

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

October 25, 1994

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

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

S. David Freeman	President and Chief Executive Officer
Robert G. Schoenberger	First Executive President and Chief Operating Officer
William J. Cahill	Executive Vice President - Nuclear Generation
John F. English	Executive Vice President - System Operations
Robert A. Hiney	Executive Vice President - Marketing and Development
Robert L. Tscherne	Executive Vice President - Finance and Administration
Charles M. Pratt	Senior Vice President and General Counsel
Alvin I. Becker	Vice President and Chief Accounting Officer
Deborah P. Estrin	Vice President - Human Resources
John M. Hoff	Vice President - Procurement and Real Estate
Sally L. Irving	Vice President - Corporate Finance
John L. Lenney	Vice President - Public Affairs
Charles I. Lipsky	Vice President and Chief Engineer - System Operations
Philip J. Pellegrino	Vice President - Power Sales and Rates
Michael F. Woods	Vice President - Industrial Economic Development
John F. Duffy	First Assistant General Counsel
James Ford	Resident Manager - Niagara Power Project
Richard E. Kuntz	Resident Manager - Charles Poletti Power Project
James J. McCarthy	Resident Manager - Blenheim-Gilboa Pumped Storage Power Project
John W. Blake	Director - Environmental Programs
Joseph J. Brennan	Director - Internal Audits
Jules G. Franko	Director - Nuclear Operations
Stephen P. Shoenholz	Director - Public Relations
Leonard H. Walker	Director - Procurement, Planning & Program Development
Anne Wagner-Findeisen	Corporate Secretary
Vernadine E. Quan-Soon	Assistant Secretary - Corporate Affairs
Alice T. O'Rourke	Executive Assistant

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

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1. Motion to Conduct Executive Session

"Mr. Chairman, I move that the Authority conduct an executive session in connection with matters leading to the lease or acquisition of real property and securities and employment of services of particular persons and corporations." Upon motion made and seconded, an executive session was held.

2. Motion to Resume Meeting in Open Session

"Mr. Chairman, I move that the Authority resume the meeting in open session." Upon motion made and seconded, the meeting resumed in open session.

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3. Approval of the Minutes

The minutes of the Regular Meeting of September 29, 1994 were approved.

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4. **Financial Reports for the Nine Months Ended September 30, 1994**

Trustee Duch complimented staff on the improved format of the monthly Financial Reports. In response to questions from Trustee Duch, Ms. Irving reported that staff currently anticipates O&M expenses and operating revenues to break even by the end of the calendar year due to higher than forecasted revenues which should offset a portion of the unanticipated increases in operating expenditures.

5. Village of Greenport - Proposed Decrease in Retail Rates - Final Action

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve, as a final action, a 8.0 percent reduction in annual electric system revenues for the Village of Greenport ('Village'), New York.

BACKGROUND

"The proposed 8.0 percent decrease in retail rates will result in a reduction in revenues of \$159,000 per year. Retail rates were last increased by 22.3 percent in July 1990.

"The 1990 rate increase was approved by the Trustees to help fund a \$2.7 million capital program through fiscal year 1995. This included upgrading a distribution circuit from 4 kV to 13 kV and the planned addition, in fiscal year 1995, of a second underground transmission line to back-up the Village's 13 kV tie with the Long Island Lighting Company ('LILCO'). At that time, the capital program was estimated at \$2.7 million of which \$2.4 million in new borrowing was planned; \$1.23 million in fiscal year 1991 and the remaining \$1.17 million in fiscal year 1994.

"Since the 1990 rate increase, the electric department has accumulated cash reserves above requirements. This resulted primarily from the Village borrowing the \$1.23 million in fiscal year 1991, and only spending \$629,000 towards the capital program between 1990 and 1993. The unused debt proceeds, coupled with the additional interest revenues, have created cash reserves relating to the unfinished capital program of \$680,000 by the end of fiscal year 1994.

"The electric department now plans capital expenditures of \$2.0 million through fiscal year 1997. The program includes the completion of the distribution circuit upgrade and the addition of the back-up tie to LILCO. The capital program will be financed by the issuance of long term debt amounting to \$1.5 million and \$500,000 of cash reserves.

"The proposed rates will provide the electric department with the funds needed to meet forecasted cash requirements through fiscal year 1997. This includes debt service obligations and an increase of the depreciation fund to \$100,000 to meet forecasted capital replacements during the next three years.

DISCUSSION

"Pursuant to the approved procedures, the Executive Vice President - Marketing and Development authorized the Secretary to file notice for publication in the State Register of the proposed revisions in retail rates. Such notice was published on September 7, 1994, and no comments concerning the proposed action have been received by the Secretary. A public hearing was held by the Village on August 18, 1994, and no objections were raised to the proposed rates. The Municipal Board also approved the proposed rates on August 18, 1994.

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"A cost of service study was performed with the 1990 rate increase. Presently, a cost of service study is being prepared by the Village with the assistance of Authority staff. The load research was begun in March 1994, and is expected to end by March 1995. Following that, the cost of service study will be completed and rates will be revised based on the study by December 1995.

"The proposed rates are below those now in effect by the utility serving the contiguous area.

"Comparisons of present and proposed total revenues and base rates to be produced by each service classification are attached as Exhibits `5-A' and `5-B'.

RECOMMENDATION

"The Executive Vice President - Marketing and Development recommends that the attached schedule of rates for the Village of Greenport, New York, be approved subject to the filing requirements listed above, to take effect with the first full billing period following this date.

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

"The Senior Vice President and General Counsel, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation."

At the President's request, Mr. Pozza reported Greenport's retail rates of 8.3 cents per kWh were 6.4 cents lower than the comparable LILCO rates.

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

RESOLVED, That the proposed rates for electric service for the Village of Greenport, New York, be approved to take effect with the first full billing period following this date, as recommended in the foregoing report of the President; and be it further

RESOLVED, That the Village of Greenport shall make the filings to the Authority delineated in the foregoing report to the President; and be it further

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

Exhibit `5-A'
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Village of Greenport
Comparison of Present and Proposed Annual Total Revenues

<u>SERVICE CLASSIFICATION</u>	<u>PRESENT REVENUES</u>	<u>PROPOSED REVENUES</u>	<u>% (DECREASE)</u>
Residential	\$ 928,600	\$ 860,700	(7.3)
Commercial	\$ 659,700	\$ 609,400	(7.6)
Industrial	\$ 350,700	\$ 313,700	(10.6)
Street Lighting-Town	\$ 6,900	\$ 6,500	(5.8)
Street Lighting-Village	\$ 32,100	\$ 29,700	(7.4)
Security Lighting	<u>\$ 6,200</u>	<u>\$ 5,500</u>	<u>(11.0)</u>
Total	<u>\$ 1,984,200</u>	<u>\$ 1,825,500</u>	<u>(8.0)</u>

6. Village of Ilion - Revised Retail Rates - Final Action

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve, as a final action, revisions in the base retail rates of each customer service classification for the Village of Ilion ('Village'), New York. This will result in a redistribution of revenues generated from existing retail rates among the customer classes and will not change the Village's total annual revenues.

BACKGROUND

"The proposed rate revisions are based upon a cost of service study required by the Authority's Trustees at their meeting of October 31, 1991, as a condition of their approval of a 5.8 percent increase in retail rates. The cost of service study is used to determine the portion of the total system cost attributable to each customer class and to develop rates that provide appropriate price signals to consumers. The Village's study revealed that the rates presently charged the residential and security lighting classes are 15 percent and 37 percent below the electric department's cost of providing service, respectively. The rates charged the small commercial, secondary demand-commercial, primary demand-commercial and street lighting classes are above cost by 43 percent, 64 percent, 73 percent and 8 percent, respectively.

"It is recommended that the rates for the residential, street lighting and security lighting classes be set at 10 percent, 11 percent and 45 percent below the cost of service respectively. It is further recommended that the rates for small commercial, secondary demand-commercial and primary demand-commercial be set above cost by 25 percent, 50 percent and 58 percent respectively.

"Consistent with the promotion of energy conservation, the electric department's residential rate has been revised to include a change to the inverted rate cut-off criteria during the winter months (December - March) from 1000 kWh to 750 kWh. All usage above 750 kWh during the winter (the 'tail block') is priced at 5.34 cents per kWh; whereas winter usage equal to or below 750 kWh as well as usage in the non-winter months (April - November) is charged 2.81 cents per kWh. The Village's winter season was redefined from a six month winter (November - April) to a four month winter (December - March) to reflect the high probability that Ilion will purchase higher cost incremental power during these months.

"The proposed winter tail block rate of 5.34 cents per kWh is based on the costs attributable to tail block usage. The assignment of more cost responsibility to the tail block will provide a price signal to high usage customers during the winter months.

"The proposed rate revisions also include a change to the demand rate applicability criteria for the large commercial demand rate class (S.C. No. 3). Demand billing on the S.C. No. 3 rate schedule is recommended for all commercial customers with usage greater than 5,000 kWh in any winter month. This would extend demand billing to 9 additional customers. The present criterion for S.C. No. 3 is energy usage in excess of 6,000 kWh in any winter month. Customers would exit the S.C. No. 3 rate, and would be served on the S.C. No. 2 rate if usage drops below 5,000 kWh and demand drops below 20 kW in all winter months.

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"Additionally, the introduction of a Controlled Water Heating Credit Provision is proposed for residential customers who agree to permit the Village to install load control equipment on their electric water heaters. Participants will be provided with a \$9.00 credit on their electric bill for each month of participation (December - March). In exchange, participating customers will agree to permit the Village to control the operation of their electric water heater as needed for a maximum of 45 minutes followed by a 15 minute recovery period for each hour of control. To qualify for this program, customers must have an electric water heater with a rated capacity of 4500 Watts. Water heaters will be controlled during the winter months when the Village wishes to reduce peak demand on the system.

"The benefits to the participants of the program represent about 60 percent of the net power bill savings, with the remainder to be shared by all customers. Approximately 420 water heater controllers have been installed to date, and the Village expects an additional 380 customers (80 percent of all water heater customers) to join the program once it has been approved for final action. Annual net savings, based on the number of controlled water heaters to date, is estimated at \$28,000.

DISCUSSION

"Pursuant to the approved procedures, the Executive Vice President - Marketing and Development authorized the Secretary to file notice for publication in the State Register of the proposed revisions in retail rates. Such notice was published on September 7, 1994 and no comments concerning the proposed action have been received by the Secretary. A public hearing was held on January 19, 1994, to vote on two separate rate proposals prepared by the Village's consultant and Authority's staff. Subsequent to the hearing, the Village and the Authority's staffs agreed to reconsider their respective rate proposals and hold a second public hearing on a compromise rate proposal. A second public hearing was held by the Village on August 15, 1994, and no objections were raised to the proposed rates.

"The proposed rates are below those now in effect by the utility serving the contiguous area.

"Comparison of present and proposed total revenues and base rates to be produced by each service classification are attached as Exhibits `6-A' and `6-B'.

RECOMMENDATION

"The Executive Vice President - Marketing and Development recommends that the attached schedule of rates for the Village of Ilion, New York, be approved to take effect with the first full billing period following this date.

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

"The Senior Vice President and General Counsel, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That the proposed rates for electric service for the Village of Ilion, New York be approved to take effect with the first full billing period following this date, as recommended in the foregoing report of the President; and be it further

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

7. Village of Westfield - Revised Retail Rates - Final Action

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve, as a final action, revisions in the base retail rates of each customer service classification for the Village of Westfield ('Village'), New York. The proposed rate revisions result in an 11.6 percent increase in total annual revenues.

BACKGROUND

"The proposed rate increase is required to provide adequate revenues to meet the electric department's additional debt service obligations, allow for sufficient working capital funds and enable it to meet forecasted increases in operating and maintenance expenses through fiscal year 1997. Current rates have been in effect since November 1986, when the Trustees approved a rate increase of 13.8 percent.

"The electric department has planned capital additions and replacements of about \$1,200,000 through fiscal year 1997. These expenditures include customer metering equipment replacement, software and hardware to implement remote meter reading and time of use metering, line transformers and structures required for an ongoing distribution upgrade, substation equipment and structures associated with a substation upgrade, and a new bucket truck. The Village plans to debt finance a total of \$1,000,000 of the capital additions, and fund the remainder of the capital program and increase its depreciation fund by \$90,000 through revenues generated by the rate increase. The electric department plans to convert its residential and small commercial customer billing from bi-monthly to monthly (all other classes are now billed monthly) by the first billing of the proposed rates in December. Funding for this project will come from the planned debt issuance and depreciation fund.

"The proposed rate revisions are based upon a marginal cost of service study. The cost of service study is used to determine the portion of the total system cost attributable to each customer class and to develop rates that provide appropriate price signals to consumers. It is recommended that the Village's retail rates be moved closer to marginal cost as shown in the attached Exhibit '7-A'.

"Consistent with the promotion of energy conservation through cost-based price signals, the electric department is establishing an 'inverted' rate structure for high-use residential customers, time-of-day rates for large residential and industrial customers, and seasonal rates for the small commercial, large commercial and street lighting classes. The proposed seasonal and time-of-day rate differentials reflect the higher cost of service during the winter months (October - April) when higher cost incremental power is purchased by the Village to meet peak loads. The proposed rates result in reasonable bill impacts to consumers.

"The proposed inverted residential rate structure would apply to customers classified as 'high use' (winter month usage is greater than 250 kWh in at least one month or the customer does not qualify for the S.C. 1-Low Use (see below) or S.C. 1-TOU rate schedule). All usage above 1500 kWh during the winter (the 'tail block') is priced at 3.74 cents per kWh; whereas, winter usage equal to or below 1500 kWh as well as usage in the non-winter months (May - September) is charged 3.36 cents per kWh.

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"The recommended winter tail block rate of 3.74 cents per kWh is based on the marginal cost of tail block usage. The assignment of more cost responsibility to the tail block will provide a price signal to high usage customers during the winter months.

"Also recommended for qualifying 'low-use' residential customers is a flat, all-year round rate of 2.82 cents per kWh. To qualify, usage in the winter months must be 250 kWh or less and the customer cannot meet its space heating requirements through the use of an electric heating system. These non-heating customers do not contribute significantly to the system peak demands which cause the Village to incur higher power costs during the winter months.

"Residential Time-of-Use ('TOU') rates are proposed (S.C. 1-TOU) for the Village's 98 largest residential customers, based on February and March 1993 consumption (more than 5,000 kWh per month in at least two winter months). Time-of-use rates are also recommended for the Village's 12 largest industrial customers (S.C. 4-TOU), based on Winter 1992/93 demand (more than 200 kW in a winter month).

"The introduction of a seasonal energy rate differential is recommended for small commercial customers served on S.C. No. 2 (currently S.C. No. 2A). Usage during the winter is priced at 3.66 cents, whereas all usage in the non-winter months is charged 2.56 cents per kWh. Seasonal rates (demand and energy charges) are also proposed for the large commercial and industrial-standard service classes.

"The proposed rate revisions also include a change to the demand rate applicability criteria for the large commercial customers served on S.C. No. 3 (currently S.C. No. 2B). Demand billing on the S.C. No. 3 rate schedule is recommended for all commercial customers with usage greater than 3,500 kWh in any 2 consecutive winter months. This would extend demand billing to 48 additional customers. The present criterion for S.C. No. 3 is a demand of less than 75 kW for two consecutive months. Customers would exit the S.C. No. 3 rate, and be served on the S.C. No. 2 rate if usage drops below 3,500 kWh and demand drops below 15 kW for all winter months.

"In addition, the proposed rate revisions include a change in the applicability criteria for the industrial-standard service rate schedule, S.C. No. 4 (currently S.C. No. 3). Demand billing on the S.C. No. 4 rate schedule is recommended for all industrial customers with metered demands of at least 75 kW but not more than 200 kW in any winter month. The present criteria for S.C. 4 is a demand of more than 75 kW for three consecutive months. Customers would exit the S.C. No. 4 rate, and be served on the S.C. No. 3 rate if demand drops below 75 kW in any winter month.

"Finally, the proposed rate revisions include a 'Local Business Vitalization Rate' ('LBVR') to be applied as a rider to the large commercial, industrial-standard and industrial time-of-use rate schedules. The goal of the LBVR is to use reasonable retail rate discounts to expand or attract jobs and economic development into the Village to benefit the community. In return for the discount, the qualifying customer must contractually commit to (1) a number of jobs or capital investment in the community which will create jobs; (2) energy conservation measures acceptable to the Village Electric Department; and (3) load management techniques and/or measures including, but not limited to, Village-directed load interruptions during high system marginal cost periods. The rate discounts will be negotiated by the Village and the applicant customer as a discount off the existing rate schedule that the customer is served on, or in the case of a new customer, would qualify for. Negotiated rate discounts will be phased-out over a period not to exceed ten years. Exhibit '7-D' provides a further summary of the proposed LBVR.

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"It is recommended that a local public hearing precede the Village's approval and implementation of a negotiated rate discount contract. The public hearing will consider the views and comments of interested parties, including Authority staff. In addition, the Village should submit guidelines to the Authority for approval prior to implementation of the rate discount program.

"The proposed rates are below those now in effect by the utility serving the contiguous area.

"Comparisons of present and proposed total revenues and base rates to be produced by each service classification are attached as Exhibits `7-B' and `7-C'. Exhibit `7-E' contains a listing of the entry and exit criteria for each proposed rate schedule.

DISCUSSION

"Pursuant to the approved procedures, the Executive Vice President - Marketing and Development authorized the Secretary to file notice for publication in the State Register of the proposed revisions in retail rates. Such notice was published on September 7, 1994, and no comments concerning the proposed action have been received by the Secretary. A public hearing was held on August 18, 1994, and no objections were raised to the proposed rates.

RECOMMENDATION

"The Executive Vice President - Marketing and Development recommends that the attached schedule of rates for the Village of Westfield, New York be approved to take effect with the first full billing period following this date.

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

"The Senior Vice President and General Counsel, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation."

Responding to questions from Trustee Duch, Mr. Pozza advised that Bush Industries has expressed interest in the proposed Local Business Vitalization Rate (LBVR), and that the Village plans to advertise the availability of the lower rates to other companies in order to stimulate economic development in the community.

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

RESOLVED, That the proposed rates for electric service for the Village of Westfield, New York be approved to take effect with the first full billing period following this date, as recommended in the foregoing report of the President; and be it further

RESOLVED, That the Village of Westfield shall hold a local public hearing prior to its approval of any negotiated rate discount contract pursuant to the operation of the "Local Business Vitalization Rate" rider, and submit program guidelines to the Authority for approval prior to implementation, as delineated in the foregoing report of the President; and be it further

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

Village of Westfield
Comparison of Present and Proposed Revenues
as a Percent of Marginal Cost

<u>SERVICE CLASSIFICATION</u>	<u>PRESENT PERCENTAGE</u>	<u>PROPOSED PERCENTAGE</u>
Residential		
Low Use S.C. 1A	17%	20%
High Use S.C. 1B	41%	48%
Time-of-Use S.C. 1-TOU	36%	42%
Small Commercial	38%	44%
Large Commercial	62%	68%
Industrial		
Standard S.C. 4	53%	60%
Time-of-Use S.C. 4-TOU	68%	73%
Street Lighting	182%	172%
Security Lighting	<u>76%</u>	<u>77%</u>
Total	<u>49%</u>	<u>55%</u>

Village of Westfield
Comparison of Present and Proposed Annual Total Revenues

<u>SERVICE CLASSIFICATION</u>	<u>PRESENT REVENUES</u>	<u>PROPOSED REVENUES</u>	<u>% INCREASE (DECREASE)</u>
Residential			
Low Use S.C. 1A	\$ 27,800	\$ 33,750	21.4%
High Use S.C. 1B	699,950	808,750	15.5%
Time-of-Use S.C. 1-TOU	104,100	124,700	19.8%
Small Commercial	79,800	91,800	15.0%
Large Commercial	186,150	204,800	10.0%
Industrial			
Standard S.C. 4	91,100	102,950	13.0%
Time-of-Use S.C. 4-TOU	608,750	651,400	7.0%
Street Lighting	46,900	44,500	(5.1)%
Security Lighting	<u>\$ 32,800</u>	<u>\$ 33,350</u>	<u>1.7%</u>
Total	<u>\$1,877,350</u>	<u>\$2,096,000</u>	<u>11.6%</u>

LOCAL BUSINESS VITALIZATION RATE PROGRAM

Summary

Description:

This is a special rate offered in the form of a business class rate schedule rider to eligible existing Westfield businesses or new businesses locating in the Village.

Purpose:

The goal of this rate is to expand or attract jobs and economic development into the Village to benefit the community. This program is designed to complement and leverage the New York Power Authority's 'Economic Development Power' Program.

Applicability:

The rate rider will apply to the Large Commercial, Industrial- Standard Service and Industrial Time-of-Use Tariffs.

Eligibility:

The qualifying customer must commit to (1) a number of jobs or capital investment(s) in the community which will create jobs; (2) energy conservation measures acceptable to the Village Electric Department; and (3) load management techniques and/or measures including, but not limited to, Village electric department-directed load interruptions.

Negotiated Rate:

Discounts will be made off the existing rate schedule that the customer is served on, or in the case of a new customer, would qualify for. Cost of service, usage characteristics (such as load factor and seasonal/time-of-day distribution of kWh usage) and other factors deemed relevant by the Board of Public Utilities will be considered. The rate discounts will be the result of negotiations and will be phased-out over a period not to exceed 10 years. A contract will be required with the Electric Department, and is subject to the approval of the Board and Village following a public hearing to consider the views and comments of interested parties.

System Revenue Effects Adjustment Clause:

Due to the lower rates to qualifying business customers, this program will affect the level of electric system revenues. In order that the rate discounts not cause a material loss in system revenues, all of the Village's electric customers will be subject to an adjustment in their bills in the form of a 'Business Vitalization Rate Adjustment Clause'. The BVRAC, if needed, will work in a manner similar to the PPAC (i.e., as a per kWh adder to customer bills).

Application:

Applications for this special rate are to be made to the Village of Westfield Board of Public Utilities at 23 Elm Street,

Westfield, NY 14787.

**Village of Westfield
Applicability Criteria (Entry/Exit) for Proposed Monthly Rates**

The `Applicability Criteria' define the conditions of entry and exit for a rate schedule. Individual customer usage will be reviewed annually to determine which customers stay on/leave a particular rate schedule.

**Residential
S.C. 1A (Small Use)**

Entry:

Residential customers whose usage is 250 kWh (kilowatt hours) or less in all winter months and whose space heating requirements are not met through the use of an electric heating system.

Exit:

Entry to S.C. 1B if monthly usage exceeds 250 kWh in all winter months or an electric space heating system is installed.

S.C. 1B (High Use)

Entry:

Residential customers not served on S.C. 1A and S.C. 1-TOU.

Exit:

Entry will be to the S.C. 1A rate if usage falls below 250 kWh in all winter months. Entry will be to the S.C. 1-TOU rate one year after the effective date of this rate schedule, if either (a) usage is more than 5,000 kWh per month in at least two winter months or (b) at the customer's request and acceptance by the utility where this criterion is not met, following a reasonable period of Village monitoring of the customer's usage by time-of-day and review of this and other appropriate data with the customer.

S.C. 1-TOU

Entry:

Residential customers whose usage is more than 5,000 kWh per month in at least two winter months. Ninety-eight (98) customers meet this criterion based on winter 1992/1993 usage.

Exit:

Exit to either the S.C. 1A or 1B rate schedule.

Small Commercial S.C. 2

Entry:

Commercial customers whose monthly usage is 3500 kWh or less in all winter months.

Exit:

Exit to the S.C. 3 rate schedule if monthly usage exceeds 3500 kWh in two (2) consecutive winter months.

Large Commercial S.C. 3

Entry:

Commercial customers whose monthly usage exceeds 3500 kWh in two (2) consecutive winter months.

Exit:

Exit is to the S.C. 2 rate schedule if monthly usage falls below 3500 kWh and demand falls below 15 kW in all winter months. Exit to the Industrial rate schedule S.C. 4 requires a metered demand of 75 kW or more in a winter month. Exit to the industrial time-of-use rate schedule requires a metered demand of 200 kW or more in a winter month.

Industrial S.C. 4 (Standard)

Entry:

Industrial/commercial customers whose metered demand is at least 75 kW but not more than 200 kW in a winter month.

Exit:

Exit to the S.C. 4-TOU rate if demand exceeds 200 kW. A S.C. 4 customer, however, may request service under the S.C. 4-TOU rate one year after the effective date of this rate schedule if it does not meet the S.C. 4-TOU entry criteria. The Village will consider the customer's request following a reasonable period of electric department monitoring of the customer's usage by time-of-day and review of this and other appropriate data with the customer. Customers in this rate class will exit to the S.C. 3 rate schedule if demand drops below 75 kW in all winter months.

S.C. 4-TOU

Entry:

Industrial/commercial customers whose demand is 200 kW or higher in a winter month. Twelve (12) customers meet this criterion based on winter 1992/1993 metered demands.

Exit:

Exit to S.C. 4-Standard rate schedule if demand is less than 200 kW during the A.M. Peak, Shoulder and P.M. Peak hours.

8. Municipal and Rural Cooperative Economic Development Program - Allocations to Village of Sherburne

The President submitted the following report:

SUMMARY

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

BACKGROUND

"The 1991 Amendment to the power sales agreement between the Authority and the Municipal and Rural Cooperative Systems reserved 108,000 kW of power for economic development in the systems. As of September 1, 1994, 12,000 kW have been allocated.

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

"An application for power under the program has been submitted by the Sherburne for consideration by the Trustees. The Executive Director of the Municipal Electric Utilities Association ('MEUA') has also received a copy of the application and it has been approved by the MEUA Executive Committee.

DISCUSSION

"Webb & Sons, Inc. ('Webb') is a manufacturer of log home kits and since 1976, it has averaged over 120 per year. Webb recently purchased a major competitor's assets, which were located in Massachusetts, and is planning on relocating machinery and equipment to Sherburne. The company presently employs over 150 people in six different locations. In addition to the manufacturing of homes, Webb sells retail building materials as well as farm and home products. The recently purchased machinery will be relocated to an existing building owned by the company, and it will operate this facility in tandem with another plant about half a mile away.

"The company has invested \$200,000 thus far and when the new facility begins operation, will add an additional 40 people over the next three years. The company will require up to 300 kW for this new operation. Webb recently participated in a year-long study with Sherburne Electric to monitor its power use and it has converted from electric heat to wood fuels. Webb is an equal opportunity employers.

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RECOMMENDATION

"The Vice President - Industrial Economic Development recommends that the Trustees approve an allocation of up to 300 kW of power under the Municipal and Rural Cooperative Economic Development Program to the Village of Sherburne in accordance with this memorandum.

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

Vice Chairman Frey expressed concern that the power available under this Program is not being allocated more promptly and in greater amounts. Chairman Young stated that a number of marketing strategies are being explored. The President added that additional resources to address marketing issues, such as joint ventures with existing economic development groups, are being placed in the proposed 1995 O&M budget. The Vice Chairman stressed the importance of attracting only those businesses which actually foster economic development. Trustee Duch suggested that staff explore the possibility of attracting Canadian businesses as customers and/or joint venture partners. The Vice Chairman suggested that a number of upstate sites could be made usable following appropriate environmental clean up.

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

RESOLVED, That an allocation of power to the Village of Sherburne, under the Municipal and Rural Cooperative Economic Development Program, is hereby approved in accordance with the foregoing report of the President; and be it further

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

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9. Proposed Revision to Marcy-South and Massena-Marcy Firm Transmission Rates - Notice of Proposed Action and Public Forum

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the Secretary to file notice for publication in the State Register of proposed action to increase the firm transmission rates from the current level of \$1.50/kW-mo. to \$1.60/kW-mo. for service on the Marcy-South Project ('Marcy-South') and the Massena-Marcy Project ('Massena') (attached hereto as Exhibit '9-A' and '9-B', respectively). The Trustees are also requested to authorize the Secretary to schedule a public forum for the purpose of obtaining the views of interested parties concerning the Authority's proposed increase in the Marcy-South transmission rate.

BACKGROUND

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

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

"At their meeting of February 28, 1989, the Trustees approved a firm transmission rate of \$1.50/kW-mo. for firm use of the Massena line (Service Tariff No. 47). This tariff was adopted to enable the Authority to offer firm transmission service from the Canadian border to Marcy to those entities wishing to purchase Canadian power or Authority power from the St. Lawrence facility or to use the service for other transactions. In addition, entities wishing to sell power to Canada would be able to request transmission service on this line. ST-45 and ST-47 provide that the total monthly charge for service under each tariff, when combined with service under any other Authority firm transmission tariff, would not exceed an amount per kW calculated by applying the Authority's interruptible transmission rate to the billing demand under Service Tariff No. 31 at 100 percent load factor. To date, the Authority has not provided transmission service under ST-47. The Massena line is currently used to deliver Diversity power and energy from Hydro-Québec to Consolidated Edison Company of New York, Inc. and Rochester Gas and Electric under a negotiated transmission contract with prescribed rates.

DISCUSSION

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

to implement a rolled-in transmission rate.

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"Exhibit `9-C' lists the customers which would be affected by the proposed rate and shows the overall impact on the customers' electricity costs.

"At their meeting of November 27, 1990, the Trustees approved the adoption of a policy and procedure for conducting public forums for significant production and transmission rate increase proposals. This policy applies where the proposed change would increase revenue to the Authority associated with the particular service by two percent or more per year. Since the proposed Marcy-South transmission rate increase would increase revenue to the Authority from this particular service by more than two percent, it is recommended that a public forum be scheduled for the purpose of obtaining the views of interested persons concerning the proposed increase in the Marcy-South transmission rate.

FISCAL INFORMATION

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

RECOMMENDATION

"The Executive Vice President - Marketing and Development recommends that the Trustees authorize the Secretary to: (1) file notice for publication in the State Register of proposed Authority action to increase the firm transmission rates for customers utilizing firm transmission service over Marcy-South and Massena-Marcy as defined above, and (2) schedule a public forum for the purpose of gathering the views of interested persons concerning the proposed increase in the Marcy-South transmission rate.

"The Vice President - Corporate Finance, the Senior Vice President and General Counsel, the Executive Vice President - Finance and Administration, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That the Secretary of the Authority be, and hereby is, authorized to file notice with the Secretary of State for publication in the State Register of the Authority's proposed action to increase the firm transmission rates for the Marcy-South and Massena-Marcy transmission facilities, effective February 1, 1995, as set forth in the foregoing report of the President; and be it further

RESOLVED, That the Secretary of the Authority be, and hereby is, authorized to schedule a public forum for the purpose of obtaining the views of interested persons concerning the Authority's proposed action to increase the firm transmission rate for the Marcy-South transmission facilities, effective February 1, 1995, as set forth in the foregoing report of the President; and be it further

RESOLVED, That the Executive Vice President - Marketing and Development, or his designee be, and hereby is, authorized to provide written notice to affected customers of such proposed transmission rate action.

**Service Tariff No. 45
Firm Transmission Service**

Effective February 1, 1995

Applicable

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

Character of Service

Alternating current; 60-hertz; 3 phase.

Rate

\$1.60 per kilowatt of Contract Demand per month, provided that the total monthly charge per kilowatt for service under an accepted application for firm transmission service incorporating this tariff and any other Authority tariff(s) for firm transmission service shall not exceed an amount per kilowatt calculated by multiplying the maximum rate in mills per kilowatt-hour set forth for interruptible service under Service Tariff No. 31 by 730 hours (732 hours in a leap year).

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

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

Billing Demand

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

Contract Demand

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

Losses

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

Adjustment of charges

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

**Service Tariff No. 47
Firm Transmission Service**

Effective February 1, 1995

Applicable

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

Character of Service

Alternating current; 60-hertz; 3 phase.

Rate

\$1.60 per kilowatt of Contract Demand per month, provided that the total monthly charge per kilowatt for service under an accepted application for firm transmission service incorporating this tariff and any other Authority tariff(s) for firm transmission service shall not exceed an amount per kilowatt calculated by multiplying the maximum rate in mills per kilowatt-hour set forth for interruptible service under Service Tariff No. 31 by 730 hours (732 hours in a leap year).

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

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

Billing Demand

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

Contract Demand

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

Losses

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

Adjustment of charges

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

Overall Effect on Customer

Total Cost of Electricity Due to the Proposed
Transmission Rate

<u>Customer</u>	<u>% Increase in Total Electricity Cost</u>
A. Investor-Owned Utilities	
Consolidated Edison	2.6 percent
Long Island Lighting	2.6 percent
Orange and Rockland	2.6 percent
B. Downstate Industrial, FitzPatrick Economic Development and Municipal Utility Service Agencies	< 0.5 percent

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10. Southeast New York ("SENY") Public Customer Production Rates - Stabilized Energy Charge Adjustment - Final Action

The President submitted the following report:

SUMMARY

"The Trustees are requested to adopt, as a final action, certain changes in the SENY rate freeze adopted at their meeting of October 26, 1993, relating to the stabilized energy charge adjustment ('Stabilized ECA').

BACKGROUND

"At their meeting of July 26, 1994, the Trustees adopted the Stabilized ECA on an emergency basis and authorized the Vice President - Power Sales and Rates to issue written notification to the affected customers. Submitted herewith as Exhibit '10-A' is the pertinent portion of the minutes of the July 26, 1994 meeting.

DISCUSSION

"The purposes of the Stabilized ECA are (i) to extend the protection previously afforded the public customers from the high replacement power costs associated with the IP3 outage, and (ii) to provide the customers with more predictable monthly power bills. The prior billing method utilized a widely varying monthly energy charge adjustment ('ECA'), which produced high energy charges during the Indian Point 3 Nuclear Power Plant ('IP3') outage. The Stabilized ECA was set at the 1.19 mills per kWh level, to be reviewed annually. When combined with the base rate freeze, the Stabilized ECA allows the public customers to know the precise rates applicable to their use well in advance of actual consumption. This allows the public customers to budget for their power expenses with greater certainty, eliminating the need for contingency budgeting.

"Pursuant to the Authority's Administrative Procedures, the Secretary was authorized to file notice for publication in the State Register of the emergency adoption and of proposed Authority action to permanently adopt the provisions of the measure. Such notice was published in the State Register on August 17, 1994. No comments concerning the proposed action have been received by the Secretary's office in response to that publication.

"Since adoption of the emergency action by the Trustees at their July 26, 1994 meeting the Authority has negotiated an agreement to serve the United Nations Development Corporation ('UNDC') under a new Service Tariff ('ST') 55. At their meeting of August 30, 1994, the Trustees directed that the UNDC contract be transmitted to the Governor for his approval. It is recommended that the tariff wording changes approved for ST-11 through 18 at the July 26, 1994 meeting be extended to ST-55.

FISCAL INFORMATION

"The proposal to stabilize the SENY public customers' power bills by using the Stabilized ECA will produce monthly cash flow impacts resulting from the difference between the actual fuel and purchased power costs incurred and the Stabilized ECA revenues received by the Authority. Through the end of 1994, the cumulative under-recovery of energy related costs is now projected to be approximately \$33 million. When originally proposed, the IP3 schedule called for a return to service at the start of 1995, and the Stabilized ECA reduced the cumulative

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energy under-recovery to zero by the end of that year. The current schedule calls for IP3 to be at full power on April 1, 1995. This revised schedule will result in the Authority incurring additional energy cost under-recovery in early 1995. The under-recovery is now projected to be halved by the end of 1995 to approximately \$17 million, assuming IP3 operates normally after returning to service. Through the end of 1995, about \$15 million will be recovered from the SENY public customers through the Stabilized ECA. If IP3 does not restart on this schedule, recent experience has shown that the under-recovery will increase by about \$6 million for each additional month that the plant remains out of service.

RECOMMENDATION

"The Manager - Electric Rates recommends that the Stabilized ECA and conforming tariff modifications adopted on July 26, 1994 as an emergency action be adopted as a final action and that he be authorized to issue final notice to the affected customers.

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

"The Senior Vice President and General Counsel, the Executive Vice President - Finance and Administration, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation."

In response to questions from Trustee Miller, Mr. Hiney explained that in the absence of Trustee action at this time, and because all prepayment funds have been extinguished, fuel adjustment charges would commence to accrue on SENY customers' bills which would vitiate the intent of the Trustees' earlier action to freeze SENY rates through calendar year 1996.

In response to questions from Trustee Duch, Mr. Cahill stated that plans for restarting IP3 are currently on schedule and, barring emergent work, should be completed in December, with the NRC inspection expected to commence shortly thereafter.

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

RESOLVED, That the proposed rate modifications applicable to the sale of firm power and energy to the SENY public customers including the conforming tariff modifications be, and hereby are, adopted as a final action as recommended in the foregoing report of the President; and be it further

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

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RESOLVED, That the Manager - Electric Rates be, and hereby is, authorized to issue final notice to the affected customers and do such other and further things as may be necessary or desirable to effectuate the foregoing.

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11. New York City Public Utility Service - Allocation of FitzPatrick Power to American Broadcasting Companies, Inc.

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the allocation of 5,700 kW of FitzPatrick power to the New York City Public Utility Agency ('NYCPUS') for resale to American Broadcasting Companies, Inc. ('ABC').

BACKGROUND

"At its meeting of June 9, 1994, the Economic Development Power Allocation Board recommended to the Authority an allocation of 5,700 kW of FitzPatrick Economic Development Power ('EDP') to for job retention purposes. The power would be sold by the Authority to the New York City Public Utility Service ('NYCPUS') for resale to ABC.

DISCUSSION

"ABC occupies more than 1 million square feet of space in New York City for television programming, production & broadcasting. On October 31, 1991, the Trustees approved an allocation of EDP to ABC involving the construction of a new production facility for a commitment to retain at least 400 jobs. The company currently receives 900 kW of EDP at this facility. More recently, ABC evaluated sites for new digital technology and high-definition television broadcasting facilities that will require major capital investments. Possible sites included New York, New Jersey, California, Washington D.C., and Florida based on operating costs, trained labor and available talent. The New York City Public Utility Service ('NYCPUS') has requested the allocation of power and offered a financing package to ensure that these investments are made in New York. ABC would commit to relocate 185 jobs to New York City from outside the state and then maintain 3,885 jobs and to make a minimum investment of \$5.1 million in real property. Additional investments would be made in state-of-the-art equipment. The incremental, 15-year allocation of 5,700 kW to 3 facilities would save ABC an estimated \$800,000 annually over Consolidated Edison Company of New York, Inc. ('Con Edison's') standard rates. ABC has utilized Con Edison rebates in its energy conservation program to install efficient lighting and occupancy sensors that have reduced demand by 675 kW.

"The proposed allocation has been reviewed in accordance with Part 460 of the Authority's Rules and Regulations (Procedures for Allocation of Industrial Power and Enforcement of Contracts). The contract between ABC and NYCPUS (Exhibit '11-A' hereto) provides for reductions in the allocation in the event that employment or power usage levels are not maintained at specified levels. Reports regarding employment and affirmative action commitments will be submitted to the Authority by NYCPUS as provided by Part 460.4 of the Authority's Rules and Regulations and pursuant to the contract between the Authority and NYCPUS.

RECOMMENDATION

"The Vice President - Industrial Economic Development recommends that the Trustees approve the allocation of 5,700 kW of FitzPatrick power to NYCPUS for resale to ABC, as described herein.

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

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

RESOLVED, That the Authority hereby approves the allocation of 5,700 kW of FitzPatrick power to the New York City Public Utility Service for resale to American Broadcasting Companies, Inc. substantially in accordance with the terms described in the foregoing report of the President; and be it further

RESOLVED, That the contract for the resale of FitzPatrick industrial power between the New York City Public Utility Service and American Broadcasting Companies, Inc. is subject to approval by the Vice President - Industrial Economic Development; and be it further

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

12. Amendments to Procurement Guidelines to Provide a Preference for Small Businesses and New York State Suppliers

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve four amendments to the Authority's Guidelines for Procurement Contracts ('Guidelines') to: (i) provide a 5 percent preference for New York State small businesses for all contracts with a value of \$25,000 to \$500,000; (ii) authorize the Vice President Procurement and Real Estate to establish a set-aside for select goods and services, with a contract value not exceeding \$250,000, for bidding by New York State small businesses; (iii) modify the preference for New York State firms providing personal services from 10 percent for contracts of \$250,000 or more, to 5 percent for contracts of \$100,000 or more; and (iv) provide a 5 percent preference to all New York State suppliers and distributors of goods (excluding fuel) for contracts valued over \$100,000. These amendments will become effective in January, 1995.

BACKGROUND

"The Guidelines which govern the use, award, monitoring and reporting of Procurement Contracts over \$5,000 became effective January 1, 1990, as required by Public Authorities Law Section 2879. These Guidelines have been reviewed and modified by the Trustees annually, with the latest revision approved by the Trustees at their meeting of April 26, 1994. These Guidelines include a preference of not more than 10 percent above the lowest technically equivalent proposal for New York State firms bidding on Personal Services (e.g., architectural, engineering, consulting, or accounting services) contracts of \$250,000 or more. This preference was approved by the Trustees at their meeting of March 31, 1987.

"The Authority has attempted to foster business opportunities for New York firms in a manner consistent with its Procurement Policies and Procedures. Over the years, this has resulted in the award of major consulting, construction and equipment contracts to New York State firms.

"Other utilities and agencies have developed programs specifically targeted to small businesses. The Port Authority of New York and New Jersey has a formal small business program, including a price preference and a separate set aside for small businesses. The New York State Department of Transportation's program, referred to as their 'Development Assistance Program', provides a myriad of services to small businesses through Small Business Development Centers established in the state. The Tennessee Valley Authority's small disadvantaged businesses program applies to both direct purchases and subcontracting opportunities, and has resulted in an overall increase in their vendor base, helping small businesses grow, thus positively contributing to the overall economy of the State of Tennessee.

DISCUSSION

New York State Small Business Preference; Small Business Set-aside; Preference to Other New York State Providers of Equipment and Services

"Small businesses now account for a major component of employment opportunities for New York State

residents, and it is appropriate that the Authority establish incentive for these businesses. Many of these firms, due

to their limited size, typically bid on small dollar contracts, usually under \$250,000. The Authority recognizes that many of these New York State small businesses operate in an area of high overhead and operating costs, including office space, fuel, labor and taxes, and may not be able to compete on an equal basis with larger firms which are able to achieve economies of scale due to their larger size and superior capitalization.

"New York State suppliers and distributors, both small and large, of goods also face competitive obstacles with out-of-state businesses. Higher overhead and operating costs, as previously noted, also apply to those firms located in the state versus those that are not. The preservation of in-state business opportunities for all New York firms should also help to reduce the relocation of such firms to other states. The enactment of a preference for both New York State small businesses, as well as all New York State suppliers and distributors of goods, may result in increased employment opportunities and improving the economic climate of the State.

"In order to provide maximum opportunities for New York State small businesses and suppliers of goods to participate in contract opportunities let by the Authority, the following amendments to the Authority's Guidelines for Procurement Contracts are recommended:

1. All New York State small businesses submitting technically qualified proposals will be eligible for a 5 percent preference above the lowest qualified proposal submitted by a non-small business bidder, for all contracts with a value of \$25,000 to \$500,000. In order to be eligible for the preference, the small business must: (i) be independently owned and operated; (ii) have a place of business in New York State which employs at least 50 percent of its work force in the State, or which would perform at least 50 percent of all the work with employees assigned to a work location in the state; (iii) is not dominant in its field of operations; (iv) has a work force of permanent employees not exceeding 150; and (v) has an average annual gross dollar volume of sales, documented in a certified financial statement for the two years prior to submission of a proposal, not exceeding the following:

<u>Commodity or Service</u>	<u>Average Annual Sales Volumes</u>
Construction Work	\$ 7,500,000
Goods	10,000,000
Services	\$ 7,500,000

These amounts may be updated annually by the Vice President - Procurement and Real Estate, with the approval of the Chairman and President.

2. Select goods and services, to be determined by the Vice President - Procurement and Real Estate, will be set-aside to be bid by New York State small businesses only on both a direct contract and subcontract basis. Appropriate notice will be included in the Contract Reporter. Specific items may include office supplies, security services, engineering work, construction work, printing, computer equipment and other items where sufficient competition, among small businesses, exist. The value of each contract to be set-aside shall not exceed \$250,000. No preference will be granted for any contracts awarded under the set aside provisions.
3. Modify the preference for New York State consultants submitting technically qualified proposals for personal service Contracts equal to or greater than \$250,000, from 10 percent to 5 percent, and reduce the contract value to \$100,000. This will still provide an incentive for New York State firms

providing professional services, while more realistically reflecting the Authority's more

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difficult financial circumstances due to increasing competition that did not exist seven years ago when this preference was approved by the Trustees.

4. Provide a preference of 5 percent to all New York State businesses, including small businesses submitting technically qualified proposals and which either manufacture, or act as a distributor, of goods (excluding fuel) for contracts with a value of \$100,000 or more. This would provide an opportunity for these firms to be more competitive on the larger contracts awarded by the Authority.

"The forgoing preferences, together with the Authority's existing M/WBE Program, will provide increased opportunities for all small businesses to be more competitive for Authority contracts, as well as providing an incentive for all New York State businesses to compete for contracts with a value of \$100,000 or more.

FISCAL INFORMATION

"Some additional cost is anticipated to be incurred as a result of these changes, although the overall impact on the Authority's O&M Budget is anticipated to be minimal.

RECOMMENDATION

"The Authority's Director of Procurement, Planning and Program Development, the Vice President - Procurement and Real Estate, and the Executive Vice President - Corporate Services recommend that the Trustees approve the foregoing changes to the Authority's Procurement Guidelines.

"The Senior Vice President and General Counsel, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation."

President Freeman added that although the estimated financial impact on the Authority arising from implementation of the proposed preference would be in the vicinity of \$2.5 million, the program would enhance and invigorate the competitive bidding process and would ultimately result in lower prices for the Authority.

Chairman Young requested that the Trustees be provided with the results of the program on a quarterly basis.

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

RESOLVED, That approval is hereby granted to amend the Authority's Guidelines for Procurement Contracts to (i) provide a 5 percent preference for New York State small businesses for contracts with a value of \$25,000 to \$500,000; (ii) authorize the Vice President - Procurement and Real Estate to establish a set-aside for select goods and services with contract values not exceeding \$250,000, to be bid only by New York State small businesses; (iii) modify the preference for New York State firms providing personal services from 10 percent for contracts valued at \$250,000 or more to 5 percent for contracts of \$100,000 or more; and (iv) provide a 5 percent preference for all New York State manufacturers and distributors of goods (excluding fuel) for contracts valued at \$100,000 or more as recommended in the foregoing report of the President.

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13. Proposed Schedule of Trustees' Meeting in 1995

"The following schedule of regular meetings for the Authority for 1995 is recommended:

<u>Date</u>	<u>Location</u>	<u>Time</u>
January 31, 1995	NYO	10:00 a.m.
February 28, 1995	NYO	11:00 a.m.
March 28, 1995	NYO	11:00 a.m.
April 25, 1995	NYO	10:00 a.m.
May 23, 1995	Open	10:00 a.m.
June 27, 1995	Open	10:00 a.m.
July 25, 1995	Open	10:00 a.m.
August 29, 1995	Open	10:00 a.m.
September 27, 1995	NYO	10:00 a.m.
October 31, 1995	NYO	10:00 a.m.
November 28, 1995	NYO	10:00 a.m.
December 19, 1995	NYO	10:00 a.m."

Anne Wagner-Findeisen
Corporate Secretary

14. Procurement (Services) Contracts - Southeast New York ("SENY") New Construction Program - Harris Energy Systems and EME Group - Awards

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award of three-year procurement contracts to two firms: Harris Energy Systems and EME Group for program implementation services in connection with the New Construction Program ('NCP') a demand side management ('DSM') program previously approved for the Authority's SENY public customers. The estimated cost of these implementation services is \$1.0 million.

BACKGROUND

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

"At their meeting of March 31, 1992, the Trustees approved \$25 million in funding for the NCP for the Authority's SENY public customers. Through the SENY NCP, the Authority seeks to capture energy saving opportunities in new facilities, or those where a major renovation is planned, which would be more expensive, or impossible to implement after construction is complete. The conservation measures promoted in NCP are comprehensive and include electrical, HVAC and building envelope components. By inducing energy savings for a specific project, the program encourages public agencies and design professionals to use energy saving measures in future building designs. At their meeting of March 29, 1994, the Trustees authorized expansion of the authorized scope of NCP for inclusion of an Electrotechnologies Program. A total of \$10 million (from the original \$25 million in funding) was set aside for this new program.

"To date, over 80 projects have been identified for inclusion in the NCP. Of these, 13 rebates have been paid, and an additional 16 rebates have been committed for payment. System savings total 820 kW and 3,760,000 kWh for the \$300,000 paid and committed in rebates.

"In order to increase customer participation, an assessment of customer capital plans as well as program delivery procedures need to be improved. Through these contracts, additional resources for these analyses will be available.

DISCUSSION

"In May 1994, the Authority issued a Request for Proposal ('RFP') to obtain technical implementation services for the NCP. These services include:

- on-site surveys and energy audits
- engineering studies
- market studies, evaluations or surveys of emerging technologies and high efficiency equipment

- availability and costs
- design of proposed systems and measures; and
- preparation of project bid documents.

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"The RFP also identified some very specific requirements for the bidders: familiarity with current SENY Customer design practices; thorough knowledge of the New York State Energy Conservation Construction Code; and the resources to model building energy end-use options under varying design scenarios.

"In late May, the Authority received bids from 17 firms interested in providing program implementation services for the NCP: Atkinson, Koren & Feinberg, ('AKF'); Walter P. Bishop ('WPB'); J.T. Baker ('JTB'); Black & Veatch ('B & V'); EME Group ('EME'); Energy Investment ('EI'); J.E. Grant ('JEG'); Harris Energy Systems ('Harris'); HEC Energy Services ('HEC'); Joseph Technology Corporation ('JTC'); Lockwood Greene ('LG'); Mottola Poet ('MP'); O'Dea & Associates ('O'Dea'); Parsons Brincherhoff Quade & Douglas ('PB'); Syska & Hennessy ('S & H'); Steven Winter Associates ('SWA'); and Xenergy, Inc. ('XI').

"The criteria used to evaluate the bidders included: bidders' experience with similar work, qualifications of key personnel, understanding of New Construction Program goals, compliance with the Authority's minimum requirements, and pricing. Each member of the bid evaluation team, consisting of staff from Contracts Administration and the DSM group, reviewed and each member scored each proposal according to these criteria. Then the team met to discuss their scores and reach consensus on a short list of bidders offering the best qualifications and pricing. The following firms were excluded based on uncompetitive pricing and/or failure to demonstrate appropriate program experience or qualification: AKF; WPB; JTB; EI; JEG; HEC; JTC; LG; MP; O'Dea; PB; S & H; SWA and XI.

"As a result of this process, three firms were invited to make oral presentations to the bid evaluation team. The firms making presentations were evaluated on the basis of a number of technical criteria, including relevant experience of the firm, project organization and qualifications of support personnel and compensation. The firms selected for interview and subsequent consideration were B & V, Harris, and EME. Exhibit '14-A' summarizes the compensation schedule bid by each of these firms.

"Based on the oral presentations and review of the firms' qualifications, Harris and EME are recommended as NCP implementation contractors. The following is a brief synopsis of the qualifications of the recommended firms:

Harris Energy Systems

"Harris is a division of Frederic R. Harris, Inc. (a firm located in New York City) established as specialty division of the parent firm to focus its energy engineering expertise within one division. Harris can draw on significant manpower resources consisting of energy engineering and construction professionals who specialize in new construction design, computerized building energy simulation modeling such as DOE-2, and mechanical, HVAC, process, and electrical disciplines. Harris has had broad experience in working with SENY customer facility types, including hospitals, colleges, municipal water treatment facilities, public housing, office buildings, schools, warehouses and other large area service facilities. Harris also offers the Authority a strong local presence with a full-service regional office of 250 people in New York City and five project offices in Southeastern New York. Harris has worked closely with other large utilities to support the design and development of their DSM and NCPs.

"Harris has provided services for Massachusetts Municipal Wholesale Electric Company; Bridgewater State College; Broward County Courthouse; Boston Public Housing; and Venture tape manufacturing. Harris engineers served as program managers responsible for preliminary evaluations, energy surveys and feasibility studies, design and construction management.

EME Group

"EME, a local New York City firm, has provided services to the New York State Energy Office in performance of technical feasibility studies for the Authority's SENY customers, such as the New York State Office of Mental Health. EME has extensive experience with DSM programs and has performed similar work for Consolidated Edison Company of New York, Inc. and Central Hudson Gas and Electric. It has strong capabilities in building energy simulation modeling, energy auditing, and design assistance for new construction projects.

"The decision to select two bidders was based on the anticipated workload. The two bidders selected were ranked highest overall in terms of pricing and greatest knowledge and experience with the specialized requirements of implementing utility sponsored NCPs.

"The Authority's contracts with the recommended consultants will include the Authority's Minority and Women-Owned Business Enterprise ('M/WBE') provisions which state the following M/WBE goals:

Minority-Owned Business Enterprise Subcontracting Goal - 5%
Women-Owned Business Enterprise Subcontracting Goal - 3%

FISCAL INFORMATION

"Expenditures for the recommended implementation services will be paid from funds previously authorized by the Trustees from the Energy Conservation Effectuation and Construction Fund. As with the cost of other SENY DSM programs, a portion of the costs will be recovered from all SENY public customers through the electric rate structure over a period not to exceed seven years.

"The remaining costs will be recovered directly from Program participants.

RECOMMENDATION

"The Vice President - Power Sales and Rates recommends that the Trustees approve the award of New Construction Program implementation services to Harris Energy Systems and the EME Group in a total amount not to exceed \$1.0 million, for a three year term.

"The Vice President - Procurement and Real Estate, the Senior Vice President and General Counsel, the Executive Vice President - Finance and Administration, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation."

In response to questions from Trustee Duch, Mr. Hoff explained that the provisions concerning the Minority-Owned Business Enterprise Subcontracting Goal of 5% and the Women-Owned Business Enterprise Subcontracting Goal of 3% reflect the Authority procurement staff's experience as to what are realistic goals in particular areas of industry. Mr. Hoff further explained that for the engineering field, it has historically been difficult to establish goals outside the range of 5% to 10%, as compared to construction, where the figure

can range up to 25%.

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In response to further questions from Trustee Duch, Mr. Hoff explained that the New York preference program adopted by the Trustees would be applied as of January 1995 and would be explicitly stated in the Request for Proposals.

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award contracts for a period of three years, commencing November 1, 1994, to Harris Energy System; and to EME Group to provide implementation services in connection with the SENY New Construction Program, as recommended in the foregoing report of the President, in the amounts and for the purposes listed below:

<u>Energy Conservation Effectuation and Construction Fund</u>	<u>Contract Approval</u>	<u>Projected Closing Date</u>
New Construction Program Implementation Services		
Harris Energy Systems	\$500,000	10/31/97
EME Group	\$500,000	10/31/97

NEW CONSTRUCTION PROGRAM
COMPENSATION SCHEDULE

<u>Classification</u>	<u>Implementation Contractors</u> (Fixed Hourly Rates*)		
	<u>Harris</u>	<u>EME</u>	<u>B & V</u>
Program Manager	\$81.94	\$80.00	\$85.00
Senior Engineer	\$79.29	\$70.00	\$80.00
Engineer	\$50.42	\$60.00	\$60.00
Energy Analyst	\$44.10	\$55.00	\$50.00

* These rates will increase by approximately 5% each year for the three year contract term. Hours will be set on a project by project basis. All rates include overheads. Reimbursable expenses are limited to travel at \$0.29 per mile plus tolls and parking, direct administrative expenses (e.g. printing and reproduction, long distance communication, and computer services at contractor's standard rates).

15. Procurement (Services) Contract - Watt Buster Residential Energy Conservation Program - Secondary Refrigerator Buy-Back Program - Planergy, Inc. - Award

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award of a three year procurement contract to Planergy, Inc. ('Planergy'). This contract covers services for the municipal and cooperative customer Secondary Refrigerator Buy-Back Program. The estimated cost for the first year of the contract is \$300,000.

BACKGROUND

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

"The Authority has offered the Watt Buster Program for residential customers served by municipal and cooperative electric systems since 1986. Initially, the program was offered on a pilot basis and later as a full scale project. To date, Watt Buster services have been completed in 27 of the 51 municipal and cooperative systems. Five systems recently completed a second round of program participation with a 20 percent penetration rate. Program services included a free home energy audit, installation of water heating conservation measures such as electric water heater tank wraps, faucet aerators, pipe insulation and low flow shower heads. Residential customers with primary electric heat are eligible for additional weatherization measures including free installation of attic and basement insulation, window and door caulking and other infiltration control measures. Total program participation to date has reached about 19 percent of the homes eligible with over 16,100 audits conducted and nearly 6,200 homes weatherized.

"At their meeting of May 24, 1994, the Trustees authorized the expansion of the scope of the municipal and cooperative customer Watt Buster Program to include a provision for a secondary refrigerator buy-back program for residential customers served by these systems. Staff indicated to the Trustees that these refrigerator buy-back program services would be offered through a program implementation contractor selected through a competitive bid solicitation.

DISCUSSION

"Eight companies were invited to bid on the Authority's Refrigerator Buy-Back Program. The Program was also advertised in the New York State Contract Reporter. A total of three proposals were received in response to the Authority's Request for Proposal ('RFP'). The responding firms were: Deer Park Recycling, Inc. ('Deer Park'); Appliance Recycling Center of America, Inc. ('ARCA') and Planergy, Inc.

"The bid solicitation was structured so that responding firms were required to quote prices on a per refrigerator (or freezer) basis for the removal, transport, recycling and disposal of the units. The bid was to include a \$50 incentive to the participating residential customer and the installation of a standard compact fluorescent bulb.

The vendors were required to include all administrative overhead costs in their pricing proposals.

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"The bid response received from Deer Park was incomplete and deemed not responsive. The following table summarizes staff's evaluation of the two remaining bids, the bid prices are firm for three years.

<u>Vendor</u>	<u>Number of Refrigerators</u>	
	(501-1000)	(Over 1000)
ARCA ¹	\$185.00	\$180.00
Planergy ²	\$158.18	\$154.75

"Planergy's response is the lowest evaluated bid. Since 1977, its primary business has been the design and implementation of conservation and load management programs for electric utilities. Planergy has provided similar services for Niagara Mohawk Power Corporation in New York State. Planergy's New York processing center is centrally located in East Syracuse. The capacity of the Syracuse processing center is 125 units per day. Materials which are treated as hazardous are placed in New York State Department of Transportation approved 55 gallon cylinders and stored in a galvanized steel containment area. This method of containment meets all federal and state requirements. Staff concludes that Planergy is adequately equipped to cost effectively implement the Authority's appliance pick-up program.

"The Environmental Division has completed a detailed review of each vendor's processing center and has made certain recommendations to Planergy for improving its environmental management practices. Planergy has agreed to implement these recommendations at no further adjustment to its bid prices.

FISCAL INFORMATION

"Approximately 1500 refrigerators are expected to be disposed of in the first program year at an estimated cost of \$300,000. The new program option will be funded from the General Reserve through the existing Watt Buster funds authorization; no additional funding is requested at this time.

"All costs associated with the Watt Buster Program, including the refrigerator buy-back program option, together with the Authority's cost of advancing funds and overhead costs, will be recovered from the individual participating municipal/cooperative systems within seven years. To date, the total cost of program activity is \$4.3 million; \$2.2 million has been recovered through July 1994.

RECOMMENDATION

"The Vice President - Power Sales and Rates recommends that the Trustees approve the award of a three year procurement contract to Planergy to provide implementation services for a secondary refrigerator buy-back program for residential customers served by the Authority's municipal and cooperative electric customers.

"The Senior Vice President and General Counsel, the Executive Vice President - Finance and

¹ Price does not include a charge of \$1.50 per mile for each truck load of refrigerators (approximately 20 units per truck).

² Planergy's bid price was adjusted to include compressor oil disposal at a cost of \$8.75 per unit. ARCA agreed to include such disposal in its base bid at no additional cost.

Administration, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation. "

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Trustee Duch requested, with Chairman Young's concurrence, that future agenda items concerning contract awards clearly indicate the anticipated levels of participation by M/WBE firms.

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award a contract to Planergy, Inc., in connection with the Watt Buster Secondary Refrigerator Buy-Back Program, as recommended in the foregoing report of the President, in the amount and for the purposes listed below.

	<u>Projected Closing Date</u>	Contract	<u>Approval</u>
Watt Buster Secondary Refrigerator Program:			
Planergy, Inc.	10/31/97		<u>\$300,000</u>

16. Procurement (Services) Contracts - James A. FitzPatrick and Indian Point 3 Nuclear Power Plants - Awards

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award and funding of the multi-year procurement (services) contracts listed in Exhibit `16-A' for the James A. FitzPatrick (`JAF') and Indian Point 3 (`IP3') Nuclear Power Plants. A detailed explanation of the nature of such services, the basis for the new awards, and the intended duration of such contracts are listed in Exhibit `16-B'.

BACKGROUND

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

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

DISCUSSION

"The terms of these contracts will be more than one year, therefore the Trustees' approval is required. In order to commence services pursuant to these contracts, many have been awarded for terms limited to one year, with the understanding that extension for subsequent years is subject to approval by the Authority's Trustees. All of the subject contracts contain provisions allowing the Authority to terminate the services at will, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all 76 contracts, ranging in estimated value from \$10,000 to \$10,000,000 and totaling \$27,834,383.

"The initial term of these contracts will extend through December 31, 1996, or earlier, as noted in the specific descriptions of each contract in Exhibits `16-A' and `16-B'. Prior to June 30, 1996, Nuclear Generation and the Procurement Division will review whether these services can be performed cost-effectively with in-house staff. Only those services, which cannot be performed economically by in-house staff, will be recommended for an additional extension of up to 12 months, subject to approval by the Chairman and President. The only contract for which a four-year term is requested is with Radiation Management Consultants, to provide an emergency medical assistance program in support of IP3. This service is a shared venture between the Authority and Con Edison, whereby 50% of the expenses will be charged back to Con Edison. It should also be noted that issuing a four-year contract entitles the Authority to a 15% discount.

"Competitive bids for multi-year services contracts were solicited by headquarters' procurement staff in ten specialized areas to support one or both of the Authority's nuclear power plants. Commercial and technical evaluations of the respective proposals determined that, in most cases, multiple awards to several lowest or most technically qualified bidders in each category of services would be most efficient and cost-effective to the Authority.

The selected firms in each category will competitively bid against each other for services, as tasks are identified to be performed, by submitting resumes of their most technically qualified personnel, corresponding rates, and

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availability for each task required. Most of the awards, to be released through change orders, will be on a lump sum basis and will ensure the best possible services and price for the Authority.

"The following types of support services comprise the ten multiple award categories: field engineering services, quality assurance/quality control services, licensing engineering, instrumentation and control ('I&C') engineering, electrical engineering, consulting services for probabilistic risk assessment, metallurgical analysis and testing, reproduction services (of drawings and engineering documents), asbestos abatement, and evaluation of erosion/corrosion services. Individual firms were selected for single awards for the following services: to perform Hudson River fish studies to support the State Pollutant Discharge Elimination System ('SPDES') permit application, to provide Authorized Nuclear Inservice Inspector ('ANII') services, and to provide macro-fouling monitoring at IP3.

The total estimated contract amount for all the contracts within each grouping is listed in Exhibit '16-A' in descending order by total dollar amount. There are 39 awards administered by headquarters' procurement staff, comprised of 36 multiple awards in ten service categories, and three single awards. The combined expected expenditures for such contracts range between \$30,000 and \$10,000,000 and total \$23,215,000. Commitments will be made to the individual contracts as tasks are assigned to the successful bidder(s) within the group; commitments and expenditures for all contracts within each grouping will also be tracked against the approved total for that category.

"An additional 36 contracts have been or are about to be awarded by the procurement staff at IP3. These contracts include, but are not limited to, various kinds of maintenance, repair, or calibration services of various types of equipment or computers, waste disposal and transportation, pipe freezing services, leak sealing services, drain cleaning services, cleaning uniforms, locksmith services, emergency planning medical services, instrumentation and control technician services, and analysis of reactor coolant samples. The majority of these contracts will have terms of two or, if extended, three years. The combined expected expenditures for such contracts range between \$10,000 and \$1,000,000 and total \$4,619,383; only 16 contracts are expected to exceed \$50,000 for the duration of the contracts.

"One additional multi-year award for services related to the community alert network at JAF will be made by the JAF procurement staff. The term of this contract will be 26 months and the contract amount is not expected to exceed \$10,000.

"The above-mentioned services are required to support the operation of the Authority's nuclear power plants, in compliance with Nuclear Regulatory Commission and various other regulatory agency requirements. The Authority does not have or need the volume of permanent support staff to perform these services in-house, on an outage-related or 'as required' basis. In many cases, it is more economical, efficient, and cost-effective to have such services performed by outside vendors, who already have in place costly special equipment, materials, and experienced personnel. In other cases, the equipment or services can only be provided by the original equipment manufacturers. It has also been demonstrated that multi-year contracts enable procurement staff to negotiate lower rates, often firm for the duration of the contract, with the successful bidder(s). In the case of multiple awards within the same service category, competitive bidding for specific tasks among the selected firms in each category will also ensure the most technically qualified services at the lowest rates for the Authority.

FISCAL INFORMATION

"Funding for the JAF and IP3 expenditures has been included in the 1994 Approved O&M Budget. Funding

for subsequent years will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

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

RECOMMENDATION

"The Resident Manager - James A. FitzPatrick Nuclear Power Plant, the Resident Manager - Indian Point 3 Nuclear Power Plant, the Vice President - Nuclear Operations, the Vice President - Nuclear Engineering, and the Executive Vice President - Nuclear Generation recommend the Trustees' approval of the award of multi-year procurement (services) contracts to the companies listed in Exhibits `16-A' and `16-B'.

"The Vice President - Procurement and Real Estate, the Senior Vice President and General Counsel, the Executive Vice President - Finance and Administration, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation."

The Vice Chairman requested that the President and staff provide the Trustees with an update on the status of the Restructuring and Cost Reduction effort. President Freeman responded that full details will be available in the preliminary 1995 budget figures to be submitted to the Trustees at their next meeting.

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of multi-year procurement (services) contracts listed in Exhibit "16-A" are hereby approved for the period of time indicated, as recommended in the foregoing report of the President, and in the amounts and for the purposes listed in Exhibits "16-A" and "16-B".

DESCRIPTION OF CONTRACTS
AWARDS

HQ MULTIPLE AWARDS (listed in descending order by total dollar amount):

Preface (for items 1-10): Competitive bids were solicited in the following specialized areas. Commercial and technical evaluations of the respective proposals determined that multiple awards to several qualified bidders in each subject area would be most efficient and cost-effective to the Authority. The selected firms in each category will competitively bid against each other for services as tasks are identified to be performed. Recommendations for approval of contract award are therefore presented and described below with their respective subject grouping:

THE INITIAL TERM OF THESE CONTRACTS WILL EXTEND THROUGH DECEMBER 31, 1996, UNLESS OTHERWISE NOTED BELOW IN THE SPECIFIC DESCRIPTIONS OF EACH CONTRACT. PRIOR TO JUNE 30, 1996, NUCLEAR GENERATION AND THE PROCUREMENT DIVISION WILL REVIEW WHETHER THESE SERVICES CAN BE PERFORMED COST-EFFECTIVELY WITH IN-HOUSE STAFF. ONLY THOSE SERVICES, WHICH CANNOT BE PERFORMED ECONOMICALLY BY IN-HOUSE STAFF, WILL BE RECOMMENDED FOR AN ADDITIONAL EXTENSION OF UP TO 12 MONTHS, SUBJECT TO APPROVAL BY THE CHAIRMAN AND PRESIDENT.

1. FIELD ENGINEERING SERVICES (Q-02-1140); 5 AWARDS:

- a. ENERGY SERVICES GROUP - PO #'s TBA**
- b. HEPCO**
- c. PLANT TECHNICAL SERVICES**
- d. SUN TECHNICAL SERVICES**
- e. VOLT TECHNICAL SERVICES**

These contracts will commence on November 1, 1994, subject to the Trustees' approval. The purpose of these contracts is to provide temporary field engineering personnel in various disciplines to support JAF, IP3, and headquarters on an `as required' basis.

The five above-listed vendors were the low bidders (as well as the lowest qualified bidders) of 42 bids received (76 solicited). The mark-up rates will remain firm for the duration of the contracts. The awards will be in the initial amount of \$0, until services are required and awards are made based on competitive bidding for specific tasks. Approval is also requested for the amount expected to be expended for the term of the five contracts, \$10,000,000.

2. QA/QC SERVICES (Q-02-1139); 2 AWARDS:

- a. THE ATLANTIC GROUP - C94-Z0023**
- b. NATIONAL INSPECTION & CONSULTANTS - PO # TBA**

The primary contract with The Atlantic Group commenced on September 26, 1994, with interim approval to commence services authorized by the First Executive Vice President and Chief Operating Officer, subject to subsequent Trustees' approval. The purpose of these contracts is to provide quality assurance/quality control

(`QA/QC') personnel and services for JAF. Since the JAF refueling outage is scheduled to commence in November, 1994, it was necessary for The Atlantic Group to start preparation for mobilizing and recruiting in advance, to allow for timely and controlled turnover of contractors to support the outage.

The Atlantic Group was the low bidder (as well as the lowest priced qualified bidder) of 13 bids received (39 solicited). The Atlantic Group has firmed their overhead and fee rates for the full contract term with no escalation. These rates are, on average, 19% lower than the rates in the existing contract. It is also recommended that a `backup' contract be awarded to National Inspection & Consultants, should the primary vendor fail to perform as required or be unable to provide the number of support personnel needed during peak demand periods. Approval is also requested for the amount expected to be expended for the term of the two contracts, \$3,000,000.

3. I & C ENGINEERING (Q-02-1093); 3 AWARDS:

- a. ATOMETRICS INC. - S94-62317**
- b. CATARACT INC. - S94-62322**
- c. MDM ENGINEERING - S94-62323**

These contracts commenced on August 1, 1994, subject to subsequent Trustees' approval. The purpose of these contracts is to provide engineering support for Instrumentation and Control (`I&C') tasks for the Nuclear Engineering Division Group in support of JAF and IP3.

The three above-listed vendors were the lowest technically qualified bidders of 26 bids received (50 solicited). The initial awards were in the amount of \$0, for a term of one year with an option to extend for up to two additional years. Rates will remain firm for the duration of the contracts. Approval is also requested for the total amount expected to be expended for the term of the three contracts, \$2,000,000.

4. ELECTRICAL ENGINEERING (Q-02-1025); 5 AWARDS:

- a. ATOMETRICS - PO #'s TBA**
- b. BELL ENGINEERING**
- c. RAYTHEON ENGINEERS & CONSTRUCTORS (EBASCO)**
- d. NPTS (a certified MBE)**
- e. RUDELL ASSOCIATES (a certified MBE)**

These contracts will commence on November 1, 1994, subject to the Trustees' approval. The purpose of these contracts is to provide electrical engineering support services for JAF and IP3.

The five above-listed vendors were the lowest technically qualified of 24 bids received (37 solicited). Due to their favorable `on-site' rates, Raytheon (Ebasco), NPTS and Rudell will be used for Staff Augmentation at the Authority's White Plains Office and at JAF and IP3 as needed. Due to their previous experience with the Authority in performing modifications, Raytheon (Ebasco), Atometrics and Bell Engineering will be used for preparing modifications at their home offices. The intended term of these contracts is two years and two months, subject to the Trustees' approval, which is hereby requested. The initial awards will be in the amount of \$0, until services are required. All-inclusive rates will remain firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the five contracts, \$2,000,000.

5. LICENSING ENGINEERING (Q-02-1084); 5 AWARDS:

- a. ENERCON SERVCIES INC. - PO #'s TBA**
- b. ENTOR CORP. (a certified MBE)**

- c. RAYTHEON ENGINEERS**
- d. SOUTHERN TECHNICAL SERVICES**
- e. SUN TECHNICAL SERVICES**

These contracts will commence on November 1, 1994, subject to the Trustees' approval. The purpose of these contracts is to provide temporary licensing engineers, on an 'as required' basis, for JAF, IP3, and White Plains Office.

The five above-listed vendors were the lowest most technically qualified bidders of 40 bids received (74 solicited). The mark-up rates will remain firm for the duration of these contracts. Approval is also requested for the total amount expected to be expended for the term of the five contracts, \$1,800,000.

6. PROBABILISTIC RISK ANALYSES (Q-02-1085); 6 AWARDS:

- a. EQE ENGINEERING - S94-61112**
- b. HALLIBURTON NUS CORP/NUS DIVISION - S94-61100**
- c. PICKARD, LOWE & GARRICK - S94-61104**
- d. THE RISK RESEARCH GROUP - S94-61092**
- e. SAIC - SCIENCE APPLICATIONS INTERNATIONAL CORP. - S94-61095**
- f. TENERA - S94-61096**

These contracts commenced on August 15, 1994, subject to subsequent Trustees' approval. The purpose of these contracts is to provide consulting services for probabilistic safety analyses and reliability studies related to ongoing regulatory commitments in support of JAF and IP3.

The six above-listed vendors were the most technically qualified of 20 bids received (29 solicited). The Authority's Reactor Engineering - Nuclear Systems Analysis ('NSA') group reviewed the proposals with regard to technical adequacy and conformance to requested contract requirements. This tabulation was further employed in a systematic calculation to rank and evaluate each bidder on personnel qualifications, corporate qualifications, Individual Plant Examinations ('IPE') applications, past experience with the Authority, and hourly rates.

The initial awards are in the amount of \$0, until services are required, for a term of one year with an option to extend for up to two additional years. All original time & material rates were negotiated down by five percent (5%), with the exception of SAIC, which was reduced by three and one-half percent (3 1/2%). Rates may increase in the second and third years, but will not exceed the 5% negotiated cap per the contract term. Approval is also requested for the total amount expected to be expended for the term of the six contracts, \$1,400,000.

7. REPRODUCTION SERVICES (Q-02-1165); 4 AWARDS:

- a. LOUIS FREY CO., INC. - S94-61865**
- b. GSO GRAPHICS - S94-63656**
- c. JN REID - S94-63663**
- d. NAPCO - S94-62201**

These contracts commenced on July 1, 1994, subject to subsequent Trustees' approval. The purpose of these contracts is to provide reproduction services in support of Headquarters Nuclear Generation and System Operations Departments. These reproduction services consist of copies of drawings or documents used in new construction or plant changes that must be distributed to users in one or more of the following formats: blue line prints, microfilm, microfiche, aperture cards, and mylar. It is more economical to have such services performed by outside vendors, who have in place costly precision equipment, materials, space and experienced personnel available

to perform a wide variety of reprographic services efficiently, economically and within a short turnaround time.

Louis Frey Co., Inc. was the low bidder of six bids received (17 solicited) for all reprographic formats and will therefore be awarded more than half of the total dollars approved for these services. GSO and NAPCO were the next lowest bidders and JN Reid quoted the second lowest price for aperture cards. The initial awards are in the amount \$175,000, \$50,000, \$50,000, and \$27,500, respectively, for a term of one year with an option to extend for up to two additional years. Rates will remain firm for the duration of the contracts. Approval is also requested for the total amount expected to be expended for the term of the four contracts, \$850,000.

8. METALLURGICAL ANALYSES & TESTING (Q-02-1092); 2 AWARDS:

a. LUCIUS PITKIN - S94-62083

b. SCHENECTADY MATERIALS & PROCESS LAB., INC. - S94-62156

These contracts commenced on August 1, 1994, subject to subsequent Trustees' approval. The purpose of these contracts is to provide metallurgical analysis and testing services in support of JAF and IP3.

Lucius Pitkin was the most technically qualified bidder of seven bids received (35 solicited). Lucius Pitkin submitted the only complete proposal. Their staff qualifications, laboratory equipment, relevant experience, and proximity to Authority facilities and corporate offices, as well as competitive rates, that have not increased from their 1991 levels, make them the most suitable choice. It was decided that a secondary contract should be awarded to Schenectady Materials & Process Lab., Inc., the second most technically qualified bidder. One advantage is that the field nondestructive testing work can be subcontracted to two vendors, in close proximity to our two nuclear power plants. The initial awards were in the estimated annual amount of \$160,000 to Lucius Pitkin and \$40,000 to Schenectady for a term of one year with an option to extend for up to two additional years. Rates for testing and analysis will remain firm for three years; personnel rates will escalate four percent (4%) per year. Approval is also requested for the total amount expected to be expended for the term of the two contracts, \$600,000.

9. ASBESTOS ABATEMENT (Q-02-1078); 2 AWARDS:

a. AAR ENVIRONMENTAL SERVICES - C94-Z0021 (a certified MBE)

b. A. R. DIGIMA - C94-Z0022

These contracts commenced on October 1, 1994, subject to subsequent Trustees' approval. The purpose of these contracts is to provide asbestos abatement services for JAF.

AAR Environmental Services, a New York State certified Minority Business Enterprise (MBE), was the second low bidder of ten bids received (67 solicited). AAR has previously performed such services at JAF with a high degree of proficiency and without incident. All such work was performed on or under budget and ahead of schedule; AAR even initiated a discount of five percent (5%) from their fixed-fee price, since the job was completed ahead of schedule. It was decided to award a secondary contract to A. R. Digima, the low bidder. Since A. R. Digima has no experience in performing such services in a nuclear power plant and is unfamiliar with plant procedures and policies, it was felt that it would not be prudent to award the primary contract to A. R. Digima. The initial awards are in the amount of \$0, until services are required, for a term of one year with an option to extend for up to two additional years. Rates will be set in accordance with the prevailing wage rates established by the U.S. Department of Labor. Approval is also requested for the total amount expected to be expended for the term of the two contracts, \$500,000.

10. EVALUATION OF EROSION/CORROSION (Q-02-1123); 2 AWARDS:

- a. CORROSION SERVICES - PO #'s TBA**
- b. VECTRA TECHNOLOGIES, INC.**

These contracts will commence on November 1, 1994, subject to the Trustees' approval. The purpose of these contracts is to perform an evaluation of the erosion/corrosion program at JAF and IP3.

Corrosion Services was the low bidder (as well as lowest technically qualified bidder) of six bids received (25 solicited). Vectra Technologies was the second low qualified bidder and was therefore selected as the back-up vendor. Rates will remain firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the two contracts, \$380,000.

HQ INDIVIDUAL AWARDS:

LAWLER, MATUSKY & SKELLY ENGINEERS - S94-64179 (Q-02-1201)

This contract commenced on October 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to perform data collection resulting in a study of the effect of operating power plants on the striped bass and Atlantic tomcod population in the Hudson River; this effort will support the Authority's application of the State Pollutant Discharge Elimination System ('SPDES') permit.

Lawler, Matusky & Skelly was the low bidder (as well as the lowest priced qualified bidder) of two bids received (five solicited). The intended term of this contract is two years and three months, subject to the Trustees' approval, which is hereby requested. The initial award is in the amount of \$232,500 for a term of one year with an option to extend for up to fifteen months. Rates will remain firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$475,000.

ARKWRIGHT MUTUAL INSURANCE CO. - S94-62859 (Q-02-1037)

This contract commenced on August 9, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide certified ANII nuclear inspection services for JAF.

Arkwright was the low bidder of two bids received (ten solicited). The initial award is in the amount of \$50,000 for a term of one year with an option to extend for up to two additional years. Rates will remain firm for the first year of the contract, after which time staff rates will be reviewed and adjusted to reflect changes in the Consumer Price Index for New York/Northeastern New Jersey published by the U.S. Dept. of Labor, Bureau of Labor Statistics. Approval is also requested for the total amount expected to be expended for the term of the contract, \$150,000.

NORMANDEAU ASSOCIATES INC. - PO # TBA (Q-02-1213)

This contract will commence on December 1, 1994, subject to the Trustees' approval. The purpose of this contract is to provide a macro-fouling monitoring program at IP3. (The macro-fouling of service water heat exchangers occurred due to mussel infestations. Continuous chlorination of the service water system was introduced to prevent such infestation. The objective of this monitoring program is to determine the effectiveness of the service water chlorination program. Because the circulating water system cannot be continuously chlorinated, the monitoring program must provide information regarding the settling and growth patterns of all bivalves, so that appropriate control measures can be determined.)

Normandeau was the low bidder of eight bids received (17 solicited). Rates will remain firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$60,000.

JAF AWARD:

COMMUNITY ALERT NETWORK (CAN) - C94-J0208

This contract will commence on November 5, 1994, subject to the Trustees' approval. The purpose of this contract is to provide automatic, simultaneous emergency telephone call-in service to a roster of personnel for the community alert network in support of the emergency plan at JAF.

This contract will be awarded on a sole source basis because CAN is the only known source of these services. The intended term of this contract is two years and two months, subject to the Trustees' approval, which is hereby requested. Rates will remain firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$10,000.

IP3 AWARDS (listed alphabetically by Vendor Name):

ABB POWER T & D CO. INC. - C94-I6347

This contract commenced on September 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide repair, refurbishment, and recertification of Non-Cat I electrical protection relays at IP3, on an 'as required' basis.

ABB Power was the low bidder of two bids received (five solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$15,000.

ADT SECURITY SYSTEMS - C94-I6354

This contract commenced on June 27, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide repairs and maintenance for the Keltron Panel fire alarm system at IP3.

ADT Security was the second low bidder of three bids received. The original award, made to the low bidder, was cancelled after five months due to non-performance by the vendor. Approval is also requested for the total amount expected to be expended for the term of the contract, \$10,000.

CANBERRA INDUSTRIES - C94-I6320

This contract commenced on April 15, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide on-site and off-site calibration and repair services for Canberra gamma spectroscopy instrumentation, on an 'as required' basis, at IP3.

This contract was awarded on a sole source basis because Canberra, as the original equipment manufacturer, has access to all the necessary, or proprietary, service or quality control procedures and parts and personnel to properly service these instruments. Since these instruments are used for personnel protection and compliance with

Technical Specifications and NRC regulations, it is important that they function properly and reliably. Approval is also requested for the total amount expected to be expended for the term of the contract, \$29,000.

CENTURION SECURITY, INC. - C94-I6332

This contract commenced on October 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide locksmith services for the RES, Security, I & C, and Maintenance Departments and high radiation area locks, on an 'as required' basis, at IP3.

Centurion was the low bidder of two bids received (three solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$98,869.

CHEM NUCLEAR SYSTEMS - C94-I6328

This contract commenced on May 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide backup radioactive waste transportation services, on an 'as required' basis, for IP3.

Chem Nuclear was one of two low bidders of three bids received (six solicited). The award was split between Chem Nuclear (secondary/backup) and Vectra Technologies (primary). Approval is also requested for the total amount expected to be expended for the term of the contract, \$150,000.

COMPUTATIONAL SYSTEMS, INC. (CSI) - C94-I6321

This contract commenced on April 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide extended soft- and hardware update and maintenance support services for CSI products at IP3.

This contract was awarded on a sole source basis because CSI is the original equipment manufacturer. In addition, the vendor has demonstrated reliability and expediency in providing such services under a previous service contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$9,500.

CONCURRENT COMPUTER CORP. (CCC) - C94-I6237

This contract commenced on January 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide preventive and corrective maintenance services for CCC products and related memory, storage, peripherals, and spare parts for IP3.

CCC was the low bidder of two bids received (four solicited). The intended term of this contract is three years (one year with an option for up to two additional years), subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$90,000.

DYNAMIC GLASS, INC. - C94-I6282

This contract commenced on February 11, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide on-site glass repair services at IP3.

Dynamic Glass was the sole responding bidder of five bids solicited. Approval is also requested for the total amount expected to be expended for the term of the contract, \$11,250.

EBERLINE INSTRUMENT CORP. - S94-59449

This contract commenced on May 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide on-site repair, servicing, and calibration of Eberline radiation protection instrumentation, on an 'as required' basis, at IP3.

This contract was awarded on a sole source basis because Eberline is the designer and exclusive manufacturer of the equipment, and can guarantee that supplied parts meet the original design specifications and performance criteria. The intended term of this contract is two years (one year with an option to extend for one additional year), subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$24,000.

ENCORE COMPUTER CORP. - C94-I6291

This contract commenced on February 6, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide technical service, repair services, and parts for the simulator computer, on an 'as required' basis, at IP3.

Encore Computer was the lowest qualified bidder of two bids received (15 solicited). In addition, Encore Computer is the original equipment manufacturer and the only qualified vendor providing all required services and continuity of the original warranty. Approval is also requested for the total amount expected to be expended for the term of the contract, \$193,714.

ENVIRONMENTAL PRODUCTS & SERVICES, INC. - C94-I6313

This contract commenced on April 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide removal and transportation services of industrial waste and batteries, on an 'as required' basis, at IP3.

Environmental Products & Services was the low bidder of two bids received (five solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$22,500.

FRED A. COOK, JR., INC. - C94-I6292

This contract commenced on July 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide drain cleaning services, on an 'as required' basis, to support the Maintenance Department at IP3.

Fred A. Cook was the low bidder of two bids received (three solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$48,000.

FREEZE SEAL ENGINEERING - C94-I6333

This contract commenced on July 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide pipe freezing services, on an 'as required' basis, at IP3. The vendor will provide a trained 2-person nuclear crew, as well as all equipment and liquid nitrogen required to perform the service.

Freeze Seal was the low bidder of two bids received (six solicited). The vendor will hold pricing firm for three years. Approval is also requested for the total amount expected to be expended for the term of the contract, \$62,500.

G.D. BARRI & ASSOCIATES - C94-I6308

This contract commenced on March 7, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide Instrumentation & Control ('I&C') technicians to support plant start-up issues and also for future outage work (the next refueling outage) at IP3.

G.D. Barri was the second low bidder of eight bids received. The award was split evenly between G.D. Barri, a certified Woman-Owned Business, and J. Givoo. Approval is also requested for the total amount expected to be expended for the term of the contract, \$1,000,000.

GTS INSTRUMENT SERVICES - C94-I6325

This contract commenced on May 16, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide repair and refurbishment services for teletector scope assemblies, on an 'as required' basis, at IP3.

This contract was awarded on a sole source basis because GTS Instrument is the only known source to provide this service. The vendor will hold pricing firm for three years. Approval is also requested for the total amount expected to be expended for the term of the contract, \$10,000.

HARTFORD STEAM BOILER INSPECTION & INSURANCE CO. - C94-I6341

This contract commenced on July 15, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide insurance review and inspection services at IP3. The vendor will provide one (1) dual licensed ANI/ANII inspector on a part-time basis, with a minimum of one hundred (100) full days per year, to review and inspect the Authority's activities in support of the Inservice Inspection Program and related pump/valve testing (ASME XI); the Authority's activities related to the repair or replacement of nuclear components; the Authority's activities to construct new systems in accordance with ASME III; and any additional inspections for code related activities.

Hartford Steam Boiler Inspection & Insurance was the sole responding bidder of five bids solicited. Approval is also requested for the total amount expected to be expended for the term of the contract, \$170,000.

HBA AUTOMOTIVE, INC. - C94-I6316

This contract commenced on June 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide maintenance and repair services for Authority vehicles (automobiles, trucks, and trailers), as well as to provide New York State and safety inspection services, on an 'as required' basis, for IP3.

HBA Automotive was the sole responding bidder of five bids solicited. The intended term of this contract is two years (one year with an option for one additional year), subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$65,000.

HENRY BROS. ELECTRONICS - C94-I6342

This contract commenced on July 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide repair or replacement services for security radio base stations, mobile and portable equipment to maintain FCC compliance and meet NRC requirements, for IP3.

Henry Bros. Electronics was the sole responding bidder of five bids solicited. The intended term of this contract is two years (one year with an option for one additional year), subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$20,000.

HEWLETT PACKARD CO. - C94-I6276

This contract commenced on February 11, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide calibration, service, repairs, and parts for Hewlett Packard equipment at IP3.

This contract was awarded on a sole source basis because Hewlett Packard is the designer and exclusive manufacturer of this equipment. As the original equipment manufacturer, it is the only company that has the necessary access to the required proprietary design information, specifications, performance criteria, parts, diagnostic routines or software, service procedures and quality assurance procedures to ensure that these instruments function properly. Approval is also requested for the total amount expected to be expended for the term of the contract, \$18,000.

IRD MECHANALYSIS INC. - C94-I6324

This contract commenced on May 24, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide calibration and repair service for the IRD vibrometers (vibration analysis equipment), on an 'as required' basis, at IP3.

This contract was awarded on a sole source basis because IRD Mechanalysis is the original equipment manufacturer, and the only qualified source for this service, having the requisite design information, specifications, performance criteria, parts, diagnostic routines or software, service procedures and quality assurance procedures to ensure that these instruments function properly. Approval is also requested for the total amount expected to be expended for the term of the contract, \$21,000.

J. GIVOO CONSULTANTS - C94-I6307

This contract commenced on March 7, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide Instrumentation & Control ('I&C') technicians to support plant start-up issues and also for future outage work (the next refueling outage) at IP3.

J. Givoo was the low bidder of eight bids received. The award was split evenly between G.D. Barri, a certified Woman-Owned Business and J. Givoo. Approval is also requested for the total amount expected to be expended for the term of the contract, \$1,000,000.

L.B. SMITH - C94-I6301

This contract commenced on April 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide repair and maintenance services, as well as safety/preventive maintenance inspections, for Grove cranes for IP3.

L.B. Smith was the second lowest bidder, with a mechanic within twenty-five miles of IP3, of three bids received (five solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$82,000.

MEACHAM ELECTRONICS - C94-I6340

This contract commenced on May 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide repair/refurbishment services for security equipment (video cameras, monitors, VCR's, switches and optical isolators), on an `as required' basis, for IP3.

Meacham Electronics was the low bidder of two bids received (seven solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$30,000.

MITRIONE & SONS MACHINE SHOP, INC. - C94-I6303

This contract commenced on April 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide machine shop fabrication services, on an `as required' basis, for IP3.

Mitrione & Sons was the low bidder of two bids received (five solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$42,000.

PANAMETRICS - C94-I6310

This contract commenced on August 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide calibration and repair services for the dewpoint analyzer and probes at IP3.

Panametrics was the low bidder of two bids received. The price difference between the two bidders was in the annual ten percent (10%) escalation requested by the second bidder, versus a zero percent (0%) escalation for Panametrics. Approval is also requested for the total amount expected to be expended for the term of the contract, \$10,000.

PANASONIC INDUSTRIAL CO. - C94-I6336

This contract commenced on May 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide service and repairs to Panasonic Model 710 TLD (Thermo-luminescent dosimetry) readers at IP3.

This contract was awarded on a sole source basis because Panasonic is the original equipment manufacturer, and no other sources are known to possess the technology to properly maintain these units. Approval is also requested for the total amount expected to be expended for the term of the contract, \$18,000.

PEEKSKILL DIE CO., INC. - C94-I6280

This contract commenced on February 14, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide backup on-site machine shop services, on as `as required' basis, for IP3.

Peekskill Die Co. was the low bidder of three bids received. Approval is also requested for the total amount expected to be expended for the term of the contract, \$10,000.

PEEKSKILL LIMOUSINE INC. - C94-I6351

This contract commenced on July 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide on-site van/shuttle service for employees at IP3. This service is needed to provide safe and reliable transportation between various locations on-site.

Peekskill Limousine was the low bidder of two bids received (six solicited). The intended term of this contract is two years (one year award with an option for one additional year), subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$168,000.

PEEKSKILL PRINTING - C94-I6367

This contract commenced on September 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide printing and reproduction services for the document control department at IP3, on an 'as required' basis. Services include, but are not limited to: offset printing, engineering drawing reproduction to various media, bulk copying, forms, labels, binding, and other such services.

Peekskill Printing was the low bidder of seven bids received (nine solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$18,000.

POLAROID CORP. - C94-I6350

This contract commenced on July 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide service and repairs for the Polaroid ID 200 camera used during the badging process IP3.

This contract was awarded on a sole source basis because Polaroid is the original equipment manufacturer and there are no other authorized service/repair centers. Approval is also requested for the total amount expected to be expended for the term of the contract, \$10,000.

QUALITY CARE COMPLETE CLEANERS - C94-I6305

This contract commenced on April 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide cleaning, tailoring and storage for on-site security uniforms for IP3.

Quality Care Complete Cleaners was the low bidder of two bids received (five solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$67,500.

RADIATION MANAGEMENT CONSULTANTS - C94-I6355

This contract will commence on November 1, 1994, subject to the Trustees' approval. The purpose of this contract is to provide an emergency medical assistance program, including drills, training, and an annual equipment inventory for Peekskill Hospital, in support of the emergency plan for IP3. This service is a shared venture between the Authority and Con Edison, whereby fifty percent (50%) of the expenses will be charged back to Con Edison.

Radiation Management was the only technically qualified bidder of two bids received (five solicited). The intended term of this contract is four years (one year award with an option for up to three additional years), subject to the Trustees' approval, which is hereby requested. It should be noted that issuing a four year contract entitles the Authority to a fifteen percent (15%) discount. Approval is also requested for the total amount expected to be expended for the term of the contract, \$400,000.

REUTER STOKES INC. - C94-I6326

This contract commenced on May 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide calibration, servicing, repairs and associated parts and materials, for portable radiation monitors at IP3.

This contract was awarded on a sole source basis because Reuter Stokes is the original equipment manufacturer and, as such, maintains design information, testing techniques and procedures to reliably repair and calibrate these instruments. Approval is also requested for the total amount expected to be expended for the term of the contract, \$10,000.

TEAM ENVIRONMENTAL SERVICES, INC. - C94-I6263

This contract commenced on February 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide leak sealing services at IP3.

Team Environmental Services was the low bidder of two bids received. Rates are firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$465,000.

TELEDYNE BROWN ENGINEERING ENVIRONMENTAL SERVICES - C94-I6311

This contract commenced on August 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide beta analyses of reactor coolant samples at IP3, in compliance with regulatory requirements.

Teledyne was the low bidder of three bids received. Approval is also requested for the total amount expected to be expended for the term of the contract, \$75,000.

VECTRA TECHNOLOGIES, INC. - C94-I6329

This contract commenced on May 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide primary radioactive waste transportation services, on as `as required' basis, for IP3.

Vectra Technologies was one of two low bidders of three bids received (six solicited). The award was split between Vectra Technologies (primary) and Chem Nuclear (secondary/backup). Approval is also requested for the total amount expected to be expended for the term of the contract, \$150,000.

**17. Generic Approval of Retail Bill Adder to Fund
MEUA Energy Efficiency Program - Emergency Action**

The President submitted the following report:

SUMMARY

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

BACKGROUND

"At its annual meeting on September 16, 1994, the MEUA's membership approved a joint resolution adopting an expanded energy efficiency program (Attached as Exhibit '17-A'). The MEUA program will focus on the industrial and commercial customers of the municipal systems. It is based on a proposal made to the MEUA by Authority staff in April 1994. Our proposal, not approved by the MEUA, was to implement a \$50 million Turnkey commercial/industrial energy conservation program for the Authority's 51 municipal and rural electric cooperative customers on a 'first come, first serve' basis.

"The MEUA's program, to be managed by the consulting firm PLM Electric Power Engineering, has a \$3.7 million annual funding objective based on 100% participation by its member systems and a retail sales adder of 1 mill/kWh. It reflects the MEUA's objective, as expressed in MEUA Executive Director Bob Mullane's September 30, 1994 letter to David Freeman (Attached as Exhibit '17-B') to 'implement projects in the municipal systems at a low cost, consistent with the requirements of the Local Finance Law and the General Municipal Law'.

"As referenced in Exhibits '17-A' and '17-B', the MEUA has retained the accounting firm of Bollam, Sheedy, Torani & Company to develop a financial management system to track program funding contributions through the retail bill adder and energy efficiency expenditures. The MEUA will collect, disburse and oversee the use of all program funds.

"The Authority's regulation of the rates of its full requirements municipal customers requires the Trustees to authorize the proposed retail bill adder before it can become effective through resolution by individual municipal system boards.

DISCUSSION

"Notice of proposed action by the Authority is normally published in the State Register at least 45 days prior to adoption by the Trustees. The publication and comment process takes a minimum of 60 days and may be extended to 75 days. This proposal requires emergency adoption in order to provide maximum benefit to the customers of the individual municipal systems comprising the MEUA and to promote the general welfare. The proposed retail bill adder and MEUA Energy Efficiency Program is designed to promote and achieve energy efficiencies and conservation to benefit the State and the retail customers of the participating municipal systems. Adherence to the usual rate-making procedures for the retail bill adder authorization would delay the realization

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of energy efficiency and conservation benefits. Therefore, it is necessary to adopt the proposed retail bill adder authorization on an emergency basis, subject to refund, at this time. The Trustees will be requested to reconsider this proposal as soon as practicable after all publication requirements are met, but not more than 90 days after this emergency adoption. This emergency adoption furthers the general welfare and does not unduly disrupt the notice and comment process.

"The MEUA, the participating municipal systems and the Authority must have information sufficient to monitor and evaluate program funding, disbursements and effectiveness. It is therefore recommended that the MEUA and Authority staff develop a mutually acceptable periodic reporting system for the program by December 30, 1994. Conformance to the filing requirements associated with the reporting system will be incorporated into municipal board resolutions approving the program and retail bill adder.

RECOMMENDATION

"I recommend that the Trustees authorize, on an emergency basis, the municipal systems to apply a 1 mill/kWh adder to retail bills to fund the MEUA's Energy Efficiency Program upon approval of the program and adder by municipal board resolution, subject to the reporting requirements noted above, to take effect, subject to refund, no earlier than January 1, 1995.

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

"The Senior Vice President and General Counsel, the First Executive Vice President and Chief Operating Officer, and I concur in the recommendation."

In response to questions from Trustee Duch, Mr. Pellegrino explained that the Authority's proposed program was not selected because the MEUA members believed that it did not represent the lowest cost bid, but that Authority staff will continue to assist with low cost equipment and advice on how to dispose of materials in an environmentally sound manner. Trustee Miller expressed his regret that the Authority's program had not been selected, noting that Messrs. Hiney and Pellegrino had made outstanding presentations and should be commended for their offer to provide continued expertise. Chairman Young thanked Trustee Miller for his efforts in urging the MEUA members to consider the Authority's proposed program.

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

RESOLVED, That the proposed 1 mill/kWh retail bill adder, applicable to customer billings for all municipal systems funding the Municipal Electric Utilities Association's Energy Efficiency Program, be approved upon the passing of municipal board resolutions approving the program and adder, including program information reporting requirements, as recommended in the foregoing report of the President; and be it further

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RESOLVED, That the foregoing action must, in the judgement of the Authority, be taken immediately to discharge its responsibilities and for the preservation of the general welfare since the realization of the energy efficiency and conservation benefits would be delayed if immediate action is not taken; and be it further

RESOLVED, That the Secretary of the Authority be, and hereby is, authorized to file notice of emergency adoption and notice of proposed action to adopt permanently the provisions of the measure for publication in the State Register and to file such other notice as may be required by statute or regulation; and be it further

RESOLVED, That within 90 days from such filing, the Authority reconsider the action for permanent adoption and republication in the State Register.

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18. **Next Meeting**

The next Regular meeting of the Trustees will be held on **Tuesday, November 29, 1994, at the New York Office at 10:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

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Closing

Upon motion made and seconded, the meeting was closed at 11:30 a.m.

Anne Wagner-Findeisen
Corporate Secretary

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