscheduled maintenance services on-site as well as at the GE repair depot in Texas have been performed with satisfactory results. In the event of an unscheduled emergency repair, GEPP has demonstrated the consistent capacity to support the Authority's efforts to maintain the high level performance, reliability and availability required of the Authority's fleet. There have been no problems related to warranty issues or to GE's response time for unscheduled events. Since the existing contract is expiring, bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 30 firms, including those that may have responded to a notice in the New York State *Contract Reporter*; one additional firm obtained the bid documents from an alternate source. One proposal was received and evaluated. It should be noted that on several occasions in the past, the Authority has investigated whether other firms were capable of providing such services, but the response was negative, due to the unavailability of parts, assets or the leasing of a gas engine for use during repairs, leaving GEPP as the only resource to meet the Authority's needs. As the OEM, GEPP is uniquely qualified to perform such services. GEPP has the required engineering resources, parts and other assets available on a '24/7' basis, and can provide lease engines in the event of an engine failure or during repairs, so that the Authority can maintain its ISO UCAP. GE will continue to provide all such required services under this one contract, enabling the Authority to receive discounts on GE's published rates. GE will also provide an 18-month warranty for parts and a 12-month warranty for services. This agreement would not require the Authority to guarantee any annual minimum amount of orders or services. Based on the foregoing, staff recommends the award of a new contract to **GE Packaged Power, Inc. ('GEPP') (Q12-5183; PO# TBA)** to provide for the continuation of such scheduled and unscheduled work, as well as emergency repair support services and the provision of spare parts at a discounted rate for the eleven SCPP LM6000 gas turbine generator units. The new master service and parts agreement would become effective on or about October 1, 2012 for an intended term of up to five years and three months, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total projected amount expected to be expended for the term of the contract, \$40 million, which will be released as needed.

"The contract with **Longo Electrical-Mechanical, Inc. ('Longo') (Q12-5288; PO# TBA)** would provide for inspection, repair, overhaul and rewind services for various-size motors (ranging from 100 to 10,000 horsepower) for the Authority's power plants in the Southeastern New York ('SENY') region, on an 'on-call, as needed' basis. Services include all labor, supervision, tools and equipment to perform such work, in accordance with all applicable codes and regulations as well as current industry standards. To that end, bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 29 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Four proposals were received and evaluated. Staff recommends the award of a contract to Longo, the lowest-priced bidder, which is qualified to perform such services, meets the bid requirements and has provided satisfactory services under an existing contract for such work. The new contract would become effective on or about October 1, 2012 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$3 million.

Strategic Planning

Clean Energy Technology

“At their meeting of March 27, 2012, the Trustees authorized up to \$30 million in total available funds to be used for solar photovoltaic (‘PV’) research studies, training programs and project demonstration grants, with such funds being utilized over a five-year period for the Solar Market Acceleration Program (‘Solar MAP’). The program would be developed in support of the Governor’s NY-Sun initiative, which calls for increasing solar capacity in New York State while protecting ratepayers, reducing solar development costs and establishing New York’s technology leadership in this important emerging market. To that end, the Authority would engage the services of research institutions, technology development companies and technical consultants to provide studies and training. In addition, project grants to eligible participants of the Authority’s Statewide Energy Services Program would be provided to meet the mission of this effort.

“The contracts with **Black & Veatch Corp. (‘Black & Veatch’)**, **Clean Power Research LLC (‘Clean Power’)**, **Hatch Associates Consultants, Inc. (‘Hatch’)** and **Navigant Consulting, Inc. (Navigant’) (Q12-5277; PO#s TBA)** would provide for solar PV consulting services involving technical and economic analyses and program development in connection with Solar MAP. Additional work assignments will be based upon the progress of the project and may include, but are not limited to: reporting on PV levelized cost of energy (‘LCOE’) in New York State, formulating ancillary PV value analysis, developing relevant PV grid parity forecasts by region, performing net metering analyses, advising Authority staff on various solar financial innovation trends and opportunities, developing business cases for solar demonstration projects related to innovative financing models, developing program opportunities to address non-LCOE barriers to adoption, performing analysis of the NYSEERDA Powerclerk database, providing technical review of solar demonstration projects and guiding Authority staff regarding such projects, evaluating the variability of PV permitting requirements by jurisdiction regionally and statewide, and evaluating the economic and market conditions for PV supply chain manufacturers in New York State. To that end, bid documents were developed by staff and were downloaded electronically from the Authority’s Procurement website by 84 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Nine proposals were received and evaluated based primarily on weighted criteria including each firm’s experience, capability and quality of proposals, and as further set forth in the Award Recommendation documents. Based on the foregoing, staff recommends the award of contracts to four firms, Black & Veatch, Clean Power, Hatch and Navigant, the most technically qualified bidders, which meet the bid requirements and have the depth of knowledge, experience, qualified personnel and resources to best meet the Authority’s needs. These firms will be called upon to utilize their respective strengths and areas of expertise, as needed. Several of these firms have also provided satisfactory services to the Authority under contracts for other work. The new contracts would become effective on or about October 1, 2012 for an intended term of up to three years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate total amount expected to be expended for the term of the contracts, \$1 million. Total commitments and expenditures for the contracts will also be tracked against the approved aggregate total. Such contracts will be closely monitored for utilization levels, available approved funding and combined total expenditures.

Contract Extensions:

Power Supply

“At their meeting of September 23, 2008, the Trustees approved the award of a three-year contract to **Carrier Corp. (4600002001)**, in the amount of \$1.5 million, to provide for heating, ventilation and air-conditioning (‘HVAC’) maintenance and repair services for the Authority’s SENY plants (except the Flynn Plant and the Small Clean Power Plant (‘SCPP’) at Brentwood on Long Island, which are serviced by another contractor, as noted below). The original award, which was competitively bid, became effective on October 1, 2008. Services include HVAC equipment and system preventative maintenance (including annual maintenance, seasonal start-up, shutdown, service call work and preventative maintenance of the equipment, as recommended by the equipment manufacturer and common industry practice), as well as on-call equipment maintenance and repairs, on an ‘as needed’ basis. A one-year extension was subsequently authorized in accordance with the Authority’s Guidelines for Procurement Contracts and EAPs. Since the need for such services is ongoing, adequate funding is still available under this contract and the contractor has been responsive and has performed satisfactory work, staff recommends that the subject contract be extended for one additional year to provide for the continuation of such services through

September 30, 2013. It should be noted that Carrier has agreed to hold its current rates for the extended term. Such extension would also allow sufficient time for re-bidding such services for a new term of up to five years, with the option of including coverage for the Flynn Plant and Brentwood SCPP. The current contract amount is \$1,500,000, of which \$918,843 has been expended to date; staff anticipates that no additional funding will be required for the extended term. The Trustees are requested to approve extension of the subject contract through September 30, 2013, with no additional funding requested.

“The contract with **Etna Prestige Technology, Inc. (4500211577)** provides for similar HVAC maintenance and repair services (as noted in the previous paragraph) for the Richard M. Flynn Power Plant and the Small Clean Power Plant (‘SCPP’) at Brentwood, on Long Island. The original award, which was competitively bid, became effective on January 1, 2012 for a one-year term, in the amount of \$50,000. Since the need for such services is ongoing, the contractor has performed satisfactory work, adequate funding is still available under this contract and Etna has agreed to hold its current rates for another year, staff recommends that the subject contract be extended for a period of up to one year. Such extension would also enable staff to evaluate and determine the feasibility of combining coverage for all SENY plants under one new contract, as noted above, and would allow sufficient time for re-bidding these services for a term of up to five years. The current contract amount is \$50,000, of which \$3,563 has been expended to date; therefore staff anticipates that no additional funding will be required for the extended term. The Trustees are requested to approve extension of the subject contract through December 31, 2013, with no additional funding requested.

FISCAL INFORMATION

“Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2012 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. Funding for the Solar MAP contracts will be drawn from \$30 million authorized by the Trustees at their meeting of March 27, 2012.

“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 certain contracts in support of Energy Services Programs will be made from the Energy Conservation Effectuation and Construction Fund.

RECOMMENDATION

“The Deputy General Counsel, the Senior Vice President – Power Supply Support Services and Chief Engineer, the Senior Vice President – Power Generation, the Senior Vice President – Strategic Planning, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Environment, Health and Safety, the Vice President – Procurement, the Vice President – Energy Efficiency, the Regional Manager – Northern New York, the Regional Manager – Western New York and the Regional Manager – Southeastern New York recommend that the Trustees approve the award of multiyear procurement (services) contracts to the companies listed in Exhibit ‘2e-A’ and the extension and funding of the procurement (services) contracts listed in Exhibit ‘2e-B,’ for the purposes and in the amounts discussed within the item and/or listed in the respective exhibits.

“For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.”

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement services and other contracts set forth in Exhibit “2e-A,” attached hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contracts listed in Exhibit "2e-B," attached hereto, are hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

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

f. Increase in New York City Governmental Customer Fixed Costs – Notice of Proposed Rulemaking

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize a Notice of Proposed Rulemaking (‘NOPR’) to increase the Fixed Costs component of the production rates by \$3.8 million or 2.4%, not including Astoria Energy II (‘AE II’) plant expenses to be charged in 2013 to the New York City Governmental Customers (‘Customers’). When combined with the Variable Cost component of the rates, which is projected to decline by \$75.8 million, Customers are expected to see an overall decrease of about 8.0% in production rates as compared to current levels. AE II plant expenses, although part of the Fixed Costs component, are not subject to this NOPR proceeding as recovery of such costs has been agreed to by contract. The instant proposal is based on Authority staff’s Preliminary 2013 Cost-of-Service (‘COS’).

“In addition, the Trustees are requested to direct the Corporate Secretary to file the NOPR with the New York State Department of State for publication in the *New York State Register* in accordance with the requirements of the State Administrative Procedure Act (‘SAPA’). Upon closure of the 45-day statutory comment period concerning this proposed rate action, Authority staff will take into consideration concerns that have been raised and return to the Trustees at their meeting on December 18, 2012, to seek final adoption of this proposal.

BACKGROUND

“In 2005, the Authority and the Customers entered into supplemental agreements for the purchase of electric service through December 31, 2017. These agreements (the 2005 ‘Long- Term Agreements,’ or ‘LTAs’) replaced prior agreements entered into during the mid-1990s with these Customers. The LTAs established a new relationship between the Authority and the Customers that reflects the costs of procuring electricity in the marketplace managed by the New York Independent System Operator (‘NYISO’). The LTAs define specific cost categories with respect to providing electric service and prescribe a collaborative process for acquiring resources, managing risk and selecting a cost-recovery mechanism.

“The LTAs separate all costs into two distinct categories: Fixed Costs and Variable Costs. Fixed Costs include Operation and Maintenance (‘O&M’), Shared Services, Capital Cost, Other Expenses (*i.e.*, certain directly assignable costs) and a credit for investment and other income. Under the LTAs, the Authority must establish Fixed Costs based on COS principles and make changes based on a filing in accordance with SAPA requirements. In addition, the LTAs contemplate that year-to-year changes in Fixed Costs will be reviewed by the Customers in advance of the filing made under SAPA; Authority staff must consider the Customers’ concerns before presenting any proposed changes to the Fixed Costs to the Trustees or issuing proposed changes for public comment.

“Also, pursuant to the LTAs, the Authority develops the Variable Costs on an annual basis. These are costs the Authority expects to incur to serve the Customers in the upcoming Rate Year – specifically for fuel and purchased power, risk management, NYISO ancillary services and O&M reserve, less a credit for NYISO revenues from Authority generation dedicated to these Customers. The Variable Costs are subject to the Customers’ review and comment. The cost-recovery mechanisms for the upcoming year’s Variable Costs are selected by the Customers from among the choices set forth in the LTAs. These cost-recovery mechanisms were previously approved by the Trustees and therefore do not require further approval.

“In the rate-setting process for the 2013 Rate Year, the Customers selected an ‘Energy Charge Adjustment (‘ECA’) with Hedging’ option as the cost-recovery mechanism. Under this mechanism, all Variable Costs are passed on to the Customers. In other words, the charges for electric service during the Rate Year are subject to adjustment based on the difference between the Variable Costs actually incurred to serve the Customers and the Variable Costs recovered by the Authority under its tariffs in the Rate Year; costs associated with hedging instruments purchased for the purpose of reducing potential volatility are assigned to the Variable Costs.

“On July 10, 2008, the Authority and the Customers entered into an agreement (‘Agreement’) that implemented Article XI of the LTAs concerning the acquisition of long-term resources under a request for proposal (‘RFP’) process. The RFP resulted in the Authority contracting with AE II for the full product toll of a 500 MW combined-cycle unit over a twenty-year period. The full product toll allows the Authority to capture all energy, capacity and ancillary services output of the generating unit for the benefit of the Customers. Under the Agreement, the costs incurred by the Authority are to be included as part of the COS-based rate, and in order to ensure full recovery of all costs related to the full product toll, the Authority may use a true-up mechanism to assess charges for under-recovery and apply credits for over-recovery of costs. The 2013 payment expected to be made to the AE II owners is \$132.5 million and this has been included in the Fixed Costs component of the Preliminary 2013 COS.

DISCUSSION

“Based on the Preliminary 2013 COS, the increases in Fixed Costs are \$3.8 million, or 2.4% higher than the Fixed Costs included in the Final 2012 COS. These Fixed Costs are the subject of review under this SAPA proceeding.

“Although AE II costs are included in the Preliminary 2013 COS, they are outside this NOPR because recovery of the Authority’s AE II costs was separately agreed to through contracts between the Authority and the Customers.

“Contributors to the additional Fixed Costs are projected increases in O&M (\$2.8 million) and Shared Services (\$1.8 million), offset by a reduction in Capital Cost (\$0.5 million) and Other Expenses (\$0.4 million). Most of the O&M increase stems from repair work needed at two of the Authority’s small hydro projects, Vischer Ferry and Crescent, totaling \$4.5 million, as a result of Tropical Storm Irene, which is being amortized over three years for ratemaking purposes.

“Variable Costs are projected to decrease by a total of \$75.8 million, or 13.2% compared to the Final 2012 COS and are subject to change depending on the selected hedging strategies. Based on preliminary analyses, Authority staff projects that the 2013 production rate, combining the Fixed and Variable Costs, will decrease by about 8.0% compared to the Final 2012 COS.

“Under the LTAs, any proposed increase in the Fixed Costs component of the Customers’ production rates must be done in accordance with a SAPA proceeding. Thus, the Customers will have opportunity to file comments upon the issuance of the NOPR. After closure of the 45-day statutory comment period concerning the proposal, Authority staff will take into consideration the concerns raised and will return to the Trustees at their meeting on December 18, 2012 to seek final adoption of an appropriate Fixed Costs rate. Subsequent to such final adoption, staff will incorporate the approved Fixed Costs and the final Variable Costs that are determined in the rate-setting process with the Customers into new production rates to become effective with the January 2013 billing period.

FISCAL INFORMATION

“The adoption of this proposal concerning the increase in Fixed Costs applicable to the Customers under the LTAs would result in the Authority continuing to recover all Fixed Costs incurred associated with serving these Customers.

RECOMMENDATION

“The Director – Market Analysis and Administration recommends that the Trustees authorize the Corporate Secretary to file a Notice of Proposed Rulemaking in the *New York State Register* for the adoption of an increase in the Fixed Costs component of the production rates (comprising non-AE II costs) by \$3.8 million to be charged in 2013 to the New York City Governmental Customers.

“It is also recommended that the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be authorized to issue written notice of the proposed action to the affected Customers under the provisions of the Authority’s tariffs.

“For the reasons stated above, I recommend the approval of the above requested action by adoption of a resolution in the form of the attached draft resolution.”

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

RESOLVED, That the Authority projects an increase in the Fixed Costs of serving the New York City Governmental Customers when comparing those costs contained in current rates to 2013 projected costs; and be it further

RESOLVED, That the Authority has entered into supplemental Long-Term Agreements with the New York City Governmental Customers and those agreements provide for the recovery of additional Fixed Costs through a rate filing under the State Administrative Procedure Act; and be it further

RESOLVED, That the Senior Vice President –Economic Development and Energy Efficiency, or his designee, be, and hereby is, authorized to issue written notice of this proposed action by the Trustees to the affected customers; and be it further

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

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

g. Decrease in Westchester County Governmental Customer Rates – Notice of Proposed Rulemaking

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve a Notice of Proposed Rulemaking (‘NOPR’) to decrease the production rates by 2.49% as compared to 2012 rates for the Westchester County Governmental Customers (‘Customers’).

“In addition, the Trustees are requested to direct the Corporate Secretary to file the NOPR with the New York State Department of State for publication in the *New York State Register* in accordance with the requirements of the State Administrative Procedure Act (‘SAPA’).

BACKGROUND

“The Authority provides electricity to 103 governmental customers in Westchester County, which includes the County of Westchester, school districts, housing authorities, cities, towns and villages. The County of Westchester is the largest single customer, accounting for about one-third of sales.

“The basis of providing service is contained in the Supplemental Electricity Agreements (‘Agreements’) with the Customers. The Agreements were approved by the Trustees at their December 19, 2006 meeting and were signed by each of the 103 Customers. Among other things, the Agreements permit the Authority to modify the Customers’ rates (for Rate Years subsequent to 2007) at any time based on a fully supported *pro forma* cost-of-service (‘COS’) subject to customer review and comment and compliance with the SAPA process; permit the Customers to fully terminate service on one year’s written notice, which, if given, could be effective no earlier than January 1, 2014; and allow the Authority to apply an Energy Charge Adjustment (‘ECA’) mechanism to the Customers’ bills each month.

“The current 2012 base production rates were adopted by the Trustees at their December 15, 2011 meeting, when they approved a 6.79% decrease over 2011 rates. Staff is now proposing a 2013 rate decrease which reflects the continuing reduction in the cost of electricity purchased from the NYISO market to serve these customers as contained in the currently effective 2012 rates. Through 2012, these cost reductions have been reflected in the monthly negative ECA adjustments.

DISCUSSION

“Consistent with the Authority’s past rate-making practices and with the rate-setting process set forth in the Agreements, the proposed production rate decrease is based on a *pro forma* COS for next year. The Preliminary 2013 COS for the Westchester Customers is \$34.76 million. The primary cost element, energy purchases, is \$25.27 million and accounts for 72.7% of the total production costs. Because these Customers have no dedicated generation facility, energy requirements are purchased from the market (in New York Independent System Operator Zones ‘G’ (Hudson Valley) and ‘A’ (Western New York)). The projected 2013 prices for these two zones are expected to be slightly lower than those that were projected for 2012 and incorporated into the rates that are currently in effect. Further analysis shows that under current rates, combined with the 2013 Customer sales forecast, the projected revenues would be \$35.65 million, resulting in an over-collection of \$0.89 million from Customers.

“Therefore, staff is proposing a 2.49% reduction in base production rates to reflect the continued reduction in the purchased energy costs as contained in the currently effective 2012 rates. However, it is important to note that, throughout 2012, these lower costs have already been passed on to Customers as monthly bill credits through the ECA mechanism. The proposed 2013 base production rate decrease is anticipated to cause the Customer’s production portion of their electricity bill to remain virtually the same as that for 2012.

“Under the Agreements, the Authority must provide at least 30 days’ notice to the Customers of any proposed modification of rates and the proposed modification is subject to their review and comment. Notification

of the rate action was transmitted to the Customers on August 23, 2012. Subsequent to the approval of this proposed action by the Trustees, the Customers will be mailed the Staff Report containing the Preliminary 2013 COS.

“Under SAPA, there is a 45-day comment period. After written comments are filed, Authority staff will review them and address any concerns raised. Staff will make any necessary changes to the proposed rates and return to the Trustees at their December 18, 2012 meeting to request approval of the final rate modification for 2013.

FISCAL INFORMATION

“The proposed production rates are cost-based, and with the application of the Energy Charge Adjustment mechanism, staff anticipates that the Authority will recover all costs incurred in serving the Customers.

RECOMMENDATION

“The Director – Market Analysis and Administration recommends that the Trustees authorize the Corporate Secretary to file a Notice of Proposed Rulemaking in the *New York State Register* for the adoption of a production rate decrease applicable to the Westchester County Governmental Customers.

“It is also recommended that the Senior Vice President –Economic Development and Energy Efficiency, or his designee, be authorized to issue written notice of the proposed action to the affected Customers under the provisions of the Authority’s tariffs.

“For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.”

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

RESOLVED, That the Authority proposes a decrease in the production rates applicable to the Westchester County Governmental Customers as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be, and hereby is, authorized to issue written notice of this proposed action to the affected Customers; and be it further

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file such notice as may be required with the New York State Department of State for publication in the *New York State Register* and to submit such other notice as may be required by statute or regulation concerning the proposed rate decrease and proposed tariff modification; and be it further

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

3. Discussion Agenda:

a. Report of the President and Chief Executive Officer

Corporate Performance Measures

President Gil Quiniones provided an update of the Authority's performance to date. He said The Authority is operating at a very high level; there were no significant interruptions in its generation and transmission assets. He said the Authority is also performing well in its energy efficiency, economic development, financial management and other goals outlined in the monthly performance score card.

Key Activities

• Governor Cuomo's Yogurt Summit

President Quiniones said that on August 15th, Governor Cuomo invited participants from the government and private industry to a summit in Albany to aid the New York State yogurt industry. He and Mr. James Pasquale attended the summit. He said yogurt processing plants in New York State have doubled production in the last 12 years (from 158 million pounds to 1.2 billion pounds). Yogurt production is a growing sector in the State and more than 8000 jobs have been created in New York State as a result of this growth.

President Quiniones continued that, under the leadership of Mr. Pasquale, the Authority is leading an inter-agency team, working with farmers and processors, to determine the feasibility of constructing anaerobic digesters to convert "waste" from the plant into digester gas that can be used to generate sustainable electricity. The team is exploring site options and performing economic analyses to develop a potential plan for building an anaerobic digester in the state, and will provide the Board with an update of the project as it develops.

• Recharge New York Power Program

President Quiniones said that on September 6th, he, along with Chairman Koelmel, Trustee Flynn and other elected officials visited Mayer Bros. Apple Products in West Seneca, New York, one of the Authority's key customers in upstate New York and a recipient of Recharge New York power. He said the Authority's allocation of lower-cost power to the company is making a difference in that it supports investments, expansion and hiring of additional people to meet the company's customer demands.

On September 18th, along with other Authority staff, President Quiniones said he visited Anchor Glass, a manufacturer in Elmira Heights. He said the allocation of Recharge New power allowed the company to make the decision to invest \$37 million in capital expansion and job retention.

- First-Responder Grants

President Quiniones said that following the floods from tropical storm Lee and Hurricane Irene last summer, the Authority approached the area's "first responders" and voluntary organizations and offered applications for a one-time special funding opportunity to rebuild their equipment and systems capabilities which were lost or damaged during the storms.

At an event held in North Blenheim on September 19th, the Authority presented more than \$207,000 to nine "first-responder" organizations that serve the Authority's Blenheim-Gilboa Pumped Storage Power Project and surrounding area. The organizations expressed appreciation of the Authority's help to make them ready to respond to the needs of the Authority and also to the community. President Quiniones continued that, as part of the event, the Authority announced the issuance of a Request for Proposal ("RFP") for telecommunications providers to upgrade the cell coverage in Schoharie and Delaware Counties in order to improve the cellular and wireless communications in those areas.

In response to a question from Chairman Koelmel, President Quiniones said there are no significant issues affecting the Authority at this time; however, Mr. Edward Welz will update the Board on the operational issues and report on the recent equipment failure at the Authority's Blenheim-Gilboa Project and fire on one of the Authority's transformers at the Niagara Project. President Quiniones said that as a result of this, the Authority is reviewing its Spare Parts policy to determine, in particular, how many spares of major equipment should be kept in its inventory since most of the equipment has very long lead times and are made outside of the United States.

b. Report of the Chief Operating Officer

Mr. Edward Welz provided highlights of the report to the Trustees.

Performance Summary

System-wide, Net Generation remains below projections.

Key Issues:

OPERATIONAL

Niagara Project – GSU #3 Failure

On August 26th, the Generator Step-up Transformer, GSU #3, at the Niagara Project failed.

- *The failed GSU unit was replaced with the spare and was returned to service on September 15th;*
- *The GSU manufacturer (SMIT) and NYPA's Insurance representatives (AEGIS) plan to inspect the failed GSU the week of September 17th;*
- *Plans for purchasing another spare GSU are being evaluated.*

Blenheim-Gilboa Project – GSU #2 Failure

On August 26th, a fault occurred inside the Generator Step-up Transformer, GSU#2, at the Blenheim-Gilboa Project.

- *Primary and Secondary transformer relays operated promptly;*
- *No fire, injuries or significant oil spill resulted from the fault;*
- *External damage: tank steel plate and I-beams bowed outward about 6-inches, welds ripped at lifting trunion;*
- *Internal damage: to be determined; however, transformer is not likely to be repairable;*
- *Root cause investigation is underway with Hyundai (OEM);*
- *Five-year warranty expired May 2012;*
- *Insurance carrier has been informed; representatives will be present during initial internal inspection.*

ENVIRONMENTAL/SAFETY

- *All protective equipment functioned as designed (secondary containment, oil water separators etc.) All regulatory and internal NYPA notifications were made in accordance with established emergency response plans;*

- *Corrective actions were immediately implemented;*
- *Proactive actions have been taken to prevent occurrences based on past events (i.e., all gaskets at the SCCP's were changed to prevent a potential failure at locations that did not exhibit an oil seepage.)
Alternative environmentally compatible fire suppressant foams are being investigated;*
- *Taken in context with other industrial facilities, NYPA's environmental record remains best in class;*
- *An ongoing effort (Safety Management System evaluation) charged with defining the Authority's safety program and increasing the culture of safety awareness at the Authority will be expanded.*

Niagara Project - Actions to be Undertaken:

- *Re-engage the IBEW leadership;*
- *Hold Niagara Project Management protocol meeting - direct special attention and proactive involvement in safety;*
- *Initiate site-wide Safety Stand Down Tailgates;*
- *Institute a new joint union and management personal protective equipment ("PPE") special emphasis program;*
- *Continue and refine the use of the TapRoot Process;*
- *Ensure that Safety is cascading to all levels of management by including a safety performance factor in all Performance Plans within Operations staff.*

ORGANIZATIONAL CHANGES

Mr. Welz provided an update of the organizational changes in the Operations Department. He said that with the retirement of Mr. Thomas Antenucci, Mr. Brad Van Auken will be promoted to Senior Vice President and Chief Engineer and Mr. Robert Knowlton will be promoted to Vice President of Engineering. Other promotions within the department are also forthcoming.

Trustee Flynn opined that the Authority promoting staff from within the organization should be commended. He said it's very important for staff to know that the promotional opportunities within the organization are available to them.

In response to a question from Chairman Koelmel, Mr. Welz said staff is evaluating the processes for maintenance and inspection of the Authority's equipment. A Standing Committee will make recommendations on preventative actions that can be taken such as proactively reviewing past practices; periodic testing of

equipment on a preventative cycle; and a decision to buy spare equipment, bearing in mind the cost of the equipment and storage.

Chairman Koelmel suggested that a report be provided to the Board outlining staff's diagnostic preventative actions. Mr. Welz said that staff conducts diagnostic testing of the generators, transformers and circuit breakers which results in a vast amount of information. Staff will develop a program to standardize all of the data collected from the diagnostic testing of the Authority's equipment.

In response to a comment from Chairman Koelmel, President Quiniones said that the Authority will explore strengthening its quality control activities especially when it purchases equipment that are designed and manufactured outside of the United States and, as mentioned by Mr. Welz, staff will explore the possibility of creating a software application to process all of the data from the equipment tests in order that more predictive maintenance can be performed on them. This will be discussed at future meetings of the board at which time the Trustees will be advised of the progress in those areas.

c. Report of the Chief Financial Officer

Mr. Donald Russak provided highlights of the financial report to the Trustees.

Net Income – Year-to-Date

Net income through August was \$141 million compared to a budget of \$99 million resulting in a \$42 million favorable variance. Reflected in this figure is the recognition of the \$75 million voluntary contribution to New York State. The \$42 million favorable variance is due largely to timing differences on expenditures (O&M and voluntary contributions) and lower interest costs due to lower rates.

Margins on market-based sales were largely on budget as the positive impact of year-to-date higher net generation (due to the early spring run-off) was offset by lower energy prices.

Developing Issues – Year-End Projection

Developing trends indicate year-end net income for 2012 is expected to be near budget at \$169 million (versus the \$167 million budget). These trends include:

- *Energy Prices – Statewide wholesale prices have declined approximately 24% relative to the budget primarily due to lower natural gas prices.*
- *Capacity Prices – Increased capacity prices are being observed as a result of an increase in reserve requirements and the announced moth-balling of several generating stations.*
- *Hydro Flows – Net generation at the Niagara and St. Lawrence hydroelectric facilities, which was running above budget during the early part of the year, is now trending towards under-running for the latter part of the year.*
- *O&M and Other Expenses – O&M is expected to finish the year slightly below target while the remainder of the voluntary contribution to the state, currently \$10 million under budget, is expected to be considered for payment at a later date.*

In response to a question from Chairman Koelmel, Mr. Russak said the transformer outage would not result in any significant changes in the Authority's revenues since at current water levels the other units at the facility can handle the volume.

4. Power Allocations under the ReCharge New York Program

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to:

1. Approve allocations of available power under the ReCharge New York (‘RNY’) Power Program to the businesses listed in Exhibit ‘4-A;
2. Approve modifications to RNY Power allocation awards previously made for the businesses and not-for-profit corporations listed in Exhibit ‘4-B;
3. Authorize those businesses and not-for-profit corporations listed in Exhibit ‘4-E’ to receive a transitional electricity discount; and
4. Approve the transfer of the RNY Power allocations as identified in Exhibit ‘4-F.’

These actions have been recommended by the Economic Development Power Allocation Board (‘EDPAB’) at its September 24, 2012 meeting.

BACKGROUND

“On April 14, 2011, Governor Andrew M. Cuomo signed into law the RNY power program as part of Chapter 60 (Part CC) of the Laws of 2011. The Program makes available 910 MW of ‘RNY Power,’ 50% of which will be provided by the Authority’s hydropower resources and 50% of which will be procured by the Authority from other sources. RNY Power contracts can be for a term of up to seven years in exchange for job and capital investment commitments.

“The RNY Program is available to businesses and not-for-profit corporations for job retention, business expansion and attraction purposes. Specifically, the RNY legislation provides that at least 350 MW of RNY Power is dedicated to facilities in the service territories served by the New York State Electric and Gas, National Grid and Rochester Gas and Electric utility companies; at least 200 MW of RNY Power is dedicated to the purpose of attracting new businesses and encouraging expansion of existing businesses statewide; and up to 100 MW may be dedicated for eligible not-for-profit corporations and eligible small businesses statewide.

“Under the statute, ‘eligible applicant’ is defined to mean an eligible business, eligible small business, or eligible not-for-profit corporation, however, an eligible applicant shall not include retail businesses as defined by EDPAB, including, without limitation, sports venues, gaming or entertainment-related establishments or places of overnight accommodations. At its meeting on April 24, 2012, EDPAB defined a retail business as a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services, consistent with the rules previously promulgated by EDPAB for implementation of the Authority’s Economic Development Power program.

“RNY Power allocation awards are comprised of 50% hydropower (‘RNY Hydropower’) and 50% of other power procured by the Authority through a competitive procurement process, authority sources (other than the Niagara and Saint Lawrence projects) or through an alternate method (collectively, ‘RNY Market Power’).

“Prior to entering into a contract with an eligible applicant for the sale of RNY Power, and prior to the provision of electric service relating to a RNY Power allocation, the Authority must offer each eligible applicant that has received an award of RNY Power the option to decline to purchase the RNY Market Power component of such award. If the applicant declines to purchase the RNY Market Power component from the Authority, the Authority has no responsibility for supplying RNY Market Power component of the award.

“The Authority worked cooperatively with the Department of Public Service to recommend to the NYS Public Service Commission (‘PSC’) reduced rates by utility corporations of RNY Power Program allocations. Pursuant to Chapter 60 and PSC order, State utilities are required to deliver RNY Power using discounted delivery rates. The discount derives from exempting RNY Power from the Renewable Portfolio Surcharge, the Systems Benefits Charge and the Energy Efficiency Portfolio Standard Surcharge. The delivery discount will apply to an eligible applicant’s total RNY Power allocation even if the applicant decides to purchase the RNY Market Power component from a non-Authority source.

“The application for the RNY Power Program was approved by EDPAB at its meeting on September 26, 2011. Applications for RNY Power are subject to a competitive evaluation process and are evaluated based on the criteria set forth in the statutes providing for the RNY Power Program (the ‘RNY Statutes’).

“In an effort effectively market the RNY Power Program, advertisements were placed in major newspapers and business publications statewide, Web site postings were issued, mass emails were distributed and regional meetings were hosted by the Authority throughout the State. In addition, the RNY Power Program was promoted with assistance from State and local entities, including the Regional Economic Development Councils (‘REDCs’), Empire State Development and other local and regional economic development organizations within the State such as the Manufacturers Association of Central New York. Further, a RNY Call Center was established to assist prospective applicants and to disseminate information regarding the RNY Power Program. The RNY Call Center remains in operation. Finally, a targeted postal mailing to business customers utilizing a list of ten thousand businesses in the State was made to foster interest in the Program.

“As part of Governor Andrew M. Cuomo’s New York ‘Open for Business’ initiative, requests for all statewide economic development programs, including RNY, have been incorporated into a single on-line Consolidated Funding Application (‘CFA’). Beginning in September 2011, the CFA was available to applicants, marking a fundamental shift in how State economic development resources are marketed and allocated. The CFA continues to serve as an efficient and effective tool to streamline and expedite the State’s efforts to generate sustainable economic growth and employment opportunities. All applications that are considered for an RNY Power allocation are submitted through the CFA process.

“To support the Governor’s plans to improve New York’s business climate and stimulate economic growth, ten REDCs were created. Through a performance-based, community-driven approach, each REDC has designed a strategic economic development model for its area and use the CFA as the primary support mechanism to work with businesses to advance projects that demonstrate potential for job creation and economic growth.

“The Power for Jobs (‘PFJ’) and Energy Cost Savings Benefit (‘ECSB’) programs expired on June 30, 2012. Businesses that participated in these programs are required to apply for RNY in order to be considered for a RNY Power allocation. Because RNY is a new economic development program unrelated to the earlier PFJ and ECSB programs, all RNY Power applications, even those of former PFJ and ECSB participants, are considered solely on their merits under the criteria established by the RNY Power Program.

“PFJ and ECSB customers of record June 30, 2012 who submit applications and but do not receive a RNY Power will be considered for a transitional electricity discount (‘TED’) provided for by Chapter 60. Under this enactment law, the Authority is authorized, as deemed feasible and advisable by the Trustees, to provide TEDs as recommended by EDPAB. The amount of the TED authorized by Chapter 60 for the period of July 1, 2012 through June 30, 2014 is an amount equivalent to 66% of the unit (per kilowatt-hour) value of the savings received by the applicant under the PFJ or ECSB program during the 12 months ending on December 31, 2010. The amount of the TED authorized for the period July 1, 2014 through June 30, 2016 is equivalent to 33% of the unit (per kilowatt-hour) value of the savings received by the applicant under the PFJ or ECSB program during the 12 months ending on December 31, 2010. Of the applications received as of January 27, 2012, four hundred ten (410) PFJ and ECSB customers have applied for an RNY allocation.

“As of January 27, 2012, one thousand nine (1,009) RNY applications had been submitted via the CFA process, requesting over 2,100 MW of RNY Power – more than twice the total amount available under the RNY Power Program. The applications were evaluated applying the following criteria as set forth in the RNY Statutes:

- '(i) the significance of the cost of electricity to the applicant's overall cost of doing business, and the impact that a recharge New York power allocation will have on the applicant's operating costs;
- (ii) the extent to which a recharge New York power allocation will result in new capital investment in the state by the applicant;
- (iii) the extent to which a recharge New York power allocation is consistent with any regional economic development council strategies and priorities;
- (iv) the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the applicant were to receive an allocation;
- (v) the applicant's payroll, salaries, benefits and number of jobs at the facility for which a recharge New York power allocation is requested;
- (vi) the number of jobs that will be created or retained within the state in relation to the requested recharge New York power allocation, and the extent to which the applicant will agree to commit to creating or retaining such jobs as a condition to receiving a recharge New York power allocation;
- (vii) whether the applicant, due to the cost of electricity, is at risk of closing or curtailing facilities or operations in the state, relocating facilities or operations out of the state, or losing a significant number of jobs in the state, in the absence of a recharge New York power allocation;
- (viii) the significance of the applicant's facility that would receive the recharge New York power allocation to the economy of the area in which such facility is located;
- (ix) the extent to which the applicant has invested in energy efficiency measures, will agree to participate in or perform energy audits of its facilities, will agree to participate in energy efficiency programs of the authority, or will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving a recharge New York power allocation;
- (x) whether the applicant receives a hydroelectric power allocation or benefits supported by the sale of hydroelectric power under another program administered in whole or in part by the authority;
- (xi) the extent to which a recharge New York power allocation will result in an advantage for an applicant in relation to the applicant's competitors within the state; and
- (xii) in addition to the foregoing criteria, in the case of a not-for-profit corporation, whether the applicant provides critical services or substantial benefits to the local community in which the facility for which the allocation is requested is located.'

"Based on the evaluation of these criteria, the applications were scored and ranked. Evaluations also considered scores provided by the relevant REDC under the third and eighth criteria.

"In arriving at recommendations for RNY Power for EDPAB's consideration, staff, among other things, attempted to maximize the economic benefits of low-cost Authority hydropower, the critical state asset at the core of the RNY Power Program, while attempting to assure that each recipient receives a meaningful RNY Power allocation.

"Business applicants with relatively high scores were recommended for allocations of RNY Power of 50% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 10 MW for any recommended allocation. Not-for-profit applicants that scored relatively high were recommended for allocations of 33% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 5 MW. Applicants currently receiving hydropower allocations under other Authority power programs were recommended for allocations of RNY power of 25% of the requested amount, subject to the caps as stated above.

“Based on this evaluation process, its April 24, 2012 and June 25, 2012 meetings EDPAB recommended 678 RNY Power allocations for Trustee approval. The recommendations, all of which were approved by the Trustees, were made to 423 businesses recommended for 591 MW, 179 small businesses recommended for 21 MW, and 76 not-for-profit corporations recommended for 74.8 MW. The Board also deemed four applicants ineligible and determined that 255 applicants would not be recommended for an award of RNY based on relatively low scores in the competitive evaluation process.

DISCUSSION

1. New Expansion-Based RNY Power Allocations

“Previous allocations focused on applicants that sought RNY Power primarily for the purpose of retaining jobs in the State.

“The Trustees are now being asked to address for the first time applications for the 200 MW block of RNY Power dedicated by statute for for-profit businesses that propose to expand existing businesses or create new business in the State.

“Of the applications received through January 27, 2012, EDPAB staff determined that 95 applications were sufficiently complete for review, and that such applications in fact proposed an expansion. These applications sought a RNY Power allocation for either (i) expansion only, in the case of a new business or facility, or (ii) expansion and retention, in the case of an existing business.

“As with the evaluation process used for the retention recommendations described above, applications for the expansion-based RNY Power were scored based on the statutory criteria, albeit with a focus on information regarding each applicants’ specific project to expand or create their new facility or business (*e.g.*, the expansion project’s cost, associated job creation, and new electric load due to the expansion).

“Consistent with the goals of the expansion-based RNY power set-aside for ‘attracting new business to the state, creating new businesses within the state, or encouraging the expansion of existing businesses within the state,’ the Trustees are being asked to approve RNY Power allocations to those applicants that have pledged to (i) invest capital thereby creating new electrical load, and (ii) commit to create new jobs. This focus on capital investment and job creation aligns with the RNY Statute’s intention to maximize the economic development prospects for the State.

“Accordingly, EDPAB recommended at their meeting of September 24, 2012 that the 38 applications listed on Exhibit ‘4-A’ be approved by the Trustees for an expansion-based allocation from the 200 MW block of RNY Power in the amounts indicated. These businesses have stated a willingness to create a total of 3,237 new jobs in New York State and to commit to capital investments totaling \$7,166 million in exchange for the recommended RNY Power allocations. The expansion projects would additionally support the businesses’ existing employment of over 7,400 people. The total recommended amount is 29,278 kW, with 30 businesses recommended for 28,274 kW and eight small businesses recommended for 1,004 kW.

“The Board recommends that the Trustees approve RNY Power allocations identified on Exhibit ‘4-A’ for a period of up to seven years. Consistent with the RNY Statutes, each allocation recommended by EDPAB would qualify an applicant to enter into a contract with the Authority for the amount of the allocation pursuant to the terms and conditions of the recommendation by EDPAB and on such other terms as the Authority determines to be appropriate.

“The respective amounts of the expansion-related allocations listed in Exhibit ‘4-A’ are largely intended to provide approximately 70% of the individual expansion projects’ estimated new electric load. Because these projects have estimated new electric load amounts, and to ensure that an applicant’s overestimation of the amount needed would not cause that applicant to receive a higher proportion of RNY power to new load, the allocations in Exhibit ‘4-A’ are recommended based on an ‘up to’ amount basis. Each of these applicants would be required to, among other commitments, add the new electric load as stated in its application, and would be allowed to use up to

the amount of their RNY Power allocation in the same proportion of the RNY Power allocation to requested load as stated in Exhibit '4-A.'

"As with the previously recommended retention allocations, the contract would have provisions for effective periodic audits of the recipient of an allocation for the purpose of determining contract and program compliance, and for the partial or complete withdrawal of an allocation if the recipient fails to maintain mutually agreed upon commitments, relating to among other things, employment levels, power utilization, capital investment and/or energy efficiency measures. In addition, there shall be a requirement that a recipient of an allocation make its facilities available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform. At their March 27, 2012 meeting, Authority Trustees approved the form and substance of a retail contract that incorporates these requirements.

2. Modifications to RNY Power Allocations

"The eight applications listed on Exhibit '4-B,' which were previously approved by the Trustees at the April or June 2012 meetings, require a modification based on evaluation data discrepancies discovered after the June Trustee meeting. The discrepancies involve the applicant's commitment relating to jobs or capital investment as noted in Exhibit '4-B.' For example, an applicant may have mistakenly provided a five-year historic capital spending amount instead of an amount it would be committing to spend over the next five years. Because each application was evaluated and scored based on the applicable criteria, these applications had to be re-evaluated using corrected information. In six cases, applicants still scored high enough to warrant a recommendation from EDPAB for an allocation. In each of the other two cases, the applicant's revised score is not high enough to receive a recommendation for an allocation. Accordingly, EDPAB is recommending modified allocations for these applications as detailed in Exhibit '4-B.'

3. Ineligibility Determination

"In the process of reviewing the expansion-related applications for RNY Power, there was one application by a business listed on Exhibit '4-C' that fit within the definition of a retail business as established by EDPAB. The Board determined this applicant to be ineligible for an RNY Power allocation for this reason at their September 24, 2012 meeting.

4. 'No recommendation' for an RNY Power Allocation

"Based on its review of the 57 applications listed on Exhibit '4-D,' staff determined that these applicants have (i) deferred or canceled the expansion project described in the application, (ii) proposed projects that are too premature to enable applicants to make commitments necessary for an allocation of RNY Power, (iii) proposed plans that do not include a commitment to increase employment, or (iv) been unresponsive to requests by staff for more information needed to adequately evaluate their respective applications. Accordingly, EDPAB determined that these applications were not recommended for an allocation of RNY Power from the 200 MW block of expansion-based RNY Power described above.

5. Additional TEDs

"As noted above, PFJ and ECSB benefit recipients who applied for RNY Power but were not awarded an allocation may be considered for a TED under Chapter 60. At its June 2012 meeting, EDPAB recommended and the Trustees approve TEDs for 95 applicants.

"Staff has identified five additional applicants, listed in Exhibit '4-E,' that should be considered for a TED. Accordingly, EDPAB recommends to the Trustees that these five applicants be provided with a TED. In accordance with Chapter 60, the Trustees will determine and advise EDPAB whether sufficient funds are available for the funding of such TEDs through June 30, 2016.

6. Transfers of RNY Power

“Finally, EDPAB approved and recommended, in accordance with the RNY Statutes, that the Trustees approve transfers of RNY Power allocations for the businesses listed on Exhibit ‘4-F.’ Several RNY Power recipients have requested transfers of their RNY Power allocations to new or different business entities to accommodate various corporate changes since the time of application submittal late last year. Transfers are being requested for a variety of reasons including a business acquisition, corporate restructuring/name change, a new business affiliation, and a change to the plan to relocate from one part of New York State to a different part. One recipient instead, decided to invest and retain its employment at its current location. In all cases, the commitments to jobs and capital investment made in consideration of the RNY Power allocation awards remain the same as originally approved. The Trustees have previously authorized transfers of other Authority power products like Economic Development Power in similar circumstances.

RECOMMENDATION

“The Manager – Business Power Allocations and Compliance recommends that the Trustees (1) approve the allocations of RNY Power to the businesses listed in Exhibit ‘4-A’ as indicated therein; (2) approve modifications of existing RNY Power allocations to the businesses and not-for-profit corporations identified in Exhibit ‘4-B’ as indicated therein; (3) authorize the businesses listed in Exhibit ‘4-E’ receive a transitional electricity discount; and (4) authorize the transfer of the RNY Power allocations identified in Exhibit ‘4-F.’

“For the reasons stated, I recommend the approval of the above requested action by adoption of a resolution in the form of the attached draft resolution.”

Mr. Michael Huvane presented highlights of staff’s recommendations to the Trustees. He said the attachments to the recommendation have been modified with the removal of Blue Green Farms of Yapakn, Long Island, from Exhibit “A” – Recommendations for RNY Allocation” to Exhibit “D” – Recommendations for No Allocations.

In response to a question from Chairman Koelmel, Mr. Huvane said the allocations being recommended are for the purpose of capital expansion. In response to further question from Chairman Koelmel, Mr. Huvane said jobs, capital investment and the cost of the electricity are the primary considerations in the 12 criteria used when considering an application for allocation.

In response to a question from Trustee Flynn, Mr. Huvane said the current applications for RNY power are not from a broader pool of applicants; they are from the diverse population of applicants who would have been eligible to apply for power under the former Power for Jobs Program. The PFJ program, however, has been closed to new applicants; therefore, when the new RNY program was announced it opened the door for other applicants from that pool, some of which have been successful in meeting the criteria for an allocation. Trustee Nicandri added that the expectation of agreements for a period up to seven years will increase the possibility of applications from companies considering investment and capital improvement and this will increase the pool of applicants in the future.

Responding to a question from Trustee LeChase, Mr. Huvane said five members of staff analyze the applications; however, all of the Marketing Department staff have worked on some aspect of the process of closing out the old Power for Jobs Program and implementation the new Recharge New York Program.

Trustee Flynn recused himself from the discussions and any actions taken as it relates to the following companies: AccuMed Innovative Technologies LLC, American Rock Salt Company LLC, Chapin Manufacturing, Cannon Industries Inc., Cannon Industries Inc., ConMed Corporation, Currier Plastics, Jrlon, Inc., GL&V USA Inc., Hopshire Farm LLC and Klein Steel Service Inc.

Trustee LeChase recused himself from the discussions and any actions taken as it relates to the following companies: Global Foundries US Inc., American Rock Salt Company LLC, Klein Steel Service Inc., Infotonics Technology Center, Inc. and LVI Demolition Services, Inc.

Trustee Mahoney recused herself from the discussions and any actions taken as it relates to the following companies: Bitzer Scroll, Inc. and Ultra Dairy, LLC.

Trustee Nicandri abstained since he voted for its approval at the Economic Development Power Allocation Board meeting held earlier.

The following resolution, as submitted by the President and Chief Executive Officer was approved, as amended, with Trustee Nicandri abstaining and Trustees LeChase, Flynn and Mahoney being recused as it relates to the aforementioned companies.

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve the ReCharge New York Power Allocations to the companies listed in Exhibit “4-A”; and

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve modifications to the ReCharge New York Power Allocations for the companies listed in Exhibit “4-B”; and

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority, as deemed feasible and advisable, approve the companies listed in Exhibit “4-E” for a transitional electricity discount; and

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority authorize transfers of ReCharge New York Power Allocations identified in Exhibit “4-F”;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby authorizes the allocations of ReCharge New York power to the companies listed on Exhibit “4-A” in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority hereby approves modifications to the ReCharge New York Power Allocations for the companies listed in Exhibit “4-B” in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority, as deemed feasible and advisable, approve the companies listed in Exhibit “4-E” for a transitional electricity discount in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority hereby authorizes transfers of ReCharge New York Power Allocations identified in Exhibit “4-F” in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further

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

5. Charles Poletti Power Plant – Deconstruction Project – Contract Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of a two-year contract to LVI Demolition Services, Inc. of East Hanover, NJ, in the amount of \$20,580,921, for the Charles Poletti Power Plant Deconstruction Project (‘Project’) at the Astoria Site, including all options and the scrap metal value credit.

BACKGROUND

“In accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services, construction, equipment purchases and non-procurement contracts in excess of \$3 million requires the Trustees’ approval.

“Under the terms of the Supplemental Joint Stipulation, dated September 12, 2002, which is a part of the ‘Opinion and Order Granting a Certificate of Environmental Compatibility and Public Need Subject to Conditions,’ dated October 2, 2002, issued by the New York State Board on Electric Generation Siting and the Environment for the construction and operation of the 500 MW Combined Cycle Power Plant, the Authority was required to cease operation of the Charles Poletti Power Plant by January 31, 2010. In 2010, after cessation of generation, the plant was environmentally stabilized and placed in a state of permanent lockout. During 2011, the sale of market valuable assets was completed along with preparation of a full environmental assessment and design documents for the deconstruction. In 2012, the deconstruction package was issued for bid on the demolition to grade of the Charles Poletti Power Plant, including core and shell, all auxiliary buildings, the discharge canal and intake structure, and shoreline and security restorations.

Evaluation

“In response to the Authority’s Request for Proposal advertised in the New York State *Contract Reporter* on March 20, 2012, one hundred and ninety-five (195) firms downloaded the bid document. On May 24, 2012, four proposals were received. Following addenda, pre-award meetings and clarifications, the final bids are as listed below:

Bidder	City, State	Base Bid	Salvage Credit	Total Bid Options	Total Award
LVI Demolition Services, Inc.	E. Hanover, NJ	\$28,187,581	\$9,686,928	\$2,080,268	\$20,580,921
Manafort Bros, Inc.	Plainville, CT	\$23,174,544	\$5,233,000	\$1,756,952	\$19,698,496
Gramercy Group, Inc.	Plainview, NY	\$26,742,800	\$8,500,000	\$2,649,934	\$20,892,734
Breeze National, Inc.	Brooklyn, NY	\$25,500,000	\$5,700,000	\$1,185,000	\$20,985,000
Fair Cost Estimate	NA	\$37,841,000	\$6-12Million	\$1,183,900	\$27,024,900

“A complete bid review was conducted by an Evaluation Committee consisting of Authority staff and the Authority’s Engineering Consultant, TRC Engineers, Inc. Breeze National, Inc. was deemed non-responsive due to an incomplete bid submission. Manafort Brothers Inc. submitted a complete package; however the Authority requested additional information from Manafort to demonstrate experience on projects of similar size and scope. Manafort was able to demonstrate experience with demolition projects but have limited experience performing large scale projects with power plants or industrial facilities in New York City similar to the Project.

“On July 11, pre-award meetings were held with the remaining two bidders, LVI Demolition Services Inc. (‘LVI’) and Gramercy Group, Inc. (‘Gramercy’), to review their approach to the work, project logistics, salvage recovery, schedule and the post-bid clarifications. As a result of the responses and required clarifications, it was apparent that both firms could perform the work, however, LVI presented a more comprehensive approach to the work, was familiar with the project specifics, has the available resources and has the most experience on similar projects. Gramercy has the relevant experience but has recently been awarded two large deconstruction projects in New York which will be performed during the same timeframe as the Project and will impact resource and equipment availability.

“LVI has been in business for 26 years and its corporate headquarters are in New York City. LVI has performed similar power plant demolition projects in New York and is considered a reputable contractor. The contractor is in good standing as confirmed by the Authority’s Procurement Department and as reported by the verified reference checks. LVI is financially secure, has adequate experience in executing this type of work and their bid is consistent with the Fair Cost Estimate.

“The deconstruction is scheduled to commence January 2013 and be completed by June 2014.

FISCAL INFORMATION

“As part of the SENY Governmental Customer Agreements, beginning in 2005, a cost-of-service fee has been assessed to each customer for the decommissioning project and the Authority has been accruing for this liability on a monthly basis. Approximately \$33 million from the SENY Governmental Customers has been collected through July 1, 2012 and, to date, approximately \$12 million has been expended on the deconstruction of the demineralizer plant and the fuel oil yard.

“Payments associated with this project will be made from the Authority’s Operating Fund.

RECOMMENDATION

“The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Procurement, and the Regional Manager – SENY recommend that the Trustees approve the award of a two-year contract to LVI Demolition Services, Inc. of East Hanover, NJ, in the amount of \$20,580,921, for the Charles Poletti Power Plant Deconstruction Project.

“For the reasons stated, I recommend the approval of the above requested action by adoption of a resolution in the form of the attached draft resolution.”

Ms. Andrea Luongo presented highlights of staff’s recommendation to the Trustees. In response to a question from Trustee Mahoney, Ms. Luongo said the bid request for the project includes a requirement for bidders to have 5 – 10 years of experience performing similar work. Also, since the project is connected to the US Power Generating station, in addition to experience in performing work on projects of this magnitude, consideration was given to bidders with experience in procuring permits from the New York City Department of Buildings to ensure they have the ability to get the required permit in a timeframe to accommodate the project. Ms. Luongo said staff listed all of the requirements necessary and credentials that would be taken into consideration when evaluating the bids. The Authority does encourage new firms to bid on its projects and fair consideration is given to all bids received on a case by case basis and based on the project risks.

In response to a question from Trustee Nicandri, Ms. Luongo said the Authority will still own the property after the deconstruction is complete and that the Authority does not own the property where the Astoria II facility is located.

Trustee Flynn stated that in order to increase the amount of competition generated from its RFPs and give more firms an opportunity to qualify for its projects, the Authority could enhanced its public relations and training.

Chairman Koelmel requested that President Quiniones and Mr. Welz follow-up on what the Authority can do to further enhance and improve its procurement processes to increase the pool of qualified bidders for its projects.

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, approval is hereby granted to award a two-year contract to LVI Demolition Services, Inc. of East Hanover, NJ, in the amount of \$20,580,921, for the Charles Poletti Power Plant Deconstruction Project as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Contract Approval</u>
LVI Demolition Services, Inc. East Hanover, NJ	<u>\$20,580,921</u>

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

6. Energy Services Programs – Authorization to Fund Energy Auditing and Retro-Commissioning Services – Contract Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of five-year energy auditing and retro-commissioning services contracts to Source One Inc., Horizon Engineering Associates LLP, Goldman Copeland Associates, Willdan Energy Solutions, EnerNoc Inc., Eneractive Solutions, Energy & Resource Solutions, Wendel, CDM Smith, Taitem Engineering P.C. and CJ Brown Energy P.C. in the amount of \$100 million, in aggregate, in support of the Authority’s Energy Services Programs (‘ESP’). Firms were evaluated on their experience and pricing; firms with the highest composite evaluation scores are being recommended. These funds will be taken from various energy services program funds previously approved by the Trustees. As with all Authority ESP initiatives, this funding will be recovered directly from program participants.

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, construction, equipment purchase or non-procurement contracts in excess of \$3 million, as well as personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source or non-low bidder, requires the Trustees’ approval.

“The Trustees previously authorized funding in the amount of \$1.5 billion to finance energy efficiency and clean energy technology projects for the Authority’s Governmental Customers and \$883 million for energy efficiency and clean energy technology projects for New York State. Subsequently, the City of New York significantly increased its participation in the Authority’s Governmental Customers Energy Services Programs (‘GCESP’) in order to meet Mayor Bloomberg’s plaNYC goals. Additionally, Governor Cuomo announced in his 2012 State of the State address that New York is developing a master plan for accelerating energy-saving improvements in state facilities. The plan calls for substantial investment in energy efficiency measures in state buildings to reduce energy consumption by twenty percent over the next seven years. With these initiatives, use of the Authority’s ESP offerings, particularly screening audits and retro-commissioning services, are expected to expand.

“As the general contractor for ESP, the Authority contracts for the study and evaluation of ESP measures with Energy Auditing and Retro-Commissioning Firms. The services provided by these firms complement the Authority’s headquarters and field office resources. The scope-of-work generally consists of the following:

- On-site surveys, energy audits and technical feasibility studies of participants’ facilities to determine measures that would provide significant energy and/or operational cost savings.
- Preparation of project proposals to assist implementation contractors with documents and solicitation of competitive bids.
- Identification, cost and savings analysis for energy saving measures that provide less than a 25-year payback based on energy savings.
- Identification of changes to operation and maintenance procedures that will provide an energy reduction benefit.

- Identification of greenhouse reductions that can be realized due to implementation of the energy measures provided.
- Identify opportunities for retro-commissioning and their anticipated cost and savings.

“In addition, if a firm is retained, the firm, under Authority staff supervision, is required to work directly with the customer/program participants from facility audit to final acceptance of recommendations.

DISCUSSION

“On April 24, 2012, the Authority advertised in the New York State *Contract Reporter* a Request for Proposals (‘RFP’) soliciting firms interested in providing the aforementioned services for energy auditing and retro-commissioning. Bidders were able to provide bids for any or all of the four regions defined as New York City/Westchester (SENY) Customers of the Authority, Downstate, Western and Northeastern New York. In response to the notice, 205 firms downloaded the RFP from the Authority’s Web site. Fifty (50) firms attended the mandatory bidders’ conference held on May 8, 2012 to explain the proposed scope-of-work and provide an opportunity for potential bidders to ask questions and seek clarification.

“On June 6, 2012, twenty-six (26) firms submitted bids for the program. The bids were evaluated based on a number of technical criteria and costs by an evaluation team made up of Energy Efficiency and Procurement staffs. These criteria included the firm’s relevant technical experience in conducting comprehensive energy audits, retro-commissioning surveys, preparing retro-commissioning plans, performing energy modeling of buildings, fee structure, practical knowledge of building systems and energy-efficiency driven projects, quality of specifications, previously completed operation and maintenance manuals, financial security to undertake the project and costs. Authority staff recommends awarding contracts to the following eleven (11) firms, which had the highest composite evaluation scores: Source One Inc., Horizon Engineering Associates LLP, Goldman Copeland Associates, Willdan Energy Solutions, EnerNoc Inc., Eneractive Solutions, Energy & Resource Solutions, Wendel, CDM Smith, Taitem Engineering P.C. and CJ Brown Energy P.C. The contracts would cover a five-year period starting on October 1, 2012 and ending on September 30, 2017.

Source One, Inc. (‘Source One’)

“Headquartered in Boston, Massachusetts, with offices in New York City, Philadelphia, and Los Angeles, Source One is a full-service consulting engineering company that provides turnkey energy conservation services including energy auditing, retro-commissioning, metering and utilities management, development, design and construction implementation of energy efficiency and sustainable design projects. Source One has been in business for more than 15 years and is a subsidiary of Veolia Environment. Source One is being recommended for award in the SENY/Westchester region.

Horizon Engineering Associates, LLP (‘Horizon’)

“Headquartered in New York City, Horizon is a full-service consulting engineering company that provides turnkey energy conservation services including energy auditing, retro-commissioning, third-party commissioning development, design and construction implementation of energy efficiency and sustainable design projects. Horizon has also been in business for more than 20 years and is recognized as one of the nation’s leading providers of commissioning and sustainable consulting of building systems. Horizon is being recommended for award in all four regions.

Willdan Energy Solutions (‘Willdan’)

“With offices in New York City and Rockland County, Willdan is a full-service consulting engineering company that provides turnkey energy conservation services including energy auditing, retro-commissioning, development, design and construction implementation of energy efficiency projects. Willdan has been in business since 1965 and has participated in many of New York State Energy Research and Development Authority’s (‘NYSERDA’) programs as a consultant, including the FlexTech Program and Focus on Data Centers Program. Willdan is being recommended for award in the SENY/Westchester region.

Goldman Copeland & Associates ('GCA')

"Headquartered in New York City, Goldman Copeland is a full-service mechanical, electrical and plumbing ('MEP') consulting engineering firm, providing energy efficient engineering and design services including energy audits, retro-commissioning, energy modeling, economic analysis and cost estimating. GCA has been in business since 1968 and has assisted the New York City ('NYC') Mayor's Office of Long Term Planning in the development of the energy efficiency strategies for NYC. GCA is being recommended for award in the SENY/Westchester region.

EnerNoc, Inc. ('EnerNoc')

"Headquartered in Boston, Massachusetts, with offices in eleven cities including New York City, EnerNoc is a full-service consulting engineering company that provides turnkey energy conservation services including energy auditing, retro-commissioning, metering and utilities management, development, design and construction implementation of energy efficiency and sustainable design projects. EnerNoc has been in business for more than 11 years and is publically traded on NASDAQ. EnerNoc is being recommended for award in the SENY/Westchester region.

Eneractive Solutions ('Eneractive')

"Headquartered in New Jersey, with offices in Maryland and New York City, Eneractive is an independent consulting and project development firm specializing in the analysis, development and implementation of energy conservation projects. Eneractive has been in business for more than six years and has participated in NYSERDA's FlexTech program. Eneractive is being recommended for award in the SENY/Westchester region.

Wendel

"Headquartered in Buffalo, New York, with an office on Long Island, Wendel is a full-service firm delivering energy management, architectural, engineering, commissioning, retro-commissioning and construction management services. Wendel has been in business since 1940 and has participated in many of the Authority's energy efficiency programs and NYSERDA's programs, as well. Wendel is being recommended for award in the Western, Northeastern and Downstate NY regions.

CDM Smith ('CDM')

"Headquartered in Cambridge, Massachusetts, with an office on Long Island, CSM is a full-service firm delivering energy, architectural, engineering, environmental, transportation design services and construction management. CDM has been in business since 1947 and has participated in many of the Authority's energy efficiency programs and NYSERDA's programs, as well. CDM is being recommended for award in the Western, Northeastern and Downstate NY regions.

Energy & Resource Solutions ('ERS')

"Headquartered in North Andover, Massachusetts, with an office in New York City, ERS is a turnkey energy audit firm specializing in field data collection, monitoring system deployment, data analysis, and reporting. ERS has been in business for more than 15 years and has participated in many of NYSERDA's and National Grid's energy programs. ERS is being recommended for award in the Downstate and Northeastern NY regions.

Taitem Engineering, P.C. ('Taitem')

"Headquartered in Ithaca, New York, with an office in St. Lawrence County, Taitem is a turnkey engineering firm specializing in mechanical, electrical, structural design, energy studies and energy research. Taitem has been in business for more than 20 years and has been NYSERDA's quality assurance contractor since 2007. Taitem is being recommended for award in the Northeastern NY region.

CJ Brown Energy, P.C. ('CJ Brown')

"Headquartered in Buffalo, New York, CJ Brown is a full-service firm specializing in energy utilization, conservation and management, building commissioning, retro-commissioning, and energy procurement. CJ Brown was founded in 1989 and was incorporated in 1996. The company participated in many of NYSERDA's programs as a consultant, including the FlexTech benchmarking pilot program and the energy audit program. CJ Brown is being recommended for award in the Western NY region.

FISCAL INFORMATION

"Funding for these contracts will be provided from the funding previously approved by the Trustees for the Governmental Customers and Statewide ESPs. The existing 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 the Petroleum Overcharge Restitution ('POCR') fund. All Authority costs, including Authority overheads and the costs of advancing funds, but excluding any grant of POCR funds, will be recovered consistent with other ESPs.

RECOMMENDATION

"The Senior Vice President – Economic Development and Energy Efficiency and the Vice President – Energy Efficiency recommend that \$100 million, in aggregate, of the previously approved funding for the Governmental Customers Energy Services Program and the Statewide Energy Services Program be allocated and that procurement services contracts for Comprehensive Energy Audits and Retro-Commissioning services be awarded to the highest composite scored bidders, Source One, Horizon Engineering Associates LLP, Goldman Copeland Associates, Willdan Energy Solutions, EnerNoc Inc., Eneractive Solutions, Energy & Resource Solutions, Wendel, CDM Smith, Taitem Engineering P.C. and CJ Brown Energy P.C., each, for a five-year term.

"For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution."

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 Chief Operating Officer, the Senior Vice President – Economic Development and Energy Efficiency and the Vice President – Energy Efficiency or such officer designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority and Source One Inc., Horizon Engineering Associates LLP, Goldman Copeland Associates, Willdan Energy Solutions, EnerNoc Inc., Eneractive Solutions, Energy & Resource Solutions, Wendel, CDM Smith, Taitem Engineering P.C. and CJ Brown Energy P.C., such agreements having terms and conditions approved by the executing officer, subject to the approval of the form thereof by the Executive Vice President and General Counsel, to facilitate the implementation of the Governmental Customers Energy Services Programs and the Statewide Energy Service Programs, and be it further

RESOLVED, That in accordance with the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, that \$100 million be allocated from previously approved funding for contracts for Source One Inc., Horizon Engineering Associates LLP, Goldman Copeland Associates, Willdan Energy Solutions, EnerNoc Inc., Eneractive Solutions, Energy & Resource Solutions, Wendel, CDM Smith, Taitem Engineering P.C.

and CJ Brown Energy P.C. in the amounts and for the purposes listed below:

<u>Commercial Paper Program/ Operating Fund/POCR</u>	<u>Ceiling</u>	<u>Termination Date</u>
Source One, Horizon Engineering, Goldman Copeland, Willdan, EnerNoc, Eneractive, E&R Solutions, Wendel, CDM, Taitem and CJ Brown	\$100 million (aggregate)*	09/30/2017

AND BE IT FURTHER RESOLVED, That the Authority's Commercial Paper Notes, Series 1, Series 2 and Series 3, and Operating Fund monies may be used to finance both Governmental Customers Energy Services Programs and Statewide Energy Services Programs costs; and be it further

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

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

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

* A total of \$100 million will be allocated to Source One Inc., Horizon Engineering Associates LLP, Goldman Copeland Associates, Willdan Energy Solutions, EnerNoc Inc., Eneractive Solutions, Energy &Resource Solutions, Wendel, CDM Smith, Taitem Engineering P.C. and CJ Brown Energy P.C. Allocations will be determined as GCESP and Statewide ESP project work is assigned and on vendor performance.

7. **Board Resolution – Thomas P. Antenucci**

Mr. Edward Welz read the resolution honoring Mr. Thomas P. Antenucci. On motion made and seconded, the following resolution was unanimously adopted.

WHEREAS, Thomas P. Antenucci has left an indelible mark on the New York Power Authority and on the energy infrastructure of New York State through his critical engineering and management roles in a series of projects that have helped to define the Power Authority's history and to shape its future; and

WHEREAS, after joining the Authority staff as a Civil Engineer in 1980, Mr. Antenucci began a steady ascent that culminated in his appointment as a Senior Vice President and, most recently, as one of the small group of distinguished professionals who have served as Chief Engineer of the Power Authority; and

WHEREAS, the projects that have benefited from Mr. Antenucci's expertise and skills range from the Marcy-South transmission line and the Sound Cable Project to the Flynn plant on Long Island and the 500-Megawatt Combined Cycle Plant in New York City; and

WHEREAS, over the past 15 years, he has been at the focal point of the successful development and implementation of the ambitious Life Extension and Modernization programs at the Authority's hydroelectric facilities; and

WHEREAS, as the Senior Vice President -Power Supply (now Operations) Support Services since 2009, Mr. Antenucci has moved beyond his longtime focus on project management to assume supervisory and coordinating responsibilities for such additional functions as engineering, project development and licensing, and asset planning and management; and

WHEREAS, Mr. Antenucci's solid technical knowledge, calm and thoughtful approach and demonstrated ability to anticipate and effectively address the most formidable of problems have earned him the abiding respect of his colleagues and the unofficial title of "*Il Professore*," with even the most senior engineers consistently turning to him for indispensable advice and assistance; and

WHEREAS, Mr. Antenucci arrived at the Power Authority from American Electric Power with a singular educational background, having graduated from Columbia College as a history major and then having earned a second bachelor's degree, in civil engineering, from the City College of New York, credentials that enabled him to bring an uncommonly broad perspective to his NYPA duties; and

WHEREAS, this has been manifested most frequently through his propensity to apply pertinent quotations and aphorisms from history and literature to the world of engineering, always with impeccable attribution and with a precision and relish otherwise reserved over the years for the cultivation of his formidable home rose gardens; and

WHEREAS, Mr. Antenucci is retiring from the Power Authority after more than three decades of exemplary service to the Authority and the people of New York State;

NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York express their appreciation and admiration to Thomas P. Antenucci for his diverse and enduring accomplishments at the Authority and his unswerving commitment to the highest standards of his profession and that they wish him; his wife, Mary; and their two daughters a happy, healthy and rewarding future.

September 24, 2012

8. **Motion to Conduct An Executive Session**

Mr. Chairman, I move that the Authority conduct an executive session pursuant to the Public Officers Law of the State of New York section 105 to discuss matters leading to the award of contracts to particular corporations. On motion duly made and seconded, an Executive Session was held.

9. **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.

10. **Next Meeting**

The next regular meeting of the Trustees will be held on **Monday, October 29, 2012, at 11:00 a.m., at a location to be determined**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion made and seconded, the meeting was adjourned by the Chairman at approximately 1:00 p.m.

A handwritten signature in cursive script, appearing to read "Karen Delince".

Karen Delince
Corporate Secretary

September 24, 2012

EXHIBITS

For

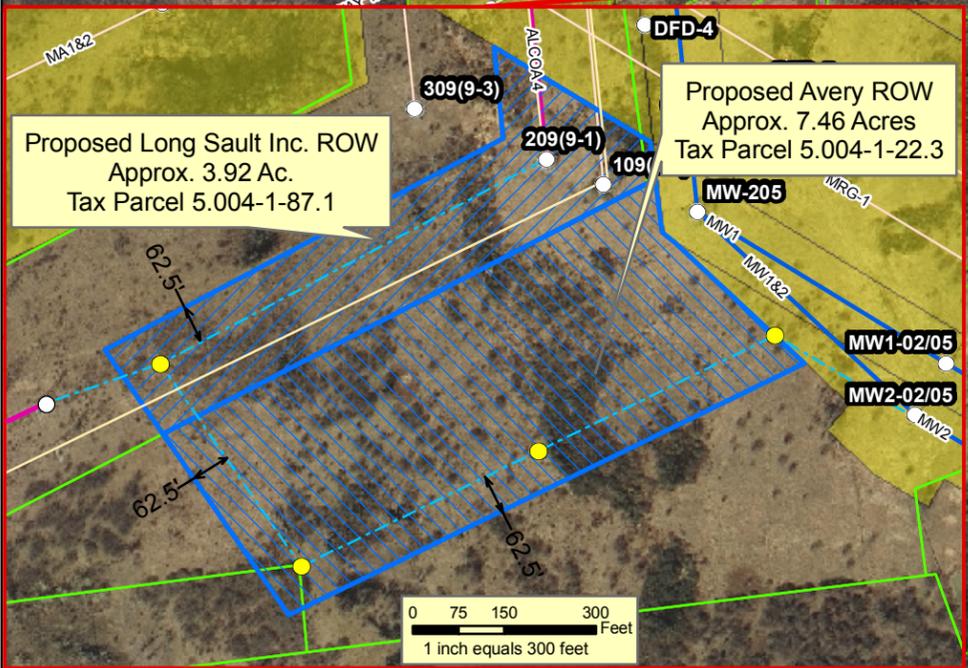
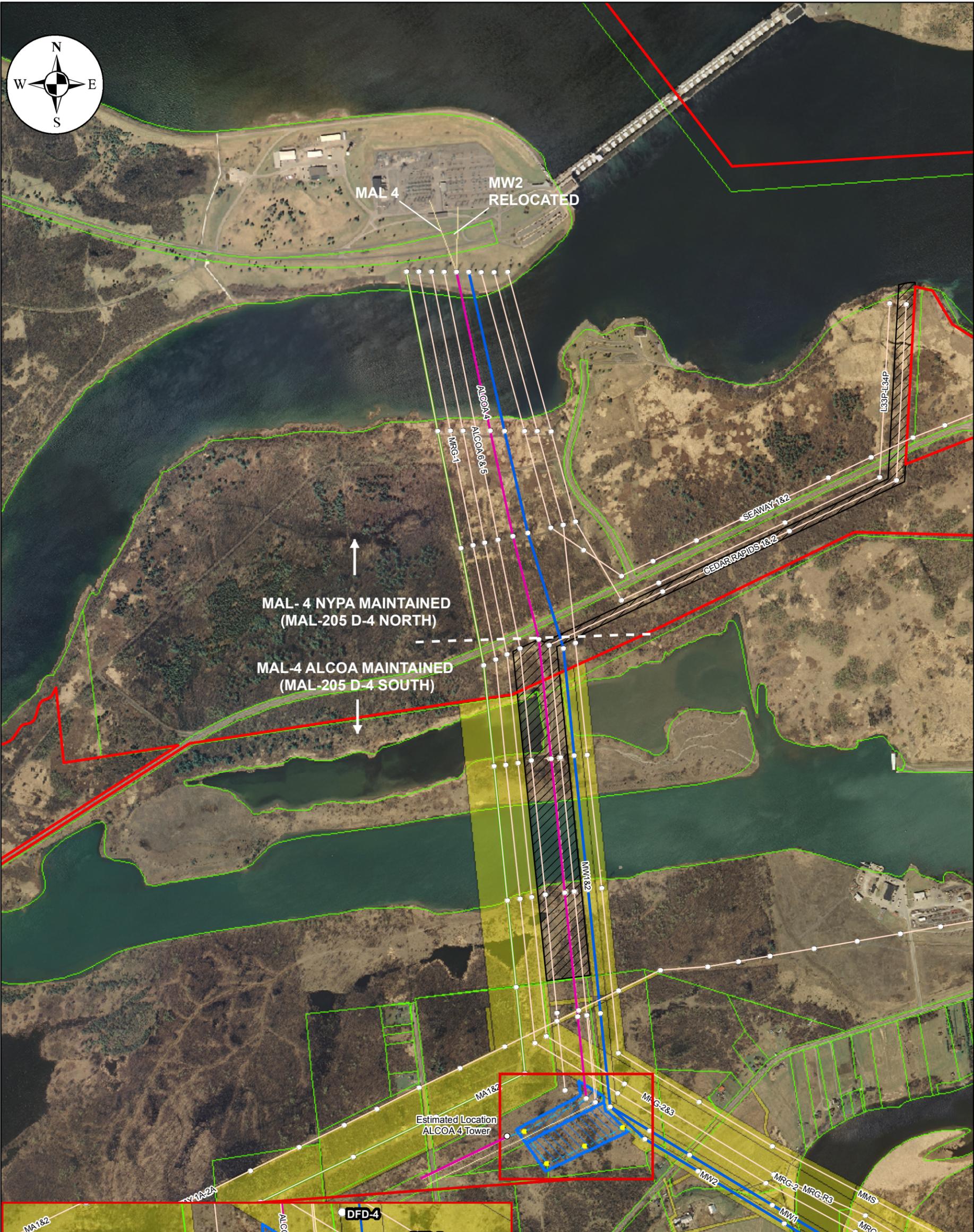
September 24, 2012

Regular

Trustees' Meeting

September 24, 2012
EXHIBIT "2c-A"

Landowner	Map No.	Acreage
Keith Avery	SMA-500	7.46



REV	DESCRIPTION
8	Added NYPA & Alcoa Tx. Esmts. Across Seaway Property & SLPP FERC Project Bdy. - JGW 12/13/11
7	Revised New Line Configuration & New ROW Configuration - JGW 5/13/11
6	Revised New Line Configuration & New ROW Configuration - JGW 4/14/11
5	Added Tax Map Nos. & Revised Landowner Name in Inset - JGW 1/18/11
4	Added Proposed ROW Configuration Added Tax Maps, Revised Title Block Standardized scale for map and inset JGW 1/06/10
3	New Line Configuration Revised 12/11/09
2	Scale bars added-7/22/09
1	Title Block Modification 6/29/09-VCP
0	Dwg: DGE; Eng: WJS; 6/15/09

Proposed Line Relocation Moses-Willis 2

Option #2
Using the spare position on the MAL #4 structures

LEGEND

- Existing Structures
- Existing Transmission Lines
- Alcoa 4
- Other Transmission Lines
- Moses-Willis
- SLPP FERC Project Boundary
- Tax Maps
- NYPA Easements
- Alcoa Tx. Easement
- Relocated Tx. Spans
- New Tx. Structures
- New Long Sault Inc. Easement
- New Avery Easement

0 500 1,000 2,000 Feet
SCALE: 1 inch = 1000 feet

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

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
MED ENERGY EFFIC. RESOURCES & TECH SERV. – ENERGY SERVICES	Q12-5223; 3 awards: 1. ALTRAN SOLUTIONS CORP. Cranbury, NJ 2. RCM TECHNOLOGIES, INC. Pennsauken, NJ 3. SCHUYLER ENGINEERING, PC Lindenhurst, NY (PO #s TBA)	10/01/12 (on or about)	Provide for engineering services for Energy Services projects, on an "as needed" basis	09/30/17	B/P			\$5,000,000*
							*Note: represents aggregate total for up to 5-year term All project costs will be recovered by the Authority.	
POWER SUPPLY - EH&S, Project Mgmt & NIA	BUFFALO ENVIRONMENTAL CONSULTANTS d/b/a AFI ENVIRONMENTAL Niagara Falls, NY (Q12-5256; PO# TBA)	10/01/12 (on or about)	Provide for the services of an Environmental, Health & Safety professional to support EH&S compliance and Project Management activities at Niagara Project	09/30/17	B/P			\$1,000,000*
							*Note: represents total for up to 5-year term	
POWER SUPPLY - STL	CASELLA WASTE SERVICES Potsdam, NY (RFQ 6000133579; PO# TBA)	10/01/12 (on or about)	Provide for recycling and disposal services of various scrap metals at the STL Project	09/30/15	B/S			\$0*
							*Note: this is expected to be a "revenue-generating" contract for up to 3-year term	
POWER SUPPLY - SENY	CORE ENVIRONMENTAL, INC. ♦ Buffalo/Williamsville, NY Maspath, NY (Branch Office) (Q12-5268; PO# TBA)	10/01/12 (on or about)	Provide for environmental sampling and laboratory analysis for SENY plants	09/30/17	B/S			\$700,000*
							*Note: represents total for up to 5-year term	

♦ **M / WBE:** New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
1 Award Basis: B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

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

EXHIBIT "2e-A"
September 24, 2012

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
POWER SUPPLY - SENY	FRANK D. RIGGIO COMPANY, INC. Bayonne, NJ (RFQ 6000132943; PO# TBA)	10/01/12 (on or about)	Provide for valve repair services for the SENY plants	09/30/17	B/S	*Note: represents total for up to 5-year term		\$1,500,000*
POWER SUPPLY - SCPPs	GE PACKAGED POWER, INC. Houston, TX (Q12-5183; PO# TBA)	10/01/12 (on or about)	Provide for master service and parts agreement for the LM6000 gas turbine generator units at the SCPPs	12/31/17	B/S	*Note: represents total for up to 5-year, 3-month term		\$40,000,000*
POWER SUPPLY - SENY	LONGO ELECTRICAL-MECHANICAL, INC. Wharton, NJ (Q12-5288; PO# TBA)	10/01/12 (on or about)	Provide for repair, inspection, overhaul and rewind services for 100 – 10,000 hp motors at the SENY plants	09/30/17	B/S	*Note: represents total for up to 5-year term		\$3,000,000*
STRATEGIC PLANNING - CLEAN ENERGY TECHNOLOGY	Q12-5277; 4 awards: 1. BLACK & VEATCH CORP. Overland, KS (HQ) Boston, MA and San Francisco, CA (Branch Offices) 2. CLEAN POWER RESEARCH LLC Napa, CA	10/01/12 (on or about)	Provide for solar photovoltaic consulting services involving technical and economic analyses and program development in connection with the Solar Market Acceleration Program ("Solar MAP")	09/30/15	B/P	*Note: represents aggregate total for up to 3-year term; Funding to be drawn from \$30 million authorized by the Trustees on 3/27/12 to implement Solar MAP, in support of the Governor's NY-Sun initiative.		\$1,000,000*

[continued on next page]

♦ **M / WBE:** New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
 1 **Award Basis:** B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
 2 **Contract Type:** P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

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

EXHIBIT "2e-A"
 September 24, 2012

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
	Q12-5277 continued:							
	3. HATCH ASSOCIATES CONSULTANTS, INC. Amherst, NY							
	4. NAVIGANT CONSULTING, INC. Westbury, NY (PO#s TBA)							

♦ M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
 1 Award Basis: B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
 2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

Procurement (Services) Contracts – Extensions and/or Additional Funding
 (For Description of Contracts See "Discussion")

EXHIBIT "2e-B"
 September 24, 2012

<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>
POWER SUPPLY- SENY	CARRIER CORP. Farmingdale, NY 4600002001	10/01/08	Provide for HVAC main- tenance and repair ser- vices for SENY plants (except the Flynn Plant and Brentwood SCPP)	09/30/13	B/S	\$1,500,000	\$918,843	\$1,500,000*
						*Note: represents amount previously approved by the Trustees; NO additional funding requested.		
POWER SUPPLY- FLYNN Plant & Brentwood SCPP	ETNA PRESTIGE TECHNOLOGY, INC. Lynbrook, NY 4500211577	01/01/12	Provide for HVAC main- tenance and repair ser- vices for the Flynn Plant and Brentwood SCPP	12/31/13	B/S	\$50,000	\$3,563	\$50,000*
						*Note: represents originally approved amount; NO additional funding requested.		

♦ **M / WBE:** New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
 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



New York Power Authority

Generating more than electricity

President & Chief Executive Officer Report

Gil Quiniones

September 24, 2012

Board of Trustees Meeting

NYPA OVERALL PERFORMANCE

AUGUST 2012

GOAL		CORPORATE MEASURE	YTD TARGET	YTD ACTUAL	STATUS			
					Jun	Jul	Aug	
Goals	Mission	Economic Development	Jobs per MW Allocated* (ratio) <small>*Target will be set with ReChargeNY program roll out</small>	N/A				
		Energy Services	MMBTU's Saved	312	357.5			
			Energy Efficiency Investment In State Facilities (\$ Millions)	48.3	76.3			
	Energy Infrastructure	Energy Highway (% Milestones)	50	50				
Goals	Stewardship	Financial Management	O&M Budget Performance (\$ Millions)	244.9	229.1			
			Debt Coverage Ratio (Ratio)	2.5	2.62			
	Maintain Infrastructure	Generation Market Readiness (%)	99.4	99.7				
		Transmission System Reliability (%)	97.34	98.39				
		Workforce Management	Retention (# of Touchpoints)	310	366			
Training (% Milestones)	50		50					
Goals	Accountability	Safety Leadership	Recordable Incidence Rate (Index; 12 - month rolling average)	1.00	1.48			
		Environmental Responsibility	Environmental Incidents (Units)	21	23			
		Enterprise Risk	Enterprise Wide Risk Management (% Milestones)	40	20			
		Compliance	Compliance Reporting (% Milestones)	50	50			
Compliance Training (% Milestones)	50		50					

Highlights from August and September 2012

- Governor Cuomo's Yogurt Summit
- ReCharge NY events to mark recent lower-cost power allocations across the state
 - Western NY
 - Central NY
- First Responder grants in the Blenheim-Gilboa area

Yogurt Summit

- On August 15, in Albany Governor Cuomo brought together government and private industry to aid the NY yogurt industry
- NY yogurt processing plants have more than doubled in last 12 years and are a significant job creators -- over 8,000 jobs in NY
- Production has grown from 158 million pounds to 1.2 billion pounds during that same period
- NYPA is leading an inter-agency team, working with farmers and processors to determine the feasibility of constructing anaerobic digesters; the team is exploring site options and performing economic analyses to develop a plan forward



ReCharge NY Events – September

- Mayer Bros. Apple Products on September 6 in West Seneca
 - 626 kilowatts of lower cost power
 - supports retention of over 200 jobs, and allows the company to invest \$9 million in operation upgrades
- Anchor Glass on September 18 in Elmira Heights
 - 6,630 kilowatts of lower cost power
 - Supports retention of 325 jobs



Chairman Koelmel speaking at the Mayer Brothers event

First Responder Grants

- Following the flooding from last summer's storms, NYPA approached the area's first responders and offered applications for a one-time special funding opportunity for larger equipment needs
- At an event held in North Blenheim on September 19, NYPA presented more than \$207,000 to nine first-responder organizations that serve NYPA's Blenheim-Gilboa Pumped Storage Power Project



Edward Welz
Chief Operating Officer

TO: NYPA BOARD OF TRUSTEES
FROM: EDWARD WELZ, CHIEF OPERATING OFFICER
DATE: SEPTEMBER 12, 2012
SUBJECT: MONTHLY REPORT FOR THE BOARD OF TRUSTEES

This report covers performance of the Operations group in August 2012.

Operations

Plant Performance

Systemwide net generation¹ was 1,943,635 megawatt-hours² (MWh) in August 2012, compared to projected net generation of 2,368,701 MWh. Year-to-date net generation is 17,203,259 MWh, compared to the target of 18,650,853 MWh.

The fleet availability factor³ was 92.5 percent in August 2012, and 90.1 percent for the year. Generation market readiness factor⁴ was 99.3 percent in August, compared with the monthly target of 99.4 percent. Year-to-date generation market readiness factor was at 99.7 percent.

In August, there were four significant unplanned generation events⁵ during the month:

- a) Both Astoria 500MW combustion turbines tripped on low natural gas pressure resulting in the plant being shut down for 16 hours. The resulting outage was \$93,000 in lost revenue.
- b) Harlem River GT Unit 2 was in forced outage due to gas being found in an oil sample of the step-up transformer. The unit remains out of service and is expected to return to service by mid-October.
- c) A failure occurred on the Main Generator Step-Up Transformer at Gilboa Unit 2. The unit is expected to return to service by mid-October.

- d) A transformer fire occurred on Robert Moses Unit 3 at Niagara. The unit is expected to return to service by late September.

Generation net revenue in August was \$24.3 million with a loss of revenue of \$0.15 million for the month. Year-to-date Generation net revenue was \$151.9 million and lost opportunity cost was \$0.71 million.

Niagara River flows in August 2012 continued to be below the historical average, and are expected to be below average for at least the next two years. St. Lawrence River flows during August 2012 were also below forecast. River flows are expected to be below historical levels beyond 2013.

Transmission Performance

Transmission reliability^[i] in August was 99.93 percent, which was above the target of 98.71 percent. Year-to-date transmission reliability is 98.39 percent, above the target of 97.34 percent.

There were no significant unplanned transmission events to report in August.

Environmental

There were three reportable event for August 2012. For the year, there have been 23 reportable incidents. The year-to-date target as of August 2012 is 21.

Transmission Initiative

No updates to report for the month.

Relicensing – Niagara Power Project

Reservoir State Park is substantially complete. The repaving of Old Military Road, which was delayed due to unanticipated soil contamination, is being completed.

The new stone connecting stairway at Whirlpool Street in the Niagara Gorge and the two stone replacement fishing access stairs at Artpark have been completed. The results are impressive.

A final decision was reached with OPRHP regarding coatings for Schoellkopf and Whirlpool overlooks railings, allowing railing delivery and installation to proceed.

Excavation work continues for implementing the Motor Island HIP, which will continue into the fall and be followed by planting of woody species.

Permitting work continues for the next HIP at Frog Island, which is expected to begin construction next year. Design studies are also beginning for detailed development of

the last of the HIPs, at Strawberry Island, which is expected to be constructed in 2014 and 2015.

Relicensing – St. Lawrence-FDR Power Project

Construction of the pumphouse for the Little Sucker Brook controlled level pond continues. Almost all the below water level/below grade work has been completed.

The WHWMA pumphouse is substantially complete. Start up and testing is scheduled for the second week in September.

Construction of the Nichols Island Controlled Level Pond should begin in early October. Final arrangements for laydown areas and spoil disposal are being worked out.

Two additional lake sturgeon spawning beds are planned to be installed in the RMPD tailrace this fall. All permits are in hand and a construction contract award will be made in September.

OPRHP will be starting the last two projects in the State Parks associated with Relicensing.. The most significant will be the construction of a new building to support the Coles Creek Marina. This should start around the first of October.

Relicensing – Blenheim-Gilboa Project

Most of the baseline studies are complete. Water Quality monitoring continues as it will for the duration of the relicensing effort.

Preparation of the preliminary licensing documents continues. At this time no significant regulatory issues that would impact relicensing have been identified.

Life Extension and Modernization Programs

St. Lawrence LEM Upgrade

Work on Unit 20 at the St. Lawrence-FDR Power Project, the 16th of the 16 units, began on May 9, 2012, as part of the Project's Life Extension and Modernization^[i] (LEM) program. Turbine overhaul with Alstom is complete. Major components including the turbine runner, shaft, outer head cover and intermediate head cover have been delivered to the site. St. Lawrence Site Staff commenced unit re-assembly. Unit return to service date is 12/21/12. The 2013 scheduled completion date for the LEM project remains unchanged.

LPGP LEM

The third feeder outage (Feeder 4) to replace the third GSU and potheads at the Switchyard and LPGP is scheduled to begin on October 1, 2012 and will be completed on

November 23, 2012. The third GSU arrived and has been assembled, the fourth GSU is in transit from China and is scheduled to arrive in the USPort in early October. The unit control upgrade and auxiliary system designs and fabrication are proceeding. The factory acceptance testing of the Static Exciters was completed and the equipment is presently being stored in the temporary warehouse. The factory acceptance testing of the Unit Circuit Breakers needs to be repeated, they are now scheduled to be shipped to the temporary warehouse in September. The new Unit Control and Iso Phase Bus factory acceptance testing are scheduled to occur over the next two months. The components for the first new turbine arrived in Hitachi's facility located in Japan and assembly commenced, The completed turbine is scheduled to arrive at LPGP in April 2013. The first unit outage is scheduled to begin December 2012 with the program completion scheduled for 2020.

RMNPP Unit 13 Standardization

The outage for the standardization work has been postponed from September 4th to September 14th due to Unit 3 generator step up transformer (GSU) failure. Voith has commenced with assembly of the new stator in the Assembly Bay which is scheduled to be completed in March 2013 in time for installation into Unit 13.

Technical Compliance – NERC Reliability Standards

In August, NYPA staff continued to manage compliance enforcement actions related to several of the NERC Reliability Standards that are applicable to NYPA's NERC registrations. The actions and statuses are briefly stated below:

- a. **PRC-005-1 R2 - Transmission and Generation Protection System Maintenance and Testing** (NERC Violation ID: NPCC2011-00236): NYPA self-reported to NPCC a potential violation of the requirement R2 of PRC-005-1 on February 11, 2011. The associated mitigation plan closure documents were reviewed and accepted by NPCC staff in early 2012. On August 15, 2012 NYPA met with NPCC staff for the initial settlement discussions. As a result of that meeting, NPCC staff requested some additional information that is currently being collected and will be forwarded to NPCC in September.
- b. **CIP-004-3 R2 - Cyber Security - Personnel and Training** (NERC Violation ID: NPCC20122-00446): NYPA self-reported to NPCC a potential violation of requirement R2 of CIP-004-3 on February 16, 2012. The mitigation plan and associated closure documents were submitted to NPCC for review and approval in April 2012. NPCC submitted them to NERC for approval on May 18 and NERC approved them and submitted them to FERC on June 14. NYPA is awaiting the initiation by NPCC of settlement discussions.

- c. **CIP-004-3 R4 - Cyber Security - Personnel and Training** (NERC Violation ID: NPCC2012-200459): NYPA self-reported to NPCC a potential violation of requirement R4 of CIP-004-3 on March 12, 2012. The mitigation plan was submitted to NPCC in April 2012 and was completed in late June 2012. The mitigation plan closure documents were submitted to NPCC in July 2012 for review and approval.
- d. **CIP-006-3 R4 - Cyber Security – Physical Security of Critical Cyber Assets** (NERC Violation ID: NPCC2012-200657): NYPA self-reported to NPCC a potential violation of requirement R4 of CIP-006-3 on June 21, 2012. Upon review, NPCC dismissed the R4 self-report and issued a possible violation of CIP-006-3 R1.6. The mitigation plan was submitted to NPCC for review and approval on August 16, 2012.

NYPA continues to implement its work plan for responding to a 2010 NERC Alert Recommendation that requires NYPA to review its current facility ratings methodology for their solely and jointly owned transmission lines to verify that the methodology used to determine facility ratings is based on actual field conditions (in particular line ground clearances). The assessment revealed that there are about 260 line clearance discrepancies in NYPA's 1,400 miles of transmission lines; about 50 of which are on lines rated as high priority. Staff developed a mitigation plan to eliminate the discrepancies on the high priority lines by the end of 2012 and is currently implementing that plan. NYPA continues to work closely with the NYISO to schedule mitigation work for resolving confirmed high priority transmission line clearance discrepancies.

Energy Resource Management

NYISO Markets

In August, Energy Resource Management (ERM) bid 2.15 million MWh of NYPA generation into the NYISO markets, netting almost \$44.69 million in power supplier payments to the Authority. Year-to-date net power supplier payments are \$349.3 million.

Fuel Planning & Operations

In August, NYPA's Fuels Group transacted \$21.2 million in natural gas and oil purchases, compared with \$29.1 million in August 2011. Year-to-date natural gas and oil purchases are \$139.6 million, compared with \$182.9 million at this point in 2011. The total \$43.3 million decrease is mainly due to the lower cost of fuel/lower generation at the 500-MW Combined Cycle Plant (-\$26.1 million for fuel cost and -\$15.3 for March/April outage), Small Clean Power Plants (-\$15.9 million) and the Richard M. Flynn Power Plant (-\$15.4 million), which was offset by the start up of the Astoria Energy II Plant (+\$29.4 million) in July of 2011.

GLOSSARY

¹ **Net Generation** – The energy generated in a given time period by a power plant or group of plants, less the amount used at the plants themselves (station service) or for pumping in a pumped storage facility. Preliminary data in the COO report is provided by Accounting and subject to revision.

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

³ **Availability Factor** – The Available Hours of a generating unit over the Period Hours (hours in a reporting period when the unit was in an active state). Available Hours are the sum of Service Hours (hours of generation), Reserve Shutdown Hours (hours a unit was not running but was available) and Pump Hours (hours a pumped storage unit was pumping water instead of generating power).

⁴ **Generation Market Readiness Factor** – The availability of generating facilities for bidding into the New York Independent System Operator (NYISO) market. It factors in available hours and forced outage hours that drive the results.

⁵ **Significant Unplanned Generation Events** – Forced or emergency outages of individual generator units of duration greater than 72 hours, or with a total repair cost of greater than \$75,000, or resulting in greater than \$50,000 of lost revenues.

⁶ **Regional Greenhouse Gas Initiative (RGGI)** – A cooperative effort by Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont. These nine states have capped CO₂ emissions from the power sector, and will require a 10 percent reduction in these emissions by 2018. RGGI is composed of individual CO₂ Budget Trading Programs in each of the nine participating states. Regulated power plants can use a CO₂ allowance issued by any of the nine participating states to demonstrate compliance with the state program governing their facility. Taken together, the nine individual state programs function as a single regional compliance market for carbon emissions, the first mandatory, market-based CO₂ emissions reduction program in the United States. New Jersey was a tenth state within the RGGI program but New Jersey's governor pulled the state out of the program in 2011.

^[i] **Transmission Reliability** – A measurement of the impact of forced and scheduled outages on the statewide system's ability to transmit power.

^[ii] **Life Extension and Modernization Program** — A major undertaking in which all the turbines at the St. Lawrence-Franklin D. Roosevelt project are being replaced and the generators and other components significantly refurbished. The program is intended to ensure that the project operates at maximum efficiency far into the future.

New York Power Authority

Report of the Chief Financial Officer

For the Eight Months Ended August 31, 2012

**Report of the Chief Financial Officer
For the Month Ended August 31, 2012
Executive Summary**

Results of Operations

Net income for the eight months ended August 31 prior to the recognition of the voluntary contributions to New York State was \$215.8 million, which was \$32.3 million higher than the budget. Net income through August including the voluntary contributions was \$140.8 million compared to a budget of \$98.5 million resulting in a \$42.3 million favorable variance. Year-to-date results included a higher net margin on sales (\$10.9 million), higher non-operating income (\$8.9 million), lower operations and maintenance expenses (\$15.7 million), and lower than anticipated voluntary contributions to New York State (\$10 million). Higher net margins on sales through August (\$10.9 million) included positive variances in the MSP market area (\$8.3 million, lower purchased power costs), and the SCPP's (\$15.9 million, higher capacity revenues), partially offset by negative results at Niagara (\$16.5 million, lower energy prices). Non-operating income was higher than expected due primarily to lower than budgeted interest costs and a lower mark-to-market loss on the Authority's investment portfolio, resulting from lower rates. Operations and maintenance expenses were lower than anticipated primarily due to timing differences in projects at Niagara, Flynn and the transmission facilities. Through August, voluntary contributions to New York State amounted to \$75 million versus the \$85 million budgeted. Production through August was 3% higher than the budget reflecting higher net generation at St. Lawrence (8%), Niagara (2%) and the fossil facilities (3%).

Results for the eight months ended August 31, 2012 (\$140.8 million) were \$31.9 million lower than the same period in 2011 (\$172.7 million) primarily due to lower non-operating income (\$22.9 million) and a higher voluntary contribution to New York State (\$10 million). Non-operating income in 2011 included \$11 million for the settlement of a claim against the D.O.E. relating to spent fuel disposal at previously owned nuclear plants and an \$11.3 million mark-to-market gain on the Authority's investment portfolio, versus a slight loss in 2012. Voluntary contributions were \$75 million through August 2012 compared to \$65 million through August 2011.

Cash & Liquidity

The Authority ended the month of August with total operating funds of \$1,392 million as compared to \$1,205 million at the end of 2011. The increase (\$187 million) is primarily attributable to net cash from operations and the value sharing payment received from Entergy of \$72 million substantially offset by \$75 million in voluntary contributions to New York State.

Year-end Projection

While financial results through August show the Authority running \$42 million ahead of budget, projections indicate that this variance is expected to trend down resulting in net income of approximately \$169 million – \$2 million ahead of the year-end budget. Key drivers include general pricing trends in the energy and capacity markets as well as hydro flows, and certain other Authority expenses, as described below:

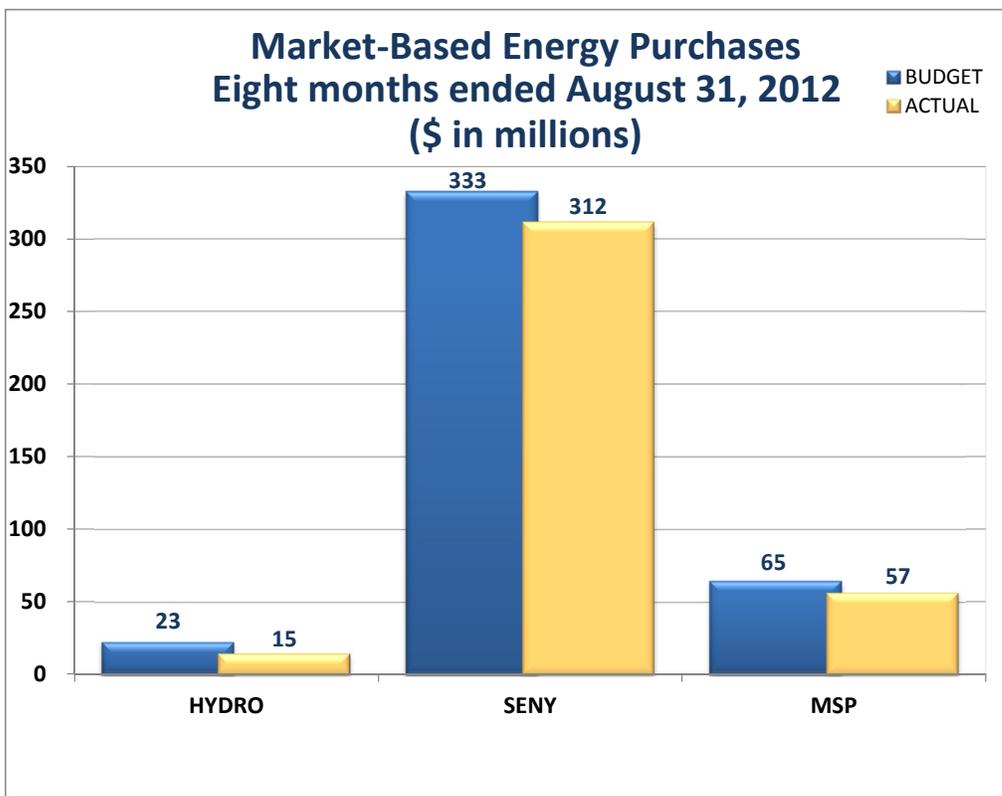
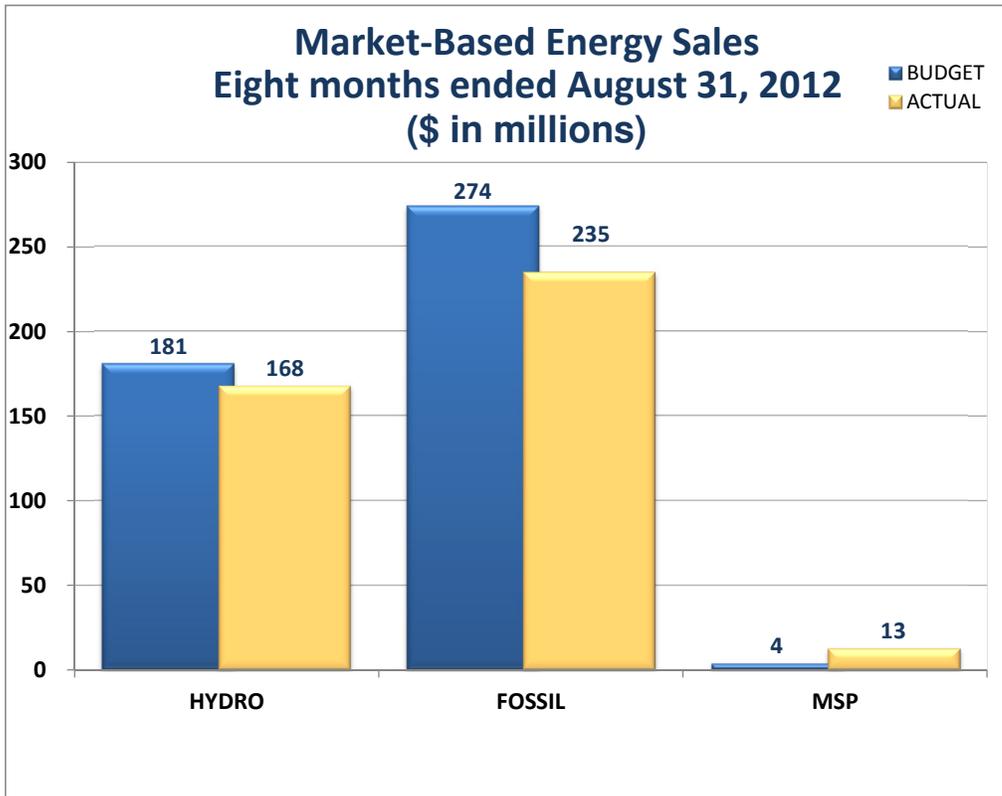
- **Energy Prices** – State-wide wholesale electricity prices, which are basically unchanged from last month, have declined by approximately 24% relative to the budget and are primarily due to lower natural gas prices. While much of the Authority’s generation is sold under contract to benefitting customers, the relatively small proportion of Authority generation in the wholesale market for its own account is affected by these lower prices resulting in a negative impact on net income.
- **Capacity Prices** – An increase in market-based capacity prices relative to the official budget is being observed as a result of a pending increase in the locational capacity requirement for the New York City load pocket and an increased capacity requirement for the Rest-of-State market. In addition, prices are firming up as a result of approximately 600 MW’s in generation being retired since the beginning of the year. Mitigating those increases was the announcement in July of a Withdrawal of Intent to retire 320MW’s of generating capacity from the market. The result is still a positive effect on the authority’s financial results, particularly for Blenheim-Gilboa, Niagara, and the Small Clean Power Plants.
- **Hydro Flows** – Net generation is expected to be below average levels for the remainder of the year offsetting higher than budgeted production during the first few months. Below average rainfall over the Great Lakes basin during the last several months has begun to have a negative effect on generation levels at the Niagara and St. Lawrence hydroelectric facilities.
- **O&M and Other Expenses** – O&M spending, running under budget through August, is expected to finish the year slightly below target. The remainder of the voluntary contribution to the state, currently \$10 million under budget, is expected to be considered for payment at a later date and therefore the full amount is included in the year-end projections.

At currently projected levels, the Authority’s business requirements for cash flow (debt service coverage) and liquidity are expected to be met.

Net Income
Eight months ended August 31, 2012
(\$ in millions)

	Actual	Budget	Variance
Niagara	\$82.0	\$87.0	(\$5.0)
St. Lawrence	22.3	17.9	4.4
Blenheim-Gilboa	(5.6)	(10.9)	5.3
SENY	24.0	24.7	(0.7)
SCPP	15.7	(1.1)	16.8
Market Supply Power	(37.1)	(40.8)	3.7
Flynn	13.5	8.2	5.3
Transmission	22.4	25.7	(3.3)
Non-facility	3.6	(12.2)	15.8
Total	\$140.8	\$98.5	\$42.3

<u>Major Factors</u>	Better (Worse)
<p><u>Niagara</u> Lower net margins on sales (\$16.5) due to lower energy prices, substantially offset by lower O&M (\$5.7, timing of non-recurring projects) and lower other operating expenses (\$5.4, primarily Industrial Incentive Awards).</p>	(\$5.0)
<p><u>St. Lawrence</u> Higher net margins on sales (\$2.4, lower congestion & ancillary service costs) and lower O&M (\$2.3, non-recurring projects).</p>	4.4
<p><u>Blenheim Gilboa</u> Primarily higher capacity revenues.</p>	5.3
<p><u>SCPP</u> Primarily higher capacity revenues due to higher prices.</p>	16.8
<p><u>Market Supply Power</u> Lower purchased power costs due to lower prices, partially offset by an additional accrual for P4J rebates.</p>	3.7
<p><u>Other facilities</u> Includes lower Flynn O&M (timing, non-recurring projects).</p>	1.3
<p><u>Non-facility (including investment income)</u> Primarily lower voluntary contribution to New York State (\$75 vs \$85 budgeted) and lower interest costs due to lower than anticipated market interest rates during the period.</p>	15.8
Total	\$42.3

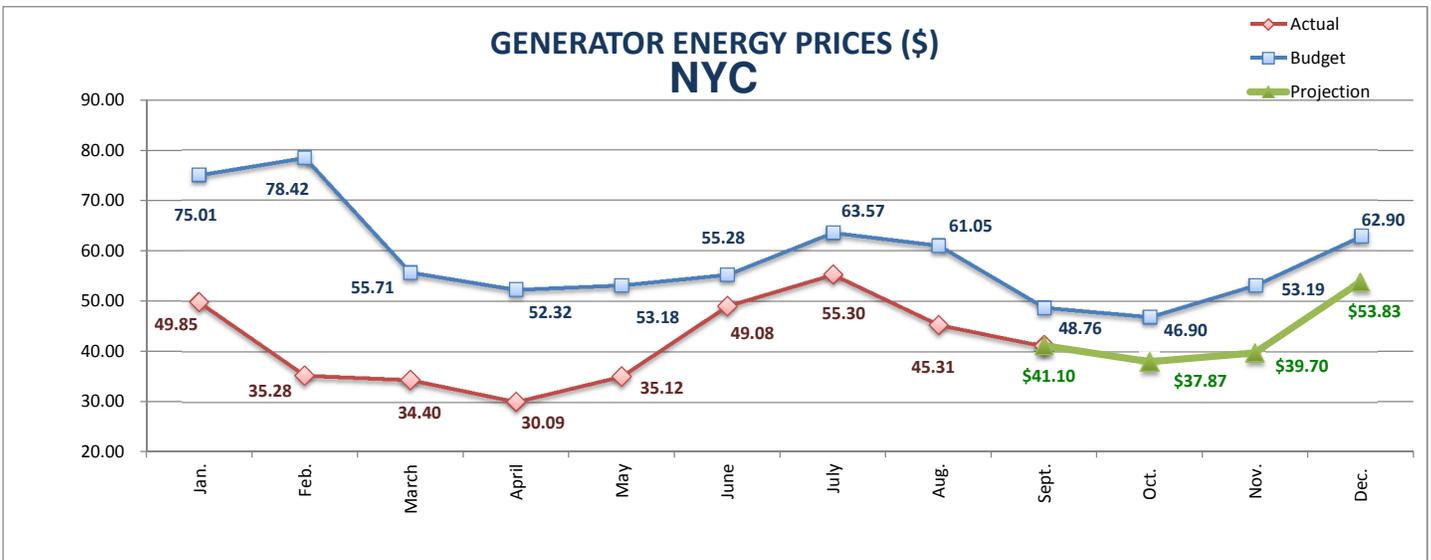
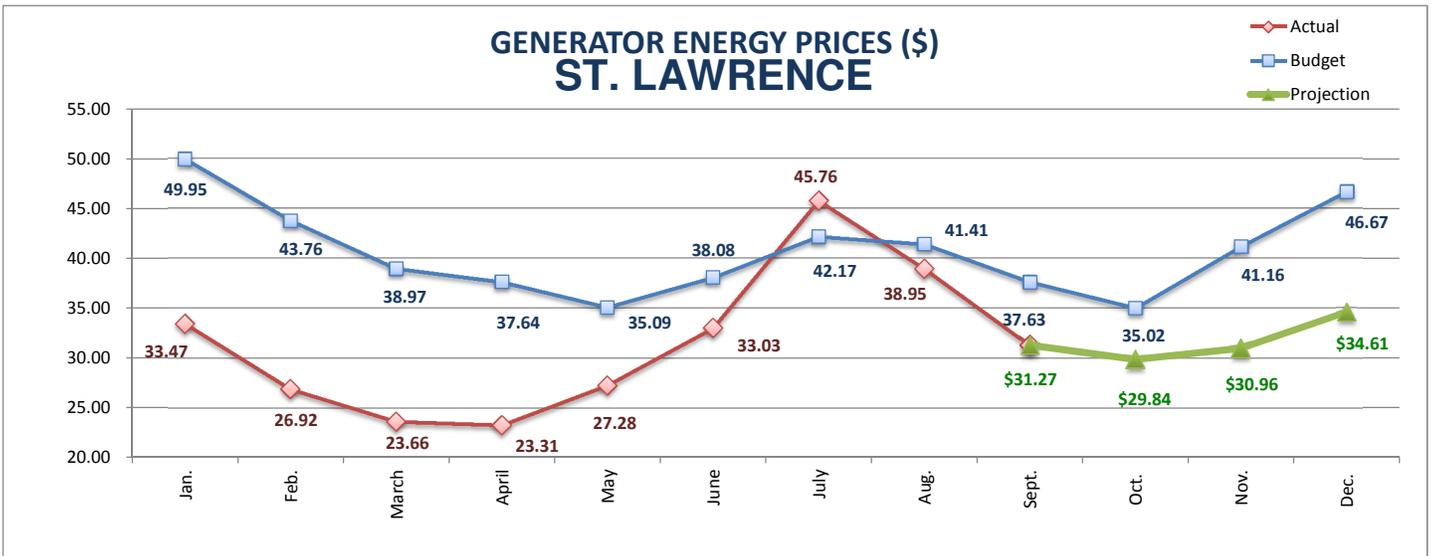
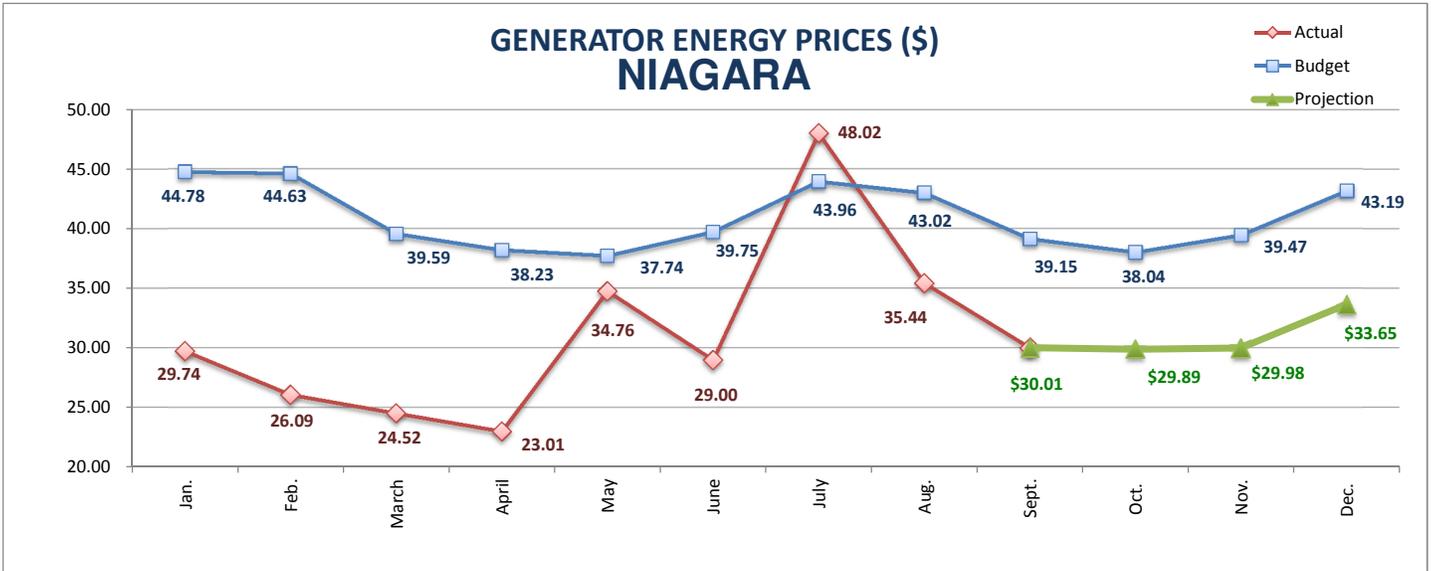


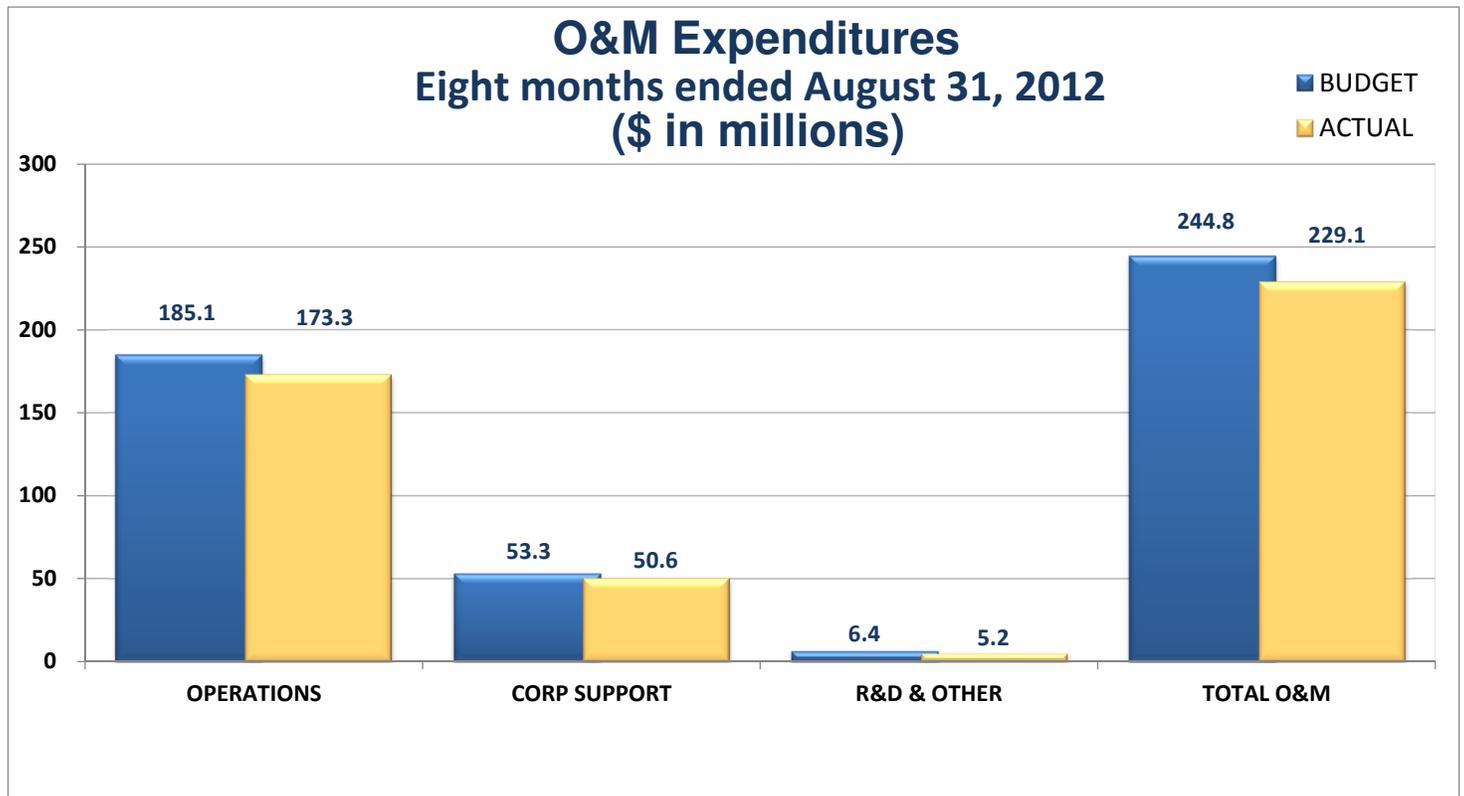
REVENUES		
SALES (MWH)		
	BUDGET	ACTUAL
Hydro*	4,022,007	4,611,252
Fossil	4,195,710	4,694,059
MSP	105,833	378,255
TOTAL	8,323,550	9,683,566
PRICES (\$/MWH)		
Hydro*	\$42.41	\$32.16
Fossil	\$62.13	\$43.90
MSP	\$37.98	\$34.34
AVERAGE	\$52.29	\$37.94

* Includes Niagara, St. Lawrence, B-G, and Small Hydro.

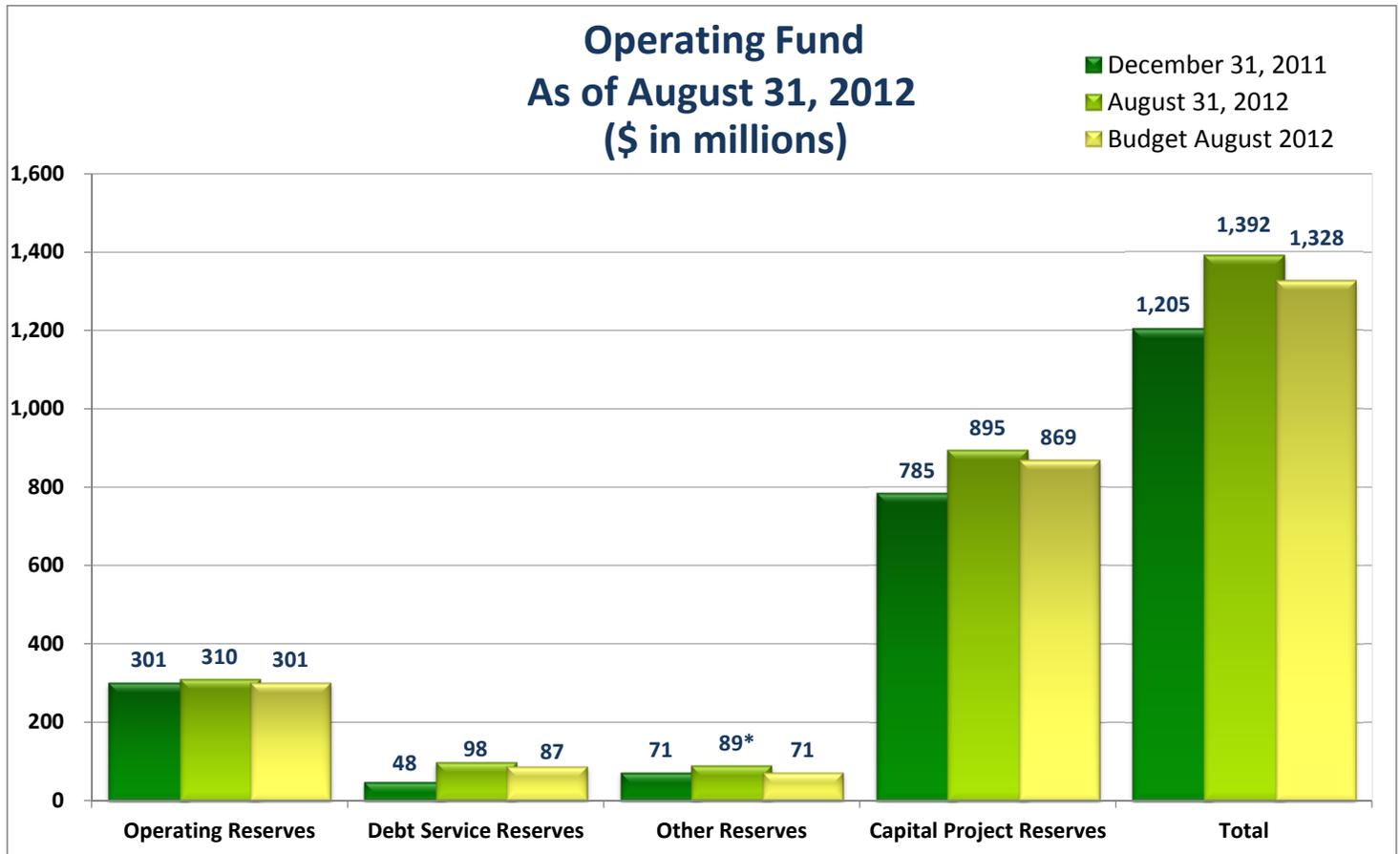
REVENUES		
SALES (MWH)		
	BUDGET	ACTUAL
Niagara	2,418,692	2,712,582
St. Law.	1,295,161	1,624,608
PRICES (\$/MWH)		
Niagara	\$41.03	\$30.40
St. Law.	\$38.82	\$29.63

COSTS		
PURCHASES (MWH)		
	BUDGET	ACTUAL
Hydro	907,094	752,258
SENY	6,080,133	6,215,820
MSP	1,544,326	1,739,190
TOTAL	8,531,553	8,707,268
COSTS (\$/MWH)		
Hydro	\$25.66	\$20.12
SENY	\$54.64	\$50.22
MSP	\$42.21	\$32.48
AVERAGE	\$49.30	\$44.08





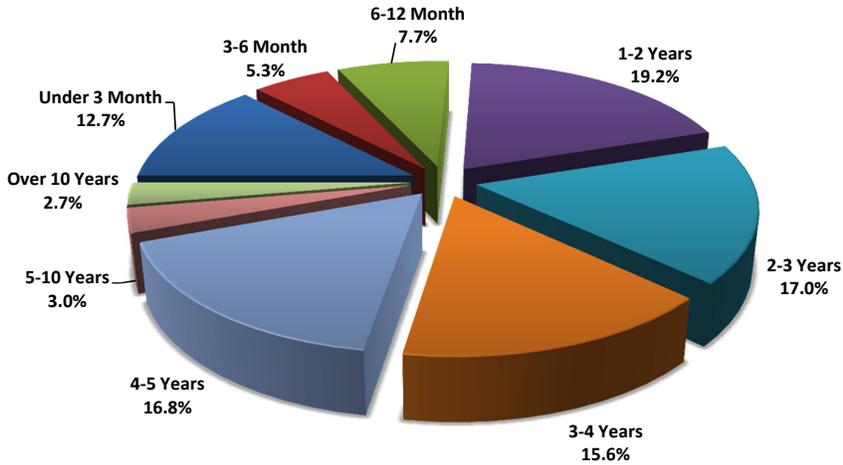
- For the eight months ended August 31, 2012, O&M expenses were \$15.7 lower than the budget.
- Operations expenditures were lower than anticipated primarily due to timing differences in projects at Niagara (RMNPP Head-gate Refurbishment and Unit #2 Standardization), Flynn (HRSG Stack Painting and Refurbishment) and the transmission facilities (Transmission LEM Assessment and Marcy South Overhead Static Wire Evaluation).
- HQ Corporate Support was under budget due to lower than anticipated expenditures for payroll, outside legal consultants and fuel cell maintenance.



The increase of \$187 in the Operating Fund (from \$1,205 to \$1,392) was primarily attributable to positive net cash provided by operating activities and the Value Sharing payment of \$72 received from Entergy, substantially offset by \$75 in voluntary contributions to New York State.

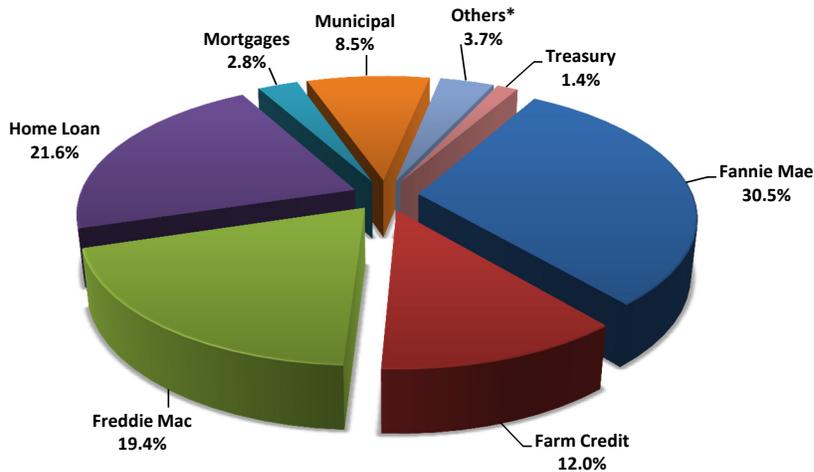
* Includes \$71 in Energy Hedging/Fuel Reserves and \$18 in the Western New York Economic Development Fund.

**Maturity Distribution
As of August 31, 2012**



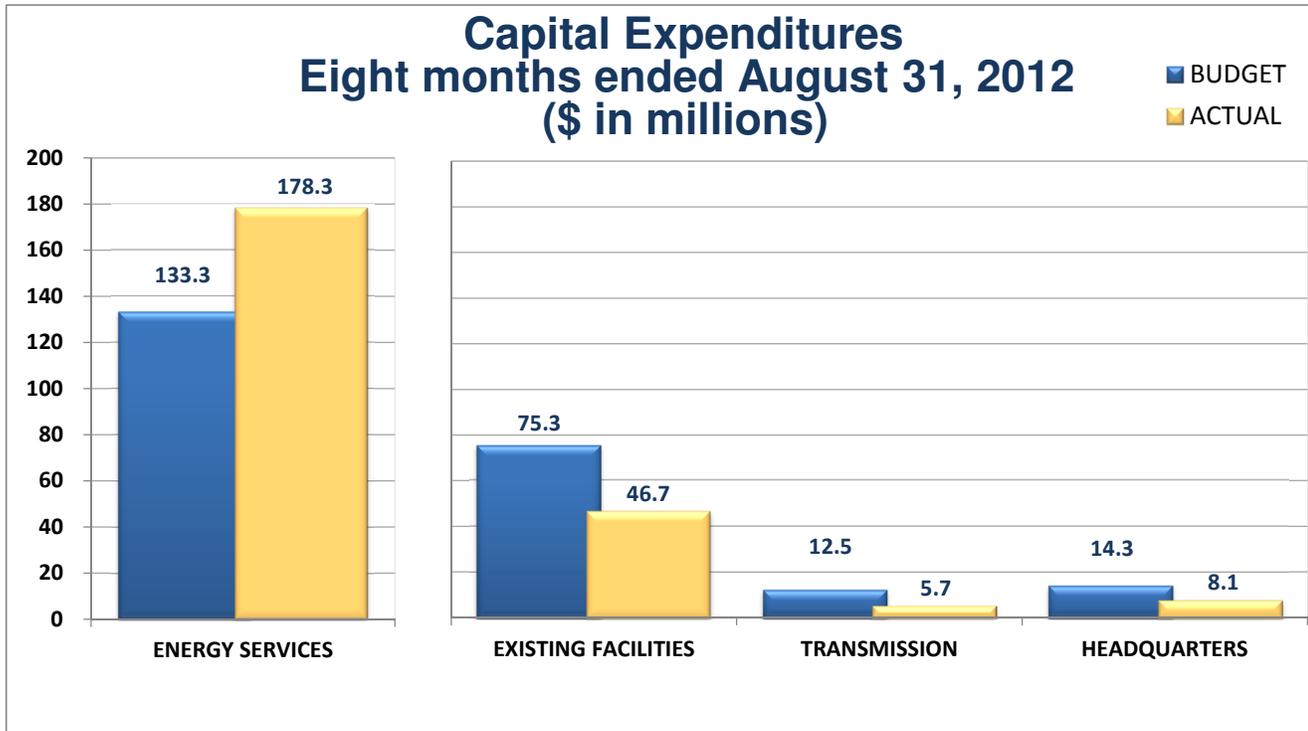
MATURITY DISTRIBUTION	
(\$ in millions)	
Under 3 Month	\$183.3
3-6 Month	76.7
6-12 Month	110.2
1-2 Years	275.5
2-3 Years	244.6
3-4 Years	225.0
4-5 Years	241.2
5-10 Years	42.7
Over 10 Years	38.8
Total	\$1,438.0

**Asset Allocation
As of August 31, 2012**



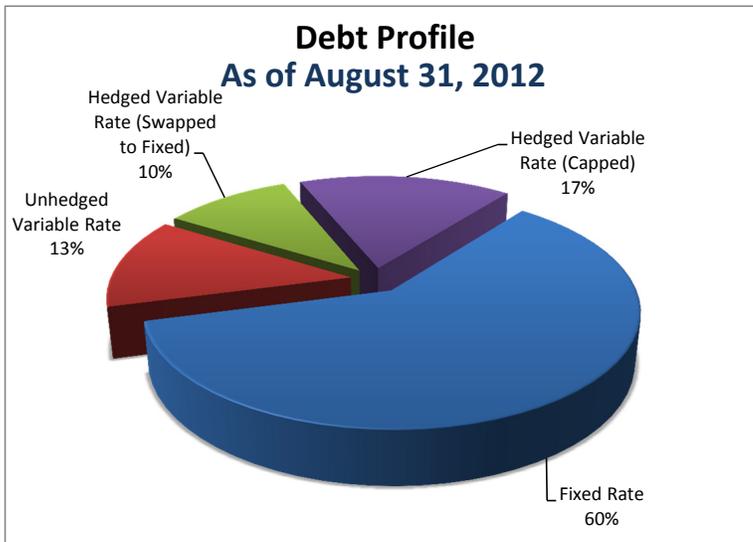
ASSET ALLOCATION	
(\$ in millions)	
Fannie Mae	\$438.5
Farm Credit	172.5
Freddie Mac	279.3
Home Loan	311.3
Mortgages	40.1
Municipal	122.1
Others*	53.7
Treasury	20.5
Total	\$1,438.0

*Includes CDs and Repos



- Existing Facilities were under budget by \$28.6 primarily due to delays related to the Niagara and Blenheim Gilboa relicensing projects, the St. Lawrence LEM and SCADA projects and Astoria Infrastructure Upgrade.
- Transmission expenditures were less than anticipated due to delays in the Transmission Initiative and the Moses-Willis Double Circuitry projects.
- Headquarters expenditures were under budget primarily due to delays and timing differences related to IT Initiatives.
- Energy Services expenditures were over budget by \$45.0 due to greater than expected spending in the Governmental Services program.
- Under the Expenditure Authorization Procedure, the President authorized new expenditures on budgeted and emergent capital projects of \$14.2 through August. Authorizations in August included:

Marcy South Series Compensators (preliminary funding)	\$0.9
Content Management	\$0.6



DEBT PROFILE	
(\$ in millions)	
Fixed Rate	\$1,083.40
Unhedged Variable Rate	231.40
Hedged Variable Rate (Swapped to Fixed)	180.20
Hedged Variable Rate (Capped)	300.00
Total	\$1,795.0

ENERGY DERIVATIVES

Results

Year-to-date, energy derivative settlements have resulted in a net loss of \$103.89 million. Gains and losses on these positions are substantially passed through to customers as resulting hedge settlements are incorporated into and recovered through customer rates.

Year-to-Date 2012 Energy Derivative Settlements & Fair Market Valuation of Outstanding Positions
(\$ in Millions)

	Settlements	Fair Market Value			
	YTD ¹	2012	2013	>=2014	Total
NYPA	\$ (0.60)	\$ -	\$ 0.06	\$ 0.07	\$ 0.14
Customer Contracts	\$ (103.29)	\$ (48.79)	\$ (57.27)	\$ (77.35)	\$ (183.41)
Total	\$ (103.89)	\$ (48.79)	\$ (57.21)	\$ (77.27)	\$ (183.27)

¹Reflects August preliminary settlements.

At the end of August, the fair market value of outstanding positions was at an unrealized loss of \$183.27 million for positions extending through 2017.

Market Summary

Exhibit 1 shows the average price of October to December 2012 futures contracts and how they have traded since the beginning of 2010, while Exhibit 2 illustrates the average price of futures contracts for entire year 2013 since 11/30/2010.

Exhibit 1: October to December 2012 Forward Price

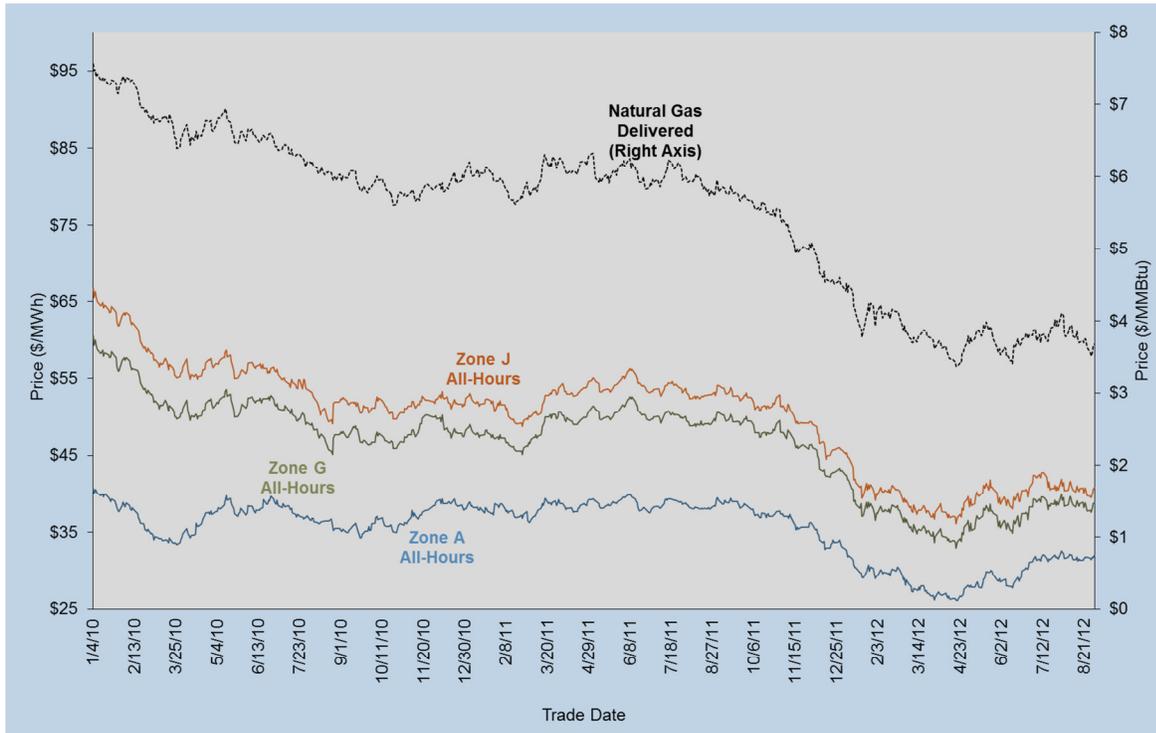
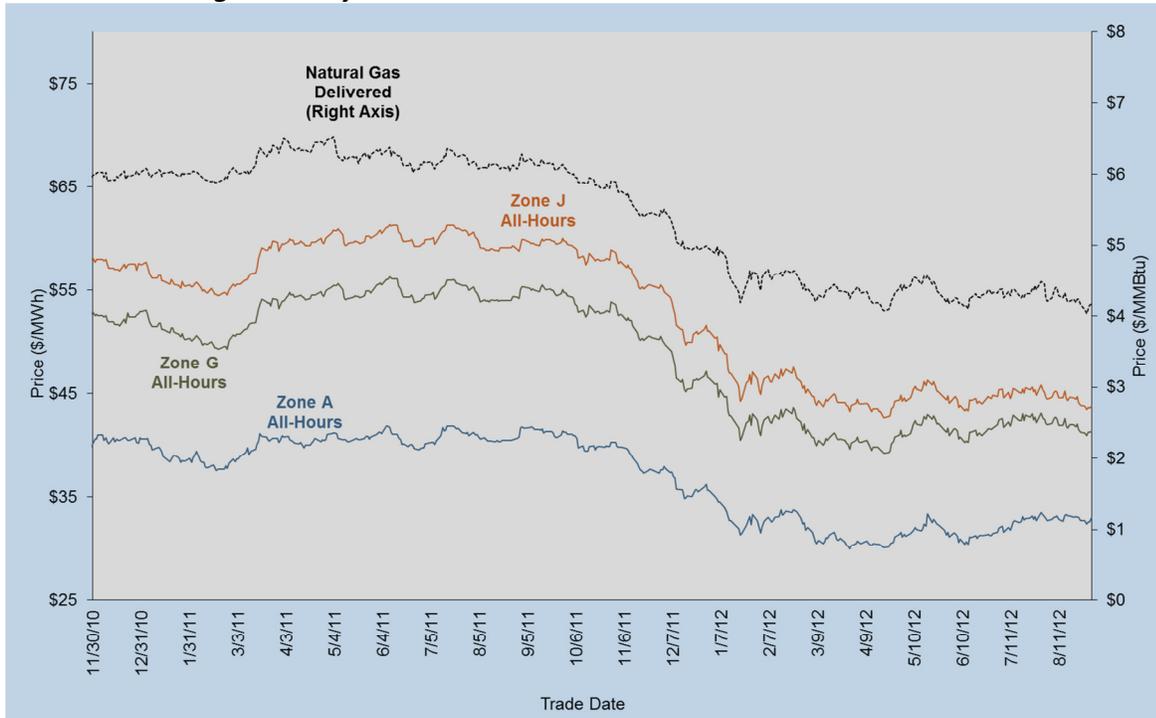


Exhibit 2: Average January to December 2013 Forward Price



STATEMENT OF NET INCOME
For the Eight Months Ended August 31, 2012
(\$ in millions)

<u>Annual Budget</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
	Operating Revenues			
\$2,173.0	Customer	\$1,341.0	\$1,441.5	(\$100.5)
552.7	Market-based power sales	350.7	398.8	(48.1)
28.9	Ancillary services	17.5	19.2	(1.7)
118.3	NTAC and other	72.9	77.4	(4.5)
699.9	Total	441.1	495.4	(54.3)
2,872.9	Total Operating Revenues	1,782.1	1,936.9	(154.8)
	Operating Expenses			
752.9	Purchased power	455.0	513.8	58.8
329.5	Fuel consumed - oil & gas	139.6	226.6	87.0
76.5	Ancillary services	30.8	51.2	20.4
610.2	Wheeling	399.0	398.4	(0.6)
370.9	Operations and maintenance	229.1	244.8	15.7
222.2	Depreciation and amortization	150.4	148.2	(2.2)
194.3	Other expenses	138.1	138.5	0.4
(11.7)	Allocation to capital	(6.2)	(7.5)	(1.3)
2,544.8	Total Operating Expenses	1,535.8	1,714.0	178.2
328.10	Net Operating Income	246.3	222.9	23.4
	Nonoperating Revenues			
86.9	Post nuclear sale income	67.6	67.6	-
42.1	Investment income	26.7	28.2	(1.5)
(10.0)	Mark to market - investments	(0.6)	(5.0)	4.4
119.0	Total Nonoperating Revenues	93.7	90.8	2.9
	Nonoperating Expenses			
85.0	Contributions to New York State	75.0	85.0	10.0
195.1	Interest and other expenses	124.2	130.2	6.0
280.1	Total Nonoperating Expenses	199.2	215.2	16.0
\$167.0	Net Income	\$140.8	\$98.5	\$42.3

New York Power Authority Financial Reports

COMPARATIVE BALANCE SHEETS

August 31, 2012

(\$ in millions)

Assets	August 31, 2012	August 31, 2011	December 31, 2011
Current Assets			
Cash	\$0.1	\$0.1	\$0.1
Investments in government securities	1,422.5	1,188.6	1,233.0
Interest receivable on investments	7.1	6.9	5.6
Accounts receivable - customers	250.3	240.6	188.0
Materials and supplies, at average cost:			
Plant and general	82.1	76.9	80.1
Fuel	22.6	23.5	23.0
Prepayments and other	210.8	149.1	263.5
Total Current Assets	1,995.5	1,685.7	1,793.3
Noncurrent Assets			
Restricted Funds			
Investment in decommissioning trust fund	1,170.0	1,062.5	1,089.8
Other	73.6	81.3	76.4
Total Restricted Funds	1,243.6	1,143.8	1,166.2
Capital Funds			
Investment in securities and cash	89.0	109.5	97.2
Total Capital Funds	89.0	109.5	97.2
Net Utility Plant			
Electric plant in service, less accumulated depreciation	3,354.7	3,424.3	3,414.5
Capital lease, less accumulated amortization	1,088.0	1,034.9	1,126.5
Construction work in progress	144.8	81.0	133.4
Net Utility Plant	4,587.5	4,540.2	4,674.4
Other Noncurrent Assets			
Receivable - NY State	318.0	318.0	318.0
Deferred charges, long-term receivables and other	671.9	580.7	614.4
Notes receivable - nuclear plant sale	138.7	153.4	143.0
Total other noncurrent assets	1,128.6	1,052.1	1,075.4
Total Assets	\$9,044.2	\$8,531.3	\$8,806.5
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$941.7	\$822.2	\$905.9
Short-term debt	331.4	336.7	373.7
Total Current Liabilities	1,273.1	1,158.9	1,279.6
Noncurrent Liabilities			
Long-term Debt			
Revenue bonds	1,105.0	1,149.5	1,107.4
Adjustable rate tender notes	114.8	122.9	122.9
Commercial paper	265.5	254.9	204.2
Total Long-term Debt	1,485.3	1,527.3	1,434.5
Other Noncurrent Liabilities			
Nuclear plant decommissioning	1,170.0	1,062.5	1,089.8
Disposal of spent nuclear fuel	216.3	216.2	216.2
Capital lease obligation	1,238.5	1,128.0	1,241.3
Deferred revenues and other	224.7	264.6	249.6
Total Other Noncurrent Liabilities	2,849.5	2,671.3	2,796.9
Net Assets			
Total Net Assets	3,436.3	3,173.8	3,295.5
Total Liabilities and Net Assets	\$9,044.2	\$8,531.3	\$8,806.5

**SUMMARY OF OPERATING FUND CASH FLOWS
For the Eight Months Ended August 31, 2012
(\$ in millions)**

Operating Fund	
Opening	\$1,204.6
Closing	1,391.5
Increase/(Decrease)	186.9
 Cash Generated	
Net Operating Income	246.3
Adjustments to Reconcile to Cash Provided from Operations	
Depreciation & Amortization	150.4
Net Change in Receivables, Payables & Inventory	(103.4)
Other	(3.9)
 Net Cash Generated from Operations	 289.4
 (Uses)/Sources	
Utility Plant Additions	(75.0)
Debt Service	
Commercial Paper 2	(16.4)
Commercial Paper 3 & Extendible Municipal Commercial Paper 1	(7.5)
ART Notes	(8.3)
Investment Income	17.6
Entergy Value Sharing Agreement	72.0
Voluntary Contributions to NY State	(81.0)
Other	(3.9)
Total (Uses)/Sources	(102.5)
 Net Increase in Operating Fund	 \$186.9

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation ⁽¹⁾	Job Creation Commitment	Project Capital Investment ⁽²⁾ (\$)	Contract Term (years)
1	Air Products and Chemicals, Incorporated	Glenmount	Albany	Capital District	NGRID	Manufactures industrial gas	8,000	1,000	10	\$15,000,000	7
2	Ginsberg's Institutional Foods, Inc.	Hudson	Columbia	Capital District	NGRID	Wholesale food distribution	500	350	5	\$20,000,000	7
3	GLOBALFOUNDRIES US Inc	Malta	Saratoga	Capital District	NGRID	Semiconductor foundry	74,000	15,000	1,655	\$6,956,000,000	7
Capital District Region Sub-totals:								16,350	1,670	\$6,991,000,000	
4	Bitzer Scroll, Inc.	Syracuse	Onondaga	Central New York	NGRID	Designs scroll compressors	1,111	776	12	\$15,100,000	7
5	Currier Plastics, Inc.	Auburn	Cayuga	Central New York	NYSEG	Plastic molded products	1,329	930	50	\$19,000,000 ⁽²⁾	7
6	ICM Controls Corp	Cicero	Onondaga	Central New York	NGRID	Manufactures HVAC products	300	210	10	\$6,000,000 ⁽²⁾	7
7	Southern Wine & Spirits of Upstate New York, Inc.	Syracuse	Onondaga	Central New York	NGRID	Beverage distributor	220	150	5	\$20,000,000	7
8	Syracuse Plastics LLC	Liverpool	Onondaga	Central New York	NGRID	Manufactures plastic components	392	270	8	\$1,500,000 ⁽²⁾	7
9	Ultra Dairy, LLC	East Syracuse	Onondaga	Central New York	NGRID	Dairy processing facility	515	360	15	\$15,000,000 ⁽²⁾	7
Central New York Region Sub-totals:								2,696	100	\$76,600,000	
10	American Rock Salt Company LLC	Mt. Morris	Livingston	Finger Lakes	RG&E	Mines and distributes rock salt	1,250	400	4	\$2,600,000	7
11	Cannon Industries Inc.	Rochester	Monroe	Finger Lakes	RG&E	Fabrication/ powder coating services	800	400	4	\$1,000,000 ⁽²⁾	7
12	Chapin Manufacturing	Batavia	Genesee	Finger Lakes	NGRID	Air compressed sprayers	578	400	15	\$1,750,000 ⁽²⁾	7
13	Flower City Printing, Inc. (Lee)	Rochester	Monroe	Finger Lakes	RG&E	Commercial printer	200	140	8	\$2,500,000 ⁽²⁾	7
14	Flower City Printing, Inc. (Mt. Read)	Rochester	Monroe	Finger Lakes	RG&E	Commercial printer	300	210	10	\$5,000,000 ⁽²⁾	7
Finger Lakes Region Sub-totals:								1,550	41	\$12,850,000	
15	Calico Cottage, Inc.	Amityville	Suffolk	Long Island	LIPA	Fudge making ingredients	68	46	7	\$450,000	7
16	Crescent Duck Farm Inc.	Aquebogue	Suffolk	Long Island	LIPA	Farm	200	140	2	\$1,655,000	7
17	GKN Aerospace Monitor Inc.	Amityville	Suffolk	Long Island	LIPA	Components for aerospace industry	1,328	926	25	\$12,000,000 ⁽²⁾	7
18	Global Tissue Group, Inc.	Medford	Suffolk	Long Island	LIPA	Paper converter of finished goods	363	250	20	\$10,000,000 ⁽²⁾	7
19	Tebbens Steel LLC	Calverton	Suffolk	Long Island	LIPA	Manufactures steel	32	20	4	\$300,000	7
20	U.S. Nonwovens Corp.	Brentwood	Suffolk	Long Island	LIPA	Manufactures nonwoven products	80	56	100	\$8,500,000	7
21	United Baking Co., Inc.	Shirley	Suffolk	Long Island	LIPA	Bakery	450	316	17	\$10,555,000 ⁽²⁾	7
22	Wenner Bread Products Inc.	Bayport	Suffolk	Long Island	LIPA	Produces bread products	1,250	876	20	\$3,250,000 ⁽²⁾	7
Long Island Region Sub-totals:								2,630	195	\$46,710,000	
23	ConMed Corporation	Utica	Oneida	Mohawk Valley	NGRID	Manufactures medical equipment	160	110	25	\$875,000 ⁽²⁾	7
24	DeIorio Foods, Inc.	Utica	Oneida	Mohawk Valley	NGRID	Frozen and baked food processor	1,300	910	45	\$32,000,000 ⁽²⁾	7
25	EFJ Inc. dba Mill Services	Cobleskill	Schoharie	Mohawk Valley	NGRID	Manufactures finger joint boards	250	176	10	\$500,000	7
26	Homogeneous Metals, Inc.	Clayville	Oneida	Mohawk Valley	NGRID	Manufactures specialty powders	492	340	25	\$26,159,119 ⁽²⁾	7
27	Olbrych Realty Inc.	Gloversville	Fulton	Mohawk Valley	NGRID	Commercial warehouse	300	210	25	\$4,250,000 ⁽²⁾	7
Mohawk Valley Region Sub-totals:								1,746	130	\$63,784,119	
28	Fresh Direct, LLC	Bronx	Bronx	New York City	CONED	Food production and distribution	1,800	1,800	1,000	\$112,600,000	7
29	Shapeways, Inc.	New York	Queens	New York City	CONED	Printing and shipping business	150	106	26	\$28,502,263	7
30	Transcon International Inc	Bronx	Bronx	New York City	CONED	Ships fine art	567	396	5	\$7,000,000	7
31	Zeluck Inc	Brooklyn	Kings	New York City	CONED	Manufactures windows and doors	118	80	2	\$1,000,000	7
New York City Region Sub-totals:								2,382	1,033	\$149,102,263	

New York Power Authority
 ReCharge New York Power Program
 Recommended Modifications to Retention Allocation Awards

Exhibit "4-B"
 September 24, 2012

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation	Job Commitment	Capital Investment (\$)	Contract Term (years)
1	Anaren Microwave, Inc.	East Syracuse	Onondaga	Central New York	NGRID	Microelectronics/ microwave components	1,200	600	392	\$13,000,000 ⁽¹⁾	7
2	Bonsal American, Inc.	Calverton	Suffolk	Long Island	LIPA	Manufactures building products	494	0	N/A	N/A ⁽²⁾	N/A
3	CWM Chemical Services LLC	Ransomville	Niagara	Western New York	NGRID	Waste treatment, storage and disposal	970	0	N/A	N/A ⁽²⁾	N/A
4	Fordham University	Bronx	Bronx	New York City	CONED	Higher education	5,736	1,910	4,045	\$400,000,000 ⁽³⁾	7
5	Montefiore Medical Center	Bronx	Bronx	New York City	CONED	Hospital	3,700	1,020	13,441	\$343,442,526 ⁽¹⁾	7
6	Pall Corporation	Hauppauge	Suffolk	Long Island	LIPA	Provides water filtration	2,147	646	101	\$1,000,000 ⁽¹⁾	7
7	Sealing Devices Inc.	Lancaster	Erie	Western New York	NYSEG	Manufacturers gaskets and seals	225	110	165	\$3,645,378 ⁽³⁾	7
8	The Specialized Packaging Group, Inc.	Baldwinsville	Onondaga	Central New York	NGRID	Manufactures folding cardboard packaging	1,200	600	37	\$15,000,000 ⁽³⁾	7
Totals								4,886	18,181	\$776,087,904	

- (1) Modified capital investment commitment due to discrepancy in original evaluation data; applicant score still high enough to recommend allocation based on modified commitment level
- (2) Modified capital investment commitment due to discrepancy in original evaluation data; applicant score not high enough to recommend allocation based on modified commitment level
- (3) Modified job commitment due to discrepancy in original evaluation data; applicant score still high enough to recommend allocation based on modified commitment level

**New York Power Authority
ReCharge New York Power Program
Ineligible Applicants**

**Exhibit "4-C"
September 24, 2012**

Line	Company	City	County	Economic Development Region	IOU	Description	Classification
1	346 Connecticut LLC	Buffalo	Erie	Western New York	NGRID	Retail-use, multi-tenant building	Retail

New York Power Authority
 ReCharge New York Power Program
 Applications Not Recommended for Expansion-Related Allocations

Exhibit "4-D"
 September 24, 2012

Line	Company	City	County	Economic Development Region	IOU	Description	Reason
1	850 East 138th Street LLC	Bronx	Bronx	New York City	CONED	Linen laundry service	Non-responsive ⁽¹⁾
2	AccuMED Innovative Technologies LLC	Buffalo	Erie	Western New York	NGRID	Manufactures medical devices	Zero job creation ⁽¹⁾
3	Air Liquide Industrial US LP	Feura Bush	Albany	Capital District	NGRID	Industrial gases	Zero job creation ⁽¹⁾
4	Alstom Transportation Inc	Hornell	Steuben	Southern Tier	NYSEG	Manufactures transit & rail passenger cars	Zero job creation ⁽¹⁾
5	Arkema Inc	Piffard	Livingston	Finger Lakes	NGRID	Chemical manufacturing plant	Zero job creation ⁽¹⁾
6	Arkwin Industries Inc.	Westbury	Nassau	Long Island	LIPA	Manufactures aerospace components	Zero job creation ⁽¹⁾
7	Associated Brands, Inc.	Medina	Orleans	Finger Lakes	NGRID	Distributes food	Zero job creation ⁽¹⁾
8	BAE Systems Information and Electronic Systems Integration Inc.	Greenlawn	Suffolk	Long Island	LIPA	Develops military and surveillance systems	Project deferred ⁽¹⁾
9	BlueGreen Farms Inc.	Yaphank	Suffolk	Long Island	LIPA	Commercial agricultural operation	Project premature ⁽¹⁾
10	Bulle	Tonawanda	Erie	Western New York	NGRID	Manufactures high precision machines	Zero job creation ⁽¹⁾
11	Burton Industries Inc.	North Babylon	Suffolk	Long Island	LIPA	Provides metal heat-treating services	Zero job creation ⁽¹⁾
12	Calspan Corporation	Buffalo	Erie	Western New York	NGRID	Aerospace and transportation testing	Non-responsive ⁽¹⁾
13	Castella Imports, Inc.	Hauppauge	Suffolk	Long Island	LIPA	Cold/dry storage and warehousing	Project premature ⁽¹⁾
14	Cayuga Marketing, L.L.C.	Aurelius	Cayuga	Central New York	NYSEG	Association of dairy producers	Non-responsive ⁽¹⁾
15	Clean Air Group Inc.	TBD	Albany	Capital District	NGRID	Air purification products	Non-responsive ⁽¹⁾
16	Cooper Power Systems	Olean	Cattaraugus	Western New York	NGRID	Produced surge-arrester products	Zero job creation ⁽¹⁾
17	CW Cold Storage Inc.	Holley	Orleans	Finger Lakes	NGRID	Controlled atmosphere storage	Non-responsive ⁽¹⁾
18	Derrick Corporation	Cheektowaga	Erie	Western New York	NYSEG	Manufactures separation technology	Project deferred ⁽¹⁾
19	Egli Machine Co Inc.	Sidney	Delaware	Southern Tier	NYSEG	Injected molds	Project completed ⁽¹⁾
20	Ellanef Manufacturing Corp.	Bohemia	Suffolk	Long Island	LIPA	Manufactures aircraft components	Zero job creation ⁽¹⁾
21	Ellanef Manufacturing Corp.	Corona	Queens	New York City	CONED	Manufactures aircraft components	Zero job creation ⁽¹⁾
22	English Pork Pie Company LLC	Buffalo	Erie	Western New York	NGRID	Baked goods	Non-responsive ⁽¹⁾
23	Fulton Group NA, Inc.	Pulaski	Oswego	Central New York	NGRID	Manufactures heating equipment	Project premature ⁽¹⁾
24	Genesee Valley Mushrooms Inc.	Batavia	Genesee	Finger Lakes	NGRID	General contractor	Project premature ⁽¹⁾
25	Genesee Valley Substrate Inc.	Batavia	Genesee	Finger Lakes	NGRID	General contractor	Project premature ⁽¹⁾
26	GL&V USA Inc.	Hudson Falls	Washington	Capital District	NGRID	Foundry & machine shop	Non-responsive ⁽¹⁾
27	Green Renewable, Inc.	Berlin	Rensselaer	Capital District	NYSEG	Produces kiln dried firewood	Project premature ⁽¹⁾
28	HDK Wood Products	Harrisville	Lewis	North Country	NGRID	Lumber wholesaler and distributor	Non-responsive ⁽¹⁾
29	Inteplast Group LTD	Plattsburgh	Clinton	North Country	NYSEG	Manufactures heavy-duty multi-layer bags	Zero job creation ⁽¹⁾
30	Jetro Cash & Carry Enterprises, LLC	Brooklyn	Kings	New York City	CONED	Wholesale groceries & restaurant supplies	Zero job creation ⁽¹⁾
31	Jetro Cash & Carry Enterprises, LLC	Brooklyn	Kings	New York City	CONED	Wholesale groceries & restaurant supplies	Zero job creation ⁽¹⁾
32	Jrlon, Inc.	Palmyra	Ontario	Finger Lakes	RG&E	Manufactures precision parts	Project premature ⁽¹⁾
33	Keystone Corporation	Buffalo	Erie	Western New York	NGRID	Fabricated metal products	Project deferred ⁽¹⁾
34	Klein Steel Service Inc.	Rochester	Monroe	Finger Lakes	RG&E	Steel service center	Zero job creation ⁽¹⁾
35	Kozy Shack Enterprises Inc.	Hicksville	Nassau	Long Island	LIPA	Manufactures puddings	Zero job creation ⁽¹⁾
36	Lamothermic Precision Investment Castings Co	Brewster	Putnam	Mid-Hudson	NYSEG	Investment casting alloys	Zero job creation ⁽¹⁾
37	Linde LLC	Feura-Bush	Albany	Capital District	NGRID	Produces atmospheric gases	Non-responsive ⁽¹⁾

**New York Power Authority
ReCharge New York Power Program
Applications Not Recommended for Expansion-Related Allocations**

**Exhibit "4-D"
September 24, 2012**

Line	Company	City	County	Economic Development Region	IOU	Description	Reason
38	Manth-Brownell Inc.	Kirkville	Madison	Central New York	NGRID	Manufactures machined parts	Zero job creation ⁽¹⁾
39	Metal Container Corporation - Newburgh, NY	New Windsor	Orange	Mid-Hudson	CHG&E	Leading American brewer	Zero job creation ⁽¹⁾
40	Metal Locking Service Inc.	Buffalo	Erie	Western New York	NGRID	Equipment repair and custom fabricator	Project deferred ⁽¹⁾
41	Northeastern Products Corp	Warrensburg	Warren	Capital District	NGRID	Wood, wood byproducts and waste paper	Zero job creation
42	OLEDWorks LLC	Rochester	Monroe	Finger Lakes	RG&E	Lighting consultation services	Non-responsive
43	Ortho-Rite, Inc.	New Rochelle	Westchester	Mid-Hudson	CONED	Manufactures custom orthotic shoes	Non-responsive ⁽¹⁾
44	P&L Development of New York Corporation	Westbury	Nassau	Long Island	LIPA	Manufactures pharmaceuticals	Zero job creation ⁽¹⁾
45	RD/Jet, LLC	Maspeth	Queens	New York City	CONED	Wholesale groceries & restaurant supplies	Zero job creation ⁽¹⁾
46	Republic Steel	Blasdell	Erie	Western New York	NGRID	Manufactures steel	Zero job creation ⁽¹⁾
47	Restaurant Depot, LLC	Bohemia	Suffolk	Long Island	LIPA	Distributes wholesale groceries	Zero job creation ⁽¹⁾
48	Royal Windows Mfg Corp	Bay Shore	Suffolk	Long Island	LIPA	Manufactures windows and doors	Non-responsive ⁽¹⁾
49	RS Automation	Albion	Orleans	Finger Lakes	NGRID	Manufactures machinery	Non-responsive
50	SAMCO Technologies, Inc.	Buffalo	Erie	Western New York	NGRID	Manufactures water treatment equipment	Non-responsive ⁽¹⁾
51	San-Mar Manufacturing	Elmsford	Westchester	Mid-Hudson	NYSEG	Manufactures pharmaceutical and cosmetics	Non-responsive ⁽¹⁾
52	SIEDC (WWC Corp)	Staten Island	Richmond	New York City	CONED	Development contractors	Non-responsive
53	Staroba Plastics, Inc.	Holland	Erie	Western New York	NYSEG	Manufactures paper packaging and displays	Project deferred ⁽¹⁾
54	Tompkins USA	Syracuse	Onondaga	Central New York	NGRID	Manufactures knitting machines	Minimal request ⁽¹⁾
55	UltrePET, LLC	Albany	Albany	Capital District	NGRID	Recycling business	Zero job creation ⁽¹⁾
56	VanDeMark Chemical Inc.	Lockport	Niagara	Western New York	NYSEG	Manufactures chemicals	Zero job creation ⁽¹⁾
57	VRP of North Carolina, Inc.	Malta	Saratoga	Capital District	NGRID	Production of fresh local produce	Non-responsive ⁽¹⁾

(1) Applicant was previously awarded a RNY allocation for retention purposes

**New York Power Authority
 ReCharge New York Power Program
 Transitional Electricity Discounts**

**Exhibit "4-E"
 September 24, 2012**

Line	Company	City	County	Economic Development Region	IOU	Description
1	Alliance Innovative Mfg Inc.	Lackawanna	Erie	Western New York	NGRID	Machining and cutting services
2	CWM Chemical Services LLC	Ransomville	Niagara	Western New York	NGRID	Waste treatment, storage and disposal
3	Met Weld International, LLC	Altamont	Albany	Capital District	NGRID	Industrial controls manufacturer
4	Pierpont Morgan Library	New York City	New York	New York City	CONED	Museum and library
5	Spray Nine/Permatex	Johnstown	Fulton	Mohawk Valley	NGRID	Manufacturer of cleaning products

Requests for Transfers of Recharge New York Power Allocations

Kozy Shack Enterprises Inc. ("Kozy Shack"), located in Hicksville, Nassau County, was recommended for and awarded a 950 kilowatts ("kW") Recharge New York ("RNY") Power allocation by the Economic Development Power Allocation Board ("EDPAB") and New York Power Authority ("Trustees"), respectively, at the meetings of these boards held on April 24, 2012. On July 31, 2012, Kozy Shack was purchased by Land O'Lakes Inc. Land O'Lakes has stated it will continue to honor all of the terms and conditions of its RNY contract with the Authority including commitments related to jobs and capital investment.

Kraft Foods Inc. ("Kraft Foods") and **Kraft Foods Global, Inc.** ("Kraft Foods Global"), with facilities located in the four towns of Campbell, Lowville, Walton and Avon, New York, were recommended for and awarded 2,486 kW, 2,476 kW, 1,210 kW and 2,670 kW RNY Power allocations by EDPAB and the Trustees, respectively, at meetings of these boards held on April 24, 2012, June 25, 2012, and June 26, 2012. Due to a corporate restructuring, the two companies with 4 allocations between them are now named Kraft Foods Group, Inc. The companies that were originally awarded the allocations have requested that all of the allocations be transferred to a new corporate entity named "Kraft Foods Group, Inc." and have indicated that the new entity will commit to honor all of the terms and conditions of the companies' existing RNY Power contracts including commitments related to jobs and capital investment.

Infotonics Technology Center, Inc. ("Infotonics"), a not-for-profit nanotechnology research and development organization located in Canandaigua, Ontario County, was recommended and approved for a 1,000 kW Recharge New York allocation by EDPAB and the Authority at their respective board meetings on April 24, 2012. Infotonics has consolidated with The Research Foundation of SUNY and is now doing business as Smart System Technology and Commercialization Center as part of the College of Nanoscale Science and Engineering. To more accurately reflect the new operating structure of the organization, they have requested a transfer of the allocation to "The Research Foundation of SUNY on behalf of Smart Systems Technology and Commercialization Center (STC), College of Nanoscale Science and Engineering." The Authority has not yet executed a contract with Infotonics. The Authority has been advised that the transferee will commit to honor all of the terms and conditions that pertain to the RNY Power allocation including commitments related to jobs and capital investment.

Watt Fuel Cell Corporation ("Watt"), located in Port Washington, Nassau County, was recommended for a 1,000 kW RNY Power allocation for an undesignated location in Erie County at the June 25, 2012 EDPAB meeting which was approved by the Trustees at its June 26, 2012 meeting. The company's application for RNY Power proposed a plan to relocate to Western New York in the near term. Due to changes in business conditions, the firm's plans for relocation have been suspended, and the business conducted by the company will remain at its Port Washington location. The Authority has not yet executed a contract with Watt. The Authority has been advised that Watt will honor all of the terms and conditions that would pertain to the RNY Power allocation, including commitments related to jobs and capital investment, but at its Port Washington facility.