

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

**December 14, 1999**

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Minutes of the regular meeting of the Power Authority of the State of New York held at the White Plains Office at 11:30 a.m.

Present: Clarence D. Rappleyea, Chairman  
Louis P. Ciminelli, Trustee  
Frank S. McCullough, Jr., Trustee  
Hyman M. Miller, Trustee

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Eugene W. Zeltmann	President and Chief Operating Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Project Operations
Vincent C. Vesce	Executive Vice President – Corporate Services and Human Resources
Louise M. Morman	Senior Vice President – Marketing and Economic Development
H. Kenneth Haase	Senior Vice President – Transmission
Robert L. Tscherne	Senior Vice President – Energy Services and Technology
Michael H. Urbach	Senior Vice President and Chief Financial Officer
Arnold M. Bellis	Vice President – Controller
Daniel Berical	Vice President – Policy & Governmental Affairs
Woodrow W. Crouch	Vice President – Project Management
John M. Hoff	Vice President – Procurement and Real Estate
Russell Krauss	Vice President – Chief Information Officer
Charles I. Lipsky	Vice President and Chief Engineer
Michael Petralia	Vice President – Public Affairs
Harry P. Salmon	Vice President – Engineering & Project Control
Carmine J. Clemente	Deputy General Counsel
Arthur M. Brennan	Director – Internal Audit
Angelo Esposito	Director – Energy Services
Jules G. Franko	Director – Nuclear Procurement
John L. Murphy	Director – Public Information
Joan Tursi	Director of Budgets
James H. Yates	Director – Business Marketing & Economic Development
George W. Collins	Treasurer
Michael Brady	Deputy Treasurer
Paul Lemberg	Manager, Nuclear Fuel Supply
Anne Wagner-Findeisen	Deputy Secretary
Vernadine Quan-Soon	Senior Assistant Secretary
Laura M. Badamo	Assistant Secretary – Legal Affairs
Angela Graves	Assistant Secretary

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

**1. Approval of the Minutes**

The minutes of the Regular Meeting held on November 22, 1999 were approved.

December 14, 1999

2. **Financial Report for the Eleven Months Ended November 30, 1999**

**3. Report from the President and Chief Operating Officer**

*At President Zeltmann's request, Mr. Krauss then briefed the Trustees on the current status and developments in the ongoing Year 2000 Program effort. With 17 days remaining, Mr. Krauss reported that the 10 systems remaining to be certified would be completed by December 15<sup>th</sup> and that all Authority plant managers had completed their Readiness Declarations. Mr. Krauss then detailed the precise activities which would precede the rollover on the evening of December 31<sup>st</sup>. He reported that up to some 500 Authority personnel would be strategically deployed during that 24-hour period, as compared to the typical staffing of some 100 persons on any given evening.*

*In response to questions from Trustee McCullough, Mr. Krauss stated that he would be stationed in the White Plains office during the rollover, and that he believes that the Authority, as well as the utility industry, are Y2K ready. In response to questions from Trustee Ciminelli, Mr. Krauss stated that any glitches which may occur in the New Year's time frame which are not Y2K-related might not be readily apparent as such, and that several days will be needed to determine whether any problems in fact arise directly from the rollover.*

*Mr. Vesce added that the individuals who were being asked to forego spending the holiday with their friends and families would receive special Y2K pastries to commemorate the occasion.*

**4. Allocation of Economic Development Power**

The President submitted the following report:

SUMMARY

“The Trustees are requested to approve an allocation of Economic Development Power to Radio City Productions, LLC (Madison Square Garden, L.P.) (‘Radio City Music Hall’).

BACKGROUND

“At its meeting of December 9, 1999, the Economic Development Power Allocation Board (‘EDPAB’) recommended a 3,500 kW allocation of Economic Development Power (‘EDP’) to Radio City Music Hall. The New York City Public Utility Service (‘NYCPUS’) requested that the Power Allocation Board authorize the allocation.

DISCUSSION

“Radio City Music Hall is one of the largest indoor theaters in the world and one of New York City’s biggest tourist attractions. It is considered the gateway to historic Rockefeller Center. Over two million visitors pass through Radio City Music Hall’s doors each year, with more than eighty percent traveling from outside the city. Over one million visitors come for the Radio City Music Hall Christmas Spectacular alone. Radio City Music Hall has recently undergone a seven month, \$70 million restoration project which brings back the splendor of its art deco past while installing state-of-the-art technology for its future. The restoration, which includes restoring all public areas of the building and rewiring and upgrading Radio City Music Hall’s infrastructure, represents a vote of confidence in the continued resurgence and competitive viability of Rockefeller Center, New York City, and the surrounding region. Reduced energy costs associated with the restoration project will help Radio City Music Hall compete for the retention and attraction of national level concerts and other attractions.

“In consideration of an allocation of EDP, Radio City Music Hall will maintain 871 jobs and create 52 jobs over the next three years, resulting in a total jobs ratio of 263 jobs per MW. The retention project will be further supported with tax incentives from the City of New York. The proposed ten year allocation will save Radio City Music Hall approximately \$305,000 annually over Con Edison’s standard rates. EDP will be sold to NYCPUS for resale to Radio City Music Hall.

RECOMMENDATION

“The Manager - Business Power Allocations and Compliance and the Director – Business Marketing and Economic Development recommend that the Trustees approve the allocation to Radio City Music Hall in the quantity as described herein.

“The Senior Vice President - Marketing and Economic Development, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation.”

The attached resolution, as recommended by the President, was unanimously adopted.

**WHEREAS, the Economic Development Power Allocation Board has recommended an allocation of Economic Development Power to Radio City Productions, LLC (Madison Square Garden, L.P.);**

December 14, 1999

**NOW THEREFORE BE IT RESOLVED, That the allocation of Economic Development Power to Radio City Productions, LLC (Madison Square Garden, L.P.) hereby is, approved in accordance with the foregoing report of the President; and be it further**

**RESOLVED, That the contract for the resale of Economic Development Power between the New York City Public Utility Service and Radio City Productions, LLC (Madison Square Garden, L.P.) is subject to approval by the Senior Vice President - Marketing and Economic Development; and be it further**

**RESOLVED, That the Senior Vice President – Marketing and Economic Development or her designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate the foregoing, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.**

**5. 2000 Operation and Maintenance and Capital Budgets**

The President submitted the following report:

SUMMARY

“The Trustees are requested to approve the 2000 expenditure budgets for Operation and Maintenance (‘O&M’) including Research and Development (‘R&D’), Fuel Purchases and the 2000 Capital Budget as follows:

	<u>2000 Budget</u> <u>(\$ Millions)</u>
O&M	433.9
R&D	12.5
Fuel	192.4
Capital	219.2

BACKGROUND

“The Authority’s 2000 Strategic Plan continues to emphasize performance excellence in order to be ‘best in class’ in key areas of our operations and to achieve our goals consistent with our commitment to the environment. The 2000 budgets are intended to provide the Authority’s operating facilities and support organizations with the resources needed to meet our strategic objectives.

DISCUSSION

“The O&M budget of \$433.9 million represents a decrease of 1.2 % from the 1999 budget of \$439.3 million. Salaries (including overtime) and fringe benefits account for \$278 million or approximately 64% of the budget. Payroll increases for 2000 amount to approximately \$3.8 million. The 2000 budget includes the elimination of 60 permanent authorized positions in support of our cost objectives. Non-payroll expenses of \$157 million decrease by \$9.2 million in 2000 primarily due to lower outside contractor and consulting support.

“Nuclear Generation's 2000 request is \$6.4 million (2.6%) lower than the 1999 budget. The nuclear budget includes \$27.5 million for a refueling outage at JAF and \$4.5 million for pre-outage tasks associated with the IP3 2001 outage, which combined is \$3.7 million lower than the 1999 budget for the IP3 refueling outage. Nuclear non-outage budgets therefore decline by \$2.7 million compared to 1999. Power Generation’s 2000 budget is \$5.5 million (5.9%) below 1999, primarily because there are no scheduled outages at Poletti or Flynn and there is reduced spending planned on the Niagara Upgrade (O&M portion) and Power Vista Asbestos Removal projects. The 2000 Transmission budget is \$0.9 million (2.6%) below the 1999 budget, primarily as a result of the elimination of Power Pool fees.

“Headquarters support departments are \$7.4 million (10.9%) above 1999 levels primarily due to several non-recurring support initiatives. Significant tasks include the NYO/WPO relocation (\$3.4 million), the installation of the Geographical Information System (\$1.0 million), the State Comptroller’s Five-Year Management Audit (\$0.7 million), and the corporate plane overhaul (\$0.5 million).

“The 2000 budget includes minor funding for the completion of the Y2K remediation program (\$0.3 million O&M and \$0.3 million capital), compared with \$19.1 million of O&M and \$3.3 million of capital in 1999.

“The R&D budget of \$12.5 million is \$ 600 thousand (4.6%) below 1999 primarily due to decreased institutional funding requirements.

“The fuel budget of \$192.4 million is an increase of \$35.7 million over 1999. This is a cash budget reflecting planned fuel purchases in 2000. Included is the purchase, fabrication and enrichment of nuclear fuel for the JAF outage (\$49.2 million), fabrication of nuclear fuel for the IP3 2001 outage (\$4.9 million) and fossil fuel purchases for Poletti and Flynn (\$138.3 million).

“The 2000 Capital budget totals \$219.2 million, which is an increase of \$9.7 million over 1999. Included in this request are both new and ongoing capital jobs as well as general plant equipment purchases. Energy Conservation/Renewable projects account for \$77.2 million or 35% of the 2000 request. Other significant projects include \$18.6 million for the continuation of the Niagara Upgrade, \$19.8 million for Poletti Combined Cycle, \$11.4 million for JAF Independent Spent Fuel Storage, \$13.2 million for the St. Lawrence Upgrade/Life Extension and \$11.0 million for the Flexible Alternating Current Transmission System (FACTS).

#### FISCAL INFORMATION

“Payment will be made from the Operating Fund for Operation and Maintenance, Research and Development and fuel purchases.

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

#### RECOMMENDATION

“The Vice President and Controller and the Senior Vice President and Chief Financial Officer recommend approval of the 2000 Operation & Maintenance, Research and Development, Fuel and Capital budgets as discussed herein.

“The respective Vice Presidents, Regional Managers, Site Executive Officers, the Executive Vice President – Corporate Services and Human Resources, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation.”

*Chairman Rappleyea thanked President Zeltmann for his leadership in bringing in a well done budget.*

*On behalf of the Trustees, the Chairman commended the good judgment of staff in formulating and submitting the proposed Year 2000 budget.*

The attached resolution, as recommended by the President, was unanimously adopted.

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**RESOLVED, That the 2000 Operations & Maintenance budget including Research & Development, Fuel Expenditures and the 2000 Capital Budget, as discussed in the foregoing report of the President, are hereby approved; and be it further.**

**RESOLVED, That it is hereby authorized that up to \$93.5 million of monies in the Operating Fund be withdrawn from such Fund and deposited in the Capital Fund, provided that at the time of withdrawal of such amount or portions of such amount, the monies withdrawn are not then needed for any of the purposes specified in Subsections (1) (a)-(c) of Section 503 of the General Resolution Authorizing Revenue Obligations adopted on February 24, 1998, with the satisfaction of such condition being evidences by a certificate of the Treasurer or the Deputy Treasurer.**

**6. Declaration of Official Intent - Reimbursement of Certain Expenditures with Proceeds of Tax-Exempt Debt; Amendment of Commercial Paper Note Resolution**

The President submitted the following report:

SUMMARY

“The Trustees are requested to (1) issue a Declaration of Official Intent expressing the Authority's intent to reimburse, with future tax-exempt bond or note proceeds, expenditures which have been and may be made in connection with a contemplated 500 MW Combined Cycle Plant at the Poletti site ('CCP Project'), and (2) amend the Commercial Paper Note Resolution to permit issuance of Series 1 Notes, Series 2 Notes, and Series 3 Notes for the purpose of financing the CCP Project.

DISCUSSION

“The Authority is currently contemplating the construction of the CCP Project at the Poletti site to meet possible in-city capacity requirements applicable to the Authority imposed by the Independent System Operator ('ISO'). To this end, the Authority has initiated licensing and engineering efforts related to the CCP Project. Staff has begun investigating the possibility of financing with tax-exempt debt a portion of the CCP Project. Expenditures for this project are expected to total over \$370 million over the next five years, and it is anticipated that all or a significant portion of these costs could be financed under current tax regulations with tax-exempt debt. This would allow internal funds currently earmarked for the CCP Project to be used to provide continuing liquidity for the Authority or to retire debt with higher interest rates associated with Authority generating facilities. It is estimated that the use of tax-exempt financing would save the Authority over \$100 million over the life of the new debt. However, tax-exempt financing would not be used if it would unacceptably limit the Authority's ability to market the power from the CCP Project.

“To accomplish the reimbursement of CCP Project expenditures with tax-exempt debt, it is advisable, given Internal Revenue Service regulations, for the Trustees to express their intent to reimburse, to the maximum extent permitted by law, such expenditures with future tax-exempt bond or note issuances.

“Staff is also requesting the Trustees to authorize the amendment of the Authority's Commercial Paper Note Resolution to permit the issuance of Series 1 Notes, Series 2 Notes, and Series 3 Notes for the purpose of financing the CCP Project.

RECOMMENDATION

“The Treasurer recommends that the Trustees express their intent to reimburse with tax-exempt obligations, to the maximum extent permitted by law, expenditures made in connection with the CCP Project, and authorize the amendment of the Authority's Commercial Paper Note Resolution to permit the issuance of Series 1 Notes, Series 2 Notes, and Series 3 Notes for the purpose of financing the CCP Project.

“The Senior Vice President and Chief Financial Officer, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation.”

The attached resolution, as recommended by the President, was unanimously adopted.

**RESOLVED, That the Authority, in accordance with Treasury Regulation Section 1.150-2, hereby declares its official intent to finance as follows:**

**The Authority intends to reimburse to the maximum extent permitted by law with the proceeds of tax exempt obligations to be issued by the Authority, all**

**expenditures made and which may be made in connection with the Authority's proposed 500 MW combined cycle plant project at the Poletti site, with the maximum principal amount of obligations to be issued for such project expected to be \$370 million;**

**AND BE IT FURTHER RESOLVED, That a copy of these resolutions shall be part of the records of the Authority that are available to the general public and shall be continuously available for public inspection in the office of the Secretary of the Authority during normal business hours on every business day of the Authority; and be it further**

**RESOLVED, That the Trustees hereby adopt the Supplemental Resolution amending and supplementing a Resolution of the Authority Authorizing Commercial Paper Notes adopted November 27, 1997 (as supplemented by a supplemental resolution adopted February 24, 1998 and a supplemental resolution adopted January 26, 1999), set forth in Exhibit '6-A' hereto; and be it further**

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

**POWER AUTHORITY OF THE STATE  
OF NEW YORK**

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**SUPPLEMENTAL RESOLUTION**

**AMENDING AND SUPPLEMENTING A RESOLUTION  
OF THE AUTHORITY AUTHORIZING COMMERCIAL  
PAPER NOTES ADOPTED NOVEMBER 25, 1997  
(as supplemented by supplemental resolutions  
adopted February 24, 1998 and January 26, 1999)**

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**Adopted on December 14, 1999**

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## **SUPPLEMENTAL RESOLUTION**

**WHEREAS**, on November 25, 1997, the Authority adopted an Amended and Restated Resolution, and supplemented such resolution on February 24, 1998 and January 26, 1999 (as supplemented, the "Resolution");

**WHEREAS**, the Authority has determined to authorize additional purposes for the application of the proceeds of the Series 1 Notes, the Series 2 Notes, and the Series 3 Notes, and Section 401 of the Resolution provides that such proceeds may be used for any purpose (in addition to those specified in Section 401) as may be approved by the Authority's Trustees;

**WHEREAS**, pursuant to Section 602 of the Resolution the Authority may amend or modify the Resolution at any time by a supplemental resolution, without notice to or the consent of any Holder, as defined in the Resolution, to make such provisions as shall not materially and adversely affect the interests of the Holders of the Commercial Paper Notes then outstanding;

**WHEREAS**, in order to accomplish the foregoing the Authority has determined to amend the Resolution in the manner herein provided and hereby determines that such amendment will not materially and adversely affect the interests of the Holders of the Commercial Paper Notes;

**BE IT RESOLVED** by the Power Authority of the State of New York that the Resolution is hereby amended as follows:

### **ARTICLE I**

#### **AMENDMENTS TO RESOLUTION**

**Section 101.** The Resolution is amended and supplemented as follows:

1. The second, third, and fourth paragraphs of Section 401 are amended to read as follows:

Series 1 Notes (a) to pay any costs in connection with the Authority's current and future energy services programs, including its energy services program for its public customers in southeastern New York, its program to utilize energy efficiency opportunities in new construction and major renovation projects for its public customers in southeastern New York, its programs for the implementation of energy conservation measures in State-owned facilities, county and municipal facilities, and public school districts and community colleges in the State, including the repayment of any obligations issued for such purposes, (b) to pay the principal of and interest on any notes issued by the Authority pursuant to a resolution of the Authority adopted on February 25, 1986, authorizing an agreement between the Authority and Morgan Guaranty Trust Company of New York and the issuance of notes thereunder in an aggregate amount not to exceed \$150,000,000 outstanding at any time, and any subsequent resolution of the Authority providing for renewal of

loan arrangements authorized by the foregoing, (c) to refund any Series 1 Notes, (d) for payment of any Series 1 Notes at their maturity, (e) to repay any amounts outstanding on the related Credit Agreement, (f) to pay costs incurred in connection with the issuance of the Notes, (g) to pay any costs associated with the relicensing of the Niagara Project, (h) to pay any costs associated with the upgrade of the Niagara Project, (i) to finance a 500-MW combined cycle generation plant at the Authority's Poletti Project site, including the financing of costs of engineering, licensing and construction of such plant, or (j) for any other purposes subsequently approved by the Authority's Trustees.

Series 2 Notes (a) to refund a portion of the Authority's outstanding Series V Bonds, (b) to refund any Series 2 Notes, (c) to pay any Series 2 Notes at their maturity, (d) to repay any amounts outstanding on the related Credit Agreement, (e) to pay any costs associated with the relicensing of the Niagara Project, (f) to pay any any costs associated with the upgrade of the Niagara Project, (g) to finance a 500-MW combined cycle generation plant at the Authority's Poletti Project site, including the financing of costs of engineering, licensing and construction of such plant, or (h) for any such other purposes subsequently approved by the Authority's Trustees.

Series 3 Notes (a) to refund a portion of the Authority's outstanding General Purpose Bonds, (b) to refund any Series 3 or Series 4 Notes, (c) to pay any Series 3 or Series 4 Notes at their maturity, (d) to repay any amounts outstanding on the related Credit Agreement, (e) to pay costs incurred in connection with the issuance of the Notes, (f) to pay any costs associated with the relicensing of the Niagara Project, (g) to pay any costs associated with the upgrade of the Niagara Project, (h) to finance a 500-MW combined cycle generation plant at the Authority's Poletti Project site, including the financing of costs of engineering, licensing and construction of such plant, or (i) for any such other purposes subsequently approved by the Authority's Trustees.

## ARTICLE II

### MISCELLANEOUS

**Section 202. Effective Date.** This Supplemental Resolution shall be in full force and effect upon its adoption.

**7. Petroleum Overcharge Restitution ('POCR') Funds –  
Transfer of Funds to the State of New York and Authorization of POCR Programs**

The President submitted the following report:

SUMMARY

“The Trustees are requested to authorize the transfer of up to \$3 million to the State of New York ('State') in exchange for Petroleum Overcharge Restitution ('POCR') funds from the State in an equal amount, upon execution of an agreement between the State and the Authority memorializing the understandings between the State and the Authority concerning such transfer. This sum shall be withdrawn from the Operating Fund.

“The Trustees are also requested to authorize the Senior Vice President - Energy Services and Technology to develop and implement the various programs utilizing POCR funds authorized by the 1999 legislation discussed below.

BACKGROUND

“On August 9, 1999, the Governor approved the 1999 Budget Bill as Chapter 413 of the Laws of 1999 ('Chapter 413'). Sections 1-13 of Part A of Chapter 413 authorize the transfer of \$3 million in POCR funds to the Authority for various energy-related programs. Section 10 of this legislation indicates that the Authority shall transfer \$3 million to the State on or before March 31, 2000. Those legislative provisions reflect an understanding between the Authority and the State that the Authority will transfer \$3 million to the State and that the State will transfer to the Authority a like amount received from POCR monies. Sections 1-13 of Part A of Chapter 413 are set forth in Exhibit '7-A' hereto.

“At their meeting of January 30, 1996, the Trustees approved five POCR-funded programs: a Solar Electric Grant Program, an MTA Hybrid Bus Program, a Pilot Coal Conversion Program, an Independent College and University Energy Assistance Loan Program, and a HELP Revolving Loan Program.

“At their meetings of December 17, 1996 and December 16, 1997, the Trustees approved the continuation of these programs and several new POCR-funded grant initiatives including a statewide energy efficiency program for primary and secondary public schools and public facilities, and the reinstatement of the furnace and boiler demonstration program, established by section 21 of Chapter 598 of the Laws of 1993.

“At their meeting of December 15, 1998, the Trustees approved the continuation of (a) the independent college and university energy assistance loan program, (b) the HELP programs of the Authority and (c) several new POCR-funded grant initiatives, including energy efficiency improvements in public facilities.

DISCUSSION

“The payment by the Authority of the \$3 million in funds matching the POCR funds identified in Chapter 413, would be reasonable and consistent with the Authority's mission and statute. The POCR funds that the Authority receives as a part of the understanding with the State will be used for energy efficiency projects throughout the State.

“Section 1 of this legislation authorizes the Authority to use \$1 million in POCR funds for existing HELP programs of the Authority which are eligible under Federal guidelines for the use of POCR funds.

“Section 2 of this legislation authorizes the Authority to use \$1 million in POCR funds to implement energy service projects.

“Section 4 of this legislation authorizes the Authority to use \$1 million in POCR funds to implement energy projects, such as energy conservation, energy efficiency, weatherization, alternative fuels, flexible technical assistance, technology transfer and/or renewable or innovative energy projects which are eligible under federal guidelines for the use of POCR funds.

“Various other sections of this legislation have modified the purposes for which POCR funds appropriated in the past may be used.

“Before the State can disburse the POCR funds, the Authority is required to develop the various energy-related programs which would utilize the POCR funds and, with the assistance of the New York State Energy Research and Development Authority, apply to the DOE for approval of the programs. POCR funds cannot be used for purposes or programs that the DOE does not approve, notwithstanding what Chapter 413 might envision.

“Judicial decisions and Federal regulations that apply to the POCR funds (principal and interest) require that the funds ultimately be used for consumer restitution through energy-related programs. Because of the nature of the POCR funds, the Authority is presently prohibited from utilizing these funds for general Authority purposes. As such, the use of any interest earning from these POCR funds can only be used to complete previously approved POCR programs and for the administration of these programs.

“The Trustees are also requested to authorize the Senior Vice President - Energy Services and Technology to develop and implement the various programs utilizing POCR funds authorized by the 1999 legislation, and to modify existing POCR programs in accordance with the modifications to the use of POCR funds set forth in Chapter 413

#### FISCAL INFORMATION

“The funds to be paid to the State, as described above, will be disbursed from the Operating Fund.

#### RECOMMENDATION

“The Senior Vice President - Energy Services and Technology recommends that the Trustees authorize the payment to the State for the purposes, and under the conditions described above, and that the Trustees authorize the implementation and modification of Petroleum Overcharge Restitution programs as described above.

“The Senior Vice President and Chief Financial Officer, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation.”

*In response to questions from Trustee Ciminelli, Mr. Tscherne explained that the proposed receipt of funds by the Authority for POCR-related purposes would be effectuated in the same manner as previously approved by the Trustees in 1996, 1997 and 1998. Mr. Tscherne also summarized the specific areas in which the POCR funds will be utilized by the Authority, including the existing HELP programs, and the implementation of energy conservation and efficiency projects.*

The attached resolution, as recommended by the President, was unanimously adopted.

**RESOLVED, That the payment to the State of up to \$3 million for the purposes described in the foregoing report of the President, is hereby authorized contingent upon the execution of an agreement between the Authority and the State relating to such payment, and that the Chairman, the President and Chief Operating Officer, and the Treasurer are, and each hereby is, authorized to execute such agreement with the State having such terms and conditions as such officer deems necessary or desirable, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel; and be it further**

**RESOLVED, That it is hereby authorized that up to \$3 million of the Operating Fund monies be withdrawn from such Fund and utilized for making the payment specified in the foregoing report of the President, provided, however, that such withdrawal be conditioned upon a certification by the Treasurer that such amounts to be withdrawn from the Operating Fund are not then required for any of the purposes specified in Paragraphs (a)-(c) of Section 503 (1) of the General Resolution Authorizing Revenue Obligations adopted on February 24, 1998, as supplemented; and be it further**

**RESOLVED, That the Senior Vice President - Energy Services and Technology is hereby authorized to develop and implement the various programs utilizing POCR funds authorized by the 1999 legislation as discussed in the foregoing report of the President, provided that such programs shall be implemented only upon approval of such programs by the United States Department of Energy and by any other agency or court having jurisdiction over such programs; and be it further**

**RESOLVED, That the existing POCR programs approved by the Trustees at their meetings in January 1996, December 1996, December 1997 and December 1998, including the use of interest earnings on POCR Funds, be modified in accordance with the relevant provisions of Chapter 413 of the Laws of 1999 and the foregoing report of the President; and be it further**

**RESOLVED, That the Chairman, the President and Chief Operating Officer, the Senior Vice President - Energy Services and Technology, and the Treasurer are, and each hereby is, authorized to do and perform or cause to be done and performed in the name and on behalf of the Authority, all other acts, to execute and deliver or cause to be executed and delivered all other notices, requests, demands, directions, consents, approvals, orders, applications, agreements, certificates, supplements, and further assurances or other communications of any kind under the corporate seal of the Authority or otherwise as he, she or they may deem necessary, advisable or appropriate to effect the intent of the foregoing resolutions, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.**

**POCR PROVISIONS OF CHAPTER 413  
OF THE LAWS OF 1999**

Section 1. The power authority of the state of New York is authorized to use \$1,000,000 in petroleum overcharge restitution funds made available to the authority in fiscal year beginning April 1, 1999 for programs of the power authority of the state of New York which are eligible under federal guidelines governing petroleum overcharge restitutionary funds; and which also may include a suballocation to the energy research and development authority or other public authority or public benefit corporation for energy conservation purposes.

Section 2. The power authority of the state of New York is authorized to use \$1,000,000 in petroleum overcharge restitution funds made available to the authority in fiscal year beginning April 1, 1999 to implement energy service projects.

Section 3. Notwithstanding any other provision of law to the contrary, the power authority of the state of New York is authorized to utilize for energy service projects, funds recovered from the repayment of loans made pursuant to section 78 of chapter 83 of the laws of 1995, as amended by section 134 of chapter 309 of the laws of 1996, as further amended by section 25 of chapter 432 of the laws of 1997, and as further amended by section 28 of part B of chapter 57 of the laws of 1998.

Section 4. The power authority of the state of New York is authorized to use \$1,000,000 in petroleum overcharge restitution funds made available to the authority in fiscal year beginning April 1, 1999 to implement energy projects, such as energy conservation, energy efficiency, weatherization, alternative fuels, flexible technical assistance, technology transfer and/or renewable or innovative energy projects, which are eligible under federal guidelines governing petroleum overcharge restitutionary funds.

Section 5. Subdivision 5 of section 30 of part B of chapter 57 of the laws of 1998 amending the banking law and other laws relating to implementation of the 1998-99 state budget, is amended to read as follows:

5. \$83,333 for energy efficiency improvements in public and not-for-profit facilities.

Section 6. Subdivision 6 of section 23 of chapter 432 of the laws of 1997 amending the state finance law and other laws relating to transportation, economic development and environmental conservation, is amended to read as follows:

6. \$311,666 for energy efficiency improvements in public and not-for-profit facilities.

Section 7. Subdivision 2 of section 77 of chapter 83 of the laws of 1995, amending the state finance law and other laws generally relating to the financial plan for the state fiscal year, as amended by chapter 432 of the laws of 1997, is amended to read as follows:

2. To undertake energy efficiency and renewable energy projects, including but not limited to, a photovoltaic system and/or energy efficiency projects at a nursing facility in Montgomery County, and

Section 8. Subdivision 4 of section 133 of chapter 309 of the laws of 1996 amending the real property tax law and other laws relating to implementation of various state programs is amended to read as follows:

4. \$30,000 for the installation, in cooperation with the Montgomery County Infirmary, including all associated labor and material costs, of a wind energy system and/or energy efficiency projects at a nursing facility.

Section 9. Notwithstanding any other provision of law to the contrary, the power authority of the state of New York is authorized to utilize a portion of funds transferred by section 28 of chapter 432 of the laws of 1997 and made available pursuant to subdivision 2 of section 23 of such chapter as necessary to fund and implement the purposes set forth in subdivision 2 of section 30 of part B of chapter 57 of the laws of 1998. Further, the authority is authorized to utilize that portion of funds transferred by section 32 of part B of chapter 57 of the laws of 1998 and made available pursuant to subdivision 2 of section 30 of such chapter to fund and implement the purposes set forth in subdivision 2 of section 23 of chapter 432 of the laws of 1997.

Section 10. The power authority of the state of New York shall transfer \$3,000,000 to New York state on or before March 31, 2000.

Section 11. Notwithstanding section 1010-a of the public authorities law, the comptroller is hereby authorized and directed to transfer to the power authority of the state of New York \$3,000,000, constituting monies appropriated to the statewide energy improvement account for the power authority of the state of New York pursuant to a chapter of the laws of 1999 enacting the transportation, economic development and environmental conservation bill, and the power authority of the state of New York is authorized to hold such monies for the purposes specified in a chapter of the laws of 1999.

Section 12. In accordance with section 4 of the state finance law, the comptroller is hereby authorized and directed to transfer, upon request of the director of the budget, up to \$3,000,000 from the federal operating grants fund (290) to the miscellaneous special revenue fund (339), statewide energy improvement account, on or before March 31, 2000.

Section 13. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after April 1, 1999.

**8. Procurement (Services) Contracts – Power Generation  
Maintenance Resource Management Program (MRM)  
Project Software & Development, Worktech Technologies,  
Intelligent Labeling Technologies, Software Sense Systems,  
Fluor Daniel and H. B. Maynard and Company, Inc.- Extensions**

The President submitted the following report:

SUMMARY

“The Trustees are requested to approve the extension of existing personal service contracts for a period of three years commencing January 1, 2000 in connection with Power Generation’s Maintenance Resource Management Program. Such approval consists of:

1. Extension of existing personal service contract with Project Software & Development, Inc. (‘PSDI’) in the estimated amount of \$900,000
2. Extension of existing personal service contract with Worktech Technologies, Inc., in the estimated amount of \$200,000
3. Extension of existing personal service contract with Intelligent Labeling Technologies, Inc. (‘ILT’) in the estimated amount of \$150,000
4. Extension of the term of a personal services contract with Software Sense Systems, Inc. until December 31, 2002.
5. Extension of existing personal service contract with Fluor Daniel, Inc. in the estimated amount of \$275,000
6. Extension of existing personal service contract with H. B. Maynard and Company, Inc. in the estimated amount of \$200,000

BACKGROUND

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

“Since 1994, the Power Generation Department has been engaged in modifying the work control processes used in its maintenance, engineering and project management activities. The basis of the process changes focuses on continual and incremental improvement in the utilization of management and craft labor resources. These process improvements are realized within the bounds of the Maintenance Resource Management (‘MRM’) program. The increased utilization is achieved by continually assessing planned versus actual labor, material and scope of work of activities within Power Generation.

“The program has resulted in sustained increase of direct activity within Power Generation. (Direct activity is the percent of time a person is engaged in the specific work task when at the job site.) The increase is equivalent annually to 120,000 hours of work time that can be applied to major maintenance and improvement tasks that are current underway, thereby offsetting a major portion of the need for outside contracted support for these tasks. The increase in direct activity from the implementation of the MRM program has an annual recurring value of over \$8,500,000.

“At their meeting of December 15, 1994, the Trustees first approved the implementation of the MRM program, there was a stated expectation of increasing productivity by 2% each year and saving approximately \$1,000,000. Since that time, both goals have been exceeded. The strategic goal is now to realize direct activity exceeding 55% (equivalent to a recurring annual savings of \$22,000,000) by the end of 2002.

## DISCUSSION

“This memorandum addresses two principal area of the Authority’s ongoing MRM implementation: (1) maintenance management software and support; and (2) productivity improvement support.

### **Maintenance Management Software and Support**

There are four contracts that have been put in place since the inception of the program in 1994 that provide software and implementation support with which to platform the maintenance management program.

The contract with **Project Software and Development, Inc. (‘PSDI’; S93-51382)**, which was competitively bid, provides for specialized application software, and associated maintenance services and licensing fees, training and software consulting services to support the MRM program. The contract became effective on September 30, 1993; extensions and additional funds were approved by the Trustees at their meetings of December 15, 1994 and December 17, 1996. The PSDI software has become integral to the MRM program and has demonstrated its flexibility and robustness to accomplish the goals of the program. A three-year extension is requested at this time. The current contract amount is \$2,278,905. It is estimated that an additional \$900,000 will be required for the extended term. Trustee approval is requested to extend the subject contract through December 31, 2002 and to approve the additional funding.

The contract with **Worktech Technologies, Inc. (‘Worktech’; S98-07027)** provides for specialized application software and software consulting for implementation support of the MRM program. The subject contract was awarded on a sole source basis, since Worktech has unique and expert knowledge of the MAXIMO software application. Worktech, with its specialized knowledge of Maximo and database management, supplements Authority staff to accomplish specific tasks during major implementation phases of the MRM program. It became effective on December 1, 1998 for an initial term of one year. A three-year extension is now requested to continue Worktech support on an as-needed basis. The current contract amount is \$140,000; it is anticipated that an additional \$200,000 will be required for the extended term. The Trustees’ approval is requested to extend the subject contract through December 31, 2002 and to approve the additional funding.

The contract with Intelligent **Labeling Technologies, Inc. (‘ILT’; S98-02727)** provides for specialize application software, associated maintenance services and licensing fees, training and software consulting services for implementation of electronic data collection from maintenance and operation via handheld devices. The handheld devices interface directly with other MRM system databases through proprietary software. It is expected that an increasing amount of information generated within the MRM program (e.g. data from calibration and operational observation and time sheet recording) will be collected using handheld devices with the attended efficiency of labor utilization. The contract became effective on June 1, 1998; extension and additional funds were approve by the Trustees at their meeting of December 18, 1998. A three-year extension is requested at this time. The current contract amount is \$200,000. It is estimated that an additional \$150,000 will be required for the extended term. The Trustees’ approval is requested to extend the of the subject contract through December 31, 2002 and to approve the additional funding.

The contract with **Software Sense System, Inc. (S98-03253)**, which was competitively bid, provides for a specialized application software, associated maintenance and training services and software consulting for safety and clearance tagging system and outage coordination at the non-nuclear facilities. In addition, the contract provides for interfaces to the MRM system and data conversion. The contract became effective on June 1, 1998; an extension and additional funds were approved by the Trustees at their meeting of June 29, 1999. Additional time is needed to develop, test and implement interfaces to the MRM system and the Energy Control Center.

No additional funding is requested. The Trustees' approval is requested to extend the subject contract through December 31, 2002.

### **Productivity Improvement**

There are two contracts that have been put in place since inception of the MRM program, which provide work management consultation support to staff on methods to improve productivity.

The contract with **H.B. Maynard and Company, Inc. ('Maynard'; S95-68327)** which was competitively bid, provides for the development of maintenance labor standard (i.e., time standards). Labor standards provide an objective benchmark of the labor requirements for maintenance tasks based on the particular method(s) used by the Authority staff. The contract became effective on August 11, 1995; extensions and additional funds were approved by the Trustees at their meetings of December 17, 1996 and December 15, 1998. The use of labor standards permits concise management of the tasks and allows for early intervention of work management problems. Additional time is required to support the management of the generator-turbine overhaul at the Lewiston Pumped Storage facility and for investigating the feasibility of modifying labor standards already developed for the St. Lawrence Life Extension Program. A three-year extension is requested to accomplish this work. The current contract amount is \$1,975,000. It is estimated that an additional \$200,000 will be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2002 and to approve the additional funding.

The contract with **Fluor Daniel, Inc. (S98-05302)** provides for work sampling, training and support. Work sampling is a technique using a formal structure of observation of work in progress to determine the degree of direct work or support activity occurring at the job site. When work sampling was first performed by Fluor Daniel, under contract S95-71201, which was competitively bid, the task was completely executed and managed by Fluor Daniel. Its role has now evolved into mentoring Authority staff during sampling to provide necessary consistency across Power Generation in the analysis of the results; Authority staff provides the observational sets of data. Work sampling is performed on a regular basis to measure the effect of management interaction and to access areas of improvement. The current contract became effective on September 29, 1998. A three-year extension is requested to continue support of the MRM Program. The current contract amount is \$250,000. It is estimated that an additional \$275,000 will be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2002 and to approve the additional funding.

### **FISCAL INFORMATION**

"Payment for services covered by these contracts rendered in 2000 will be made from the 2000 Approved O&M Budget. Funds required for subsequent years will be included in the O&M budget submittals for those years.

### **RECOMMENDATION**

"The Regional Managers - Power Generation, the Vice President and Chief Engineer - Power Generation, and the Vice President - Procurement and Real Estate recommend that the Trustees approve renewal of the current contracts with Project Software & Development, Inc. in the estimated amount of \$900,000; Worktech Technologies in the estimated amount of \$200,000; Intelligent Labeling Technologies, Inc in the estimated amount of \$150,000; H.B. Maynard and Company, Inc in the estimated amount of \$200,000; and Fluor Daniel, Inc. in the estimated amount of \$275,000 all for three years. It is further recommended that the Trustees approve the extension of the current contract with Software Sense System, Inc., for two years.

"The Senior Vice President and Chief Nuclear Officer, the Executive Vice President, Secretary and General Counsel, the Executive Vice President - Project Operations, and I concur in the recommendation."

The attached resolution, as recommended by the President, was unanimously adopted.

**December 14, 1999**

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contract with Project Software & Development Inc, to provide for maintenance services for furnished software, training, consultant services and specialized application software, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved and extended through 12/31/2002, as recommended in the foregoing report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, in the amount and for the purpose listed below:**

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
Project Software & Development, Inc	12/31/2002	<u>\$900,000</u>

**AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contract with Worktech Technologies, Inc., to provide for maintenance services for furnished software, consultant services and specialized application software, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved and extended through 12/31/2002, as recommended in the foregoing report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, in the amount and for the purpose listed below:**

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
Worktech Technologies, Inc.	12/31/2002	<u>\$200,000</u>

**AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contract with Intelligent Labeling Technologies, Inc. to provide for maintenance services for furnished software, consultant services and specialized application hardware and software, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved and extended through 12/31/2002, as recommended in the foregoing report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, in the amount and for the purpose listed below:**

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
Intelligent Labeling Technologies, Inc.	12/31/2002	<u>\$150,000</u>

**AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for the Procurement Contracts adopted by the Authority, the contract with Software Sense Systems, Inc. to provide for maintenance services for furnished software, consultant services and specialized application software, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved and extended through 12/31/2002, as recommended in the foregoing report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, in the amount and for the purpose listed below:**

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
Software Sense System, Inc.	12/31/2002	\$ <u>-0-</u>

AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for the Procurement Contracts adopted by the Authority, the contract with H.B. Maynard and Company, Inc. to provide for consultant services, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved and extended through 12/31/2002, as recommended in the foregoing report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, in the amount and for the purpose listed below:

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
H.B. Maynard and Company, Inc.	12/31/2002	\$ <u>200,000</u>

AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contract with Fluor Daniel, Inc. to provide for consultant services, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved and extended through 12/31/2002, as recommended in the foregoing report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, in the amount and for the purpose listed below:

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
Fluor Daniel, Inc.	12/31/2002	\$ <u>275,000</u>

**Exhibit '8-A'**  
**December 14, 1999**

PROCUREMENT (SERVICES) CONTRACT

Provider: Project Software and Development, Inc.

Contract: S 93 51382

Dept./Division: Power Generation/Engineering

Basis of Award: Bid     X      
Competitive Search             
Sole Source           

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 09/30/93			\$ 753,905
C.O. 1 12/15/94	12/15/94		\$ 675,000
C.O. 2 12/17/96	12/17/96	12/31/99	\$ 850,000

Total Amount Authorized or Committed: \$2,278,905

Total Amount Expended to Date: \$2,178,545

Projected Additional Commitments  
Through 12/31/2002 to be made by staff  
Pursuant to Expenditure Authorization  
Procedures from Authorized Capital and  
O&M Budget: \$ 900,000

**Exhibit '8-A'**  
**December 14, 1999**

PROCUREMENT (SERVICES) CONTRACT

Provider: Worktech Technologies, Inc.

Contract: S 98 07027

Dept./Division: Power Generation/Engineering

Basis of Award: Bid

	_____	<b>Competitive Search</b>	_____
Sole Source	<u>X</u>		

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 12/01/98		12/1/99	\$ 95,000
C.O.1 03/08/99			\$ 45,000

Total Amount Authorized or Committed: \$ 140,000

Total Amount Expended to Date: \$ 114,188

Projected Additional Commitments  
 Through 12/31/2002 to be made by staff  
 Pursuant to Expenditure Authorization  
 Procedures from Authorized Capital and  
 O&M Budget: \$ 200,000

**Exhibit '8-A'**  
**December 14, 1999**

PROCUREMENT (SERVICES) CONTRACT

Provider: Intelligent Technologies, Inc.

Contract: S 98 02727

Dept./Division: Power Generation/Engineering

Basis of Award: Bid \_\_\_\_\_  
Competitive Search \_\_\_\_\_  
Sole Source  X

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 06/01/98			\$ 100,000
C.O.1 12/15/98		12/31/1999	\$ 100,000

Total Amount Authorized or Committed: \$ 200,000

Total Amount Expended to Date: \$ 69,444

Projected Additional Commitments  
Through 12/31/2002 to be made by staff  
Pursuant to Expenditure Authorization  
Procedures from Authorized Capital and  
O&M Budget: \$ 200,000

**Exhibit '8-A'**  
**December 14, 1999**

PROCUREMENT (SERVICES) CONTRACT

Provider: Software Sense System, Inc.

Contract: S 98 03253

Dept./Division: Power Generation/Engineering

Basis of Award: Bid     X      
Competitive Search       
Sole Source     

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 06/01/98			\$ 250,000
C.O.1 03/08/99	06/29/1999	12/31/2000	\$ 50,000

Total Amount Authorized or Committed: \$ 300,000

Total Amount Expended to Date: \$ 47,052

Projected Additional Commitments  
Through 12/31/2002 to be made by staff  
Pursuant to Expenditure Authorization  
Procedures from Authorized Capital and  
O&M Budget: \$ -0-

**Exhibit '8-A'**  
**December 14, 1999**

PROCUREMENT (SERVICES) CONTRACT

Provider: H.B. Maynard Company, Inc.  
Contract: S 95 68327  
Dept./Division: Power Generation/Engineering  
Basis of Award: Bid  X   
Competitive Search \_\_\_\_\_  
Sole Source \_\_\_\_\_

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 01/01/95	12/15/94		\$ 1,700,000
C.O.1 12/17/96	12/17/96		\$ 200,000
C.O.2 12/15/98	12/15/98	12/31/1999	\$ 75,000

Total Amount Authorized or Committed: \$ 1,975,000

Total Amount Expended to Date: \$ 1,722,059

Projected Additional Commitments  
Through 12/31/2002 to be made by staff  
Pursuant to Expenditure Authorization  
Procedures from Authorized Capital and  
O&M Budget: \$ 200,000

**Exhibit '8-A'**  
**December 14, 1999**

PROCUREMENT (SERVICES) CONTRACT

Provider: Fluor Daniel, Inc.  
Contract: S 98 05302  
Dept./Division: Power Generation/Engineering  
Basis of Award: Bid  
Competitive Search     X      
Sole Source           

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 09/29/98		12/31/1999	\$ 250,000

Total Amount Authorized or Committed: \$ 250,000

Total Amount Expended to Date: \$ 173,945

Projected Additional Commitments  
Through 12/31/2002 to be made by staff  
Pursuant to Expenditure Authorization  
Procedures from Authorized Capital and  
O&M Budget: \$ 250,000

**9. Procurement (Services) Contracts - James A. FitzPatrick and Indian Point 3 Nuclear Power Plants; the Non-nuclear facilities; and Headquarters Offices – Awards**

The President submitted the following report:

SUMMARY

“The Trustees are requested to approve the award and funding of the multi-year procurement contracts listed in Exhibit ‘9-A’ for the James A. FitzPatrick (‘JAF’) and Indian Point 3 (‘IP3’) Nuclear Power Plants, as well as for the non-nuclear facilities and Headquarters Offices. A detailed explanation of the nature of such services, the basis for the new awards, and the intended duration of such contracts are set forth in the discussion below.

BACKGROUND

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

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

DISCUSSION

“While the Authority's policy is to use its own staff to perform necessary engineering and craft labor work, there are cases where it is necessary to utilize external contractors or consultants to supplement Authority staff during peak working periods in support of refueling and other outages, or if special expertise is required that is not available within the Authority. With respect to Headquarters, it is often necessary to retain consultants to perform specialized work outside the expertise of Authority staff.

“The terms of these contracts will be more than one year, therefore the Trustees' approval is required. All of these contracts contain provisions allowing the Authority to terminate the services for the Authority's convenience, without liability other than paying for acceptable services rendered to the effective date of termination. In addition, an assignment provision will be included in each new contract issued in support of the Authority's nuclear plants. This will provide the Authority the ability to assign such contracts to any new owner or operator of the nuclear plants. Approval is also requested for funding all contracts, ranging in estimated value from \$21,000 to \$8,000,000. These contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

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

**Headquarters-issued ‘General Services Agreements’ in support of the nuclear plants:**

“Competitive bids for multi-year services contracts were solicited by Headquarters' procurement staff for temporary engineering personnel in several 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 known as ‘General Services Agreements’ (‘GSAs’) 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, projects or programs are identified to be performed, by submitting resumes of their most technically qualified personnel, corresponding rates, and their ability to meet the schedule for each task required. Change orders directing performance of specific services as needed, will be made on a lump sum or time and materials basis, as appropriate, and will ensure the best possible services and price for the Authority. 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.

“The four contracts with **G.D. Barri & Associates, Inc. (a New York State certified Women’s Business Enterprise), Horace Cofer Associates, Inc., The Megan Corp., and Sun Technical Services, Inc. (Q-02-2445; PO#’s TBA)** would become effective on January 1, 2000, subject to the Trustees’ approval. The purpose of these contracts is to provide temporary nuclear training personnel and services to the IP3 Training Department, on an ‘as required’ basis, in support of training activities to support nuclear plant operations. Temporary trainers are often required to fill vacant permanent Authority staffing positions, since these positions remain difficult to fill. Services include assisting with the analysis, design development, implementation and evaluation of initial and continuing training programs. The areas of specialized training include, but are not limited to: simulator operations engineering, simulator hardware and software maintenance, health physics, instrumentation and control, licensed Senior Reactor Operator and non-licensed Nuclear Reactor operator requalification. Nine bids were received, in addition to ten declining/non-responding bidders, including responses to a notice in the Contract Reporter. Staff recommend award of contracts to the four aforementioned low technically qualified bidders. The four selected firms will competitively bid against each other for services, submitting resumes of their most technically qualified personnel, corresponding rates (labor and billing), and availability for each training course required. This will ensure the best possible product/services and price for the Authority. The intended term of these contracts is three years, subject to the Trustees’ approval, which is hereby requested. Mark-up rates will remain firm for the duration of the contracts. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$4,500,000. Commitments will be made to the individual contracts as trainers are hired; commitments and expenditures for all four contracts will be tracked against the approved total. The need for these services will be assessed intermittently during the contract period to determine whether they should be discontinued at an earlier date.

“The five contracts with **HEPCO, Inc., Lehigh GIT, Inc., Omni Staffing, Inc., The RMI Group, and Rotator Staffing Services, Inc. (Q-02-2446; PO#’s TBA)** would become effective on January 1, 2000, subject to the Trustees’ approval. The purpose of these contracts is to provide temporary nuclear design and drafting personnel and services, on an ‘as required’ basis, to support IP3, JAF and corporate nuclear engineering activities primarily at WPO. Typical services include, but are not limited to: developing drawings and designs to support the Authority’s design and modification activities; performing drawing updates; document control activities; and data acquisition and input activities to maintain the cable and raceway systems for both plants. The range of positions includes design engineers, designers/drafters (manual and/or Computer Aided Design ‘CAD’ operators and programmers), technical specialists, and administrative staff (e.g., design document coordinator, technical clerk, secretary/data entry). Eleven bids were received, in addition to eight declining/non-responding bidders, including responses to a notice in the Contract Reporter. Staff recommend award of contracts to the five low bidders. The intended term of these contracts is three years, subject to the Trustees’ approval, which is hereby requested. Mark-up rates will remain firm for the duration of the contracts. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$4,500,000.

“The five contracts with **Cataract, Inc., Enercon Services, Inc., G.D. Barri & Associates, Inc. (a New York State certified Women’s Business Enterprise), Nuclear Placement Services, Inc. (NPS), and Raytheon Engineers & Constructors (Q-02-2425; PO#’s TBA)** would become effective on January 1, 2000, subject to the Trustees’ approval. The purpose of these contracts is to provide the services of temporary nuclear licensing engineers, on an ‘as required’ basis, to support IP3, JAF and corporate nuclear licensing activities. These engineers would coordinate and prepare technical submittals to the NRC. Typical assignments include, but are not limited to, the preparation and/or coordination of Technical Specification Change Packages

(including nuclear safety evaluations and proposed changes to the operating license), Interpretations, and Amendments; preparation of NRC submittals (e.g., information transmittals, special reports, and responses to NRC letters); and coordination and documentation of licensing commitments. Additional tasks may include assisting Authority staff in establishing licensing position papers, certifying that surveillance tests and other plant implementing procedures satisfy license requirements, developing design bases interpretations, and dispositioning discrepancies between the as-built plant and licensing documents. Fifteen bids were received, in addition to four declining/non-responding bidders, including responses to a notice in the Contract Reporter. Staff recommend award of contracts to the five low technically qualified bidders. The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested. Mark-up rates will remain firm for the duration of the contracts. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$1,500,000.

“The five contracts with **Data Systems & Solutions, Duke Engineering & Services, Engineering, Planning & Management (EPM), Proto-Power Corp., and Scientech, Inc. (Q-02-2405; PO#'s TBA)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of these contracts is to provide fire protection engineering services, including technical evaluations, engineering analyses, design changes, and staff augmentation services in support of IP3 and JAF. Typical projects include, but are not limited to: engineering evaluations and analyses related to 10CFR50 Appendix R, nuclear safety evaluations, fire hazards analysis, suppression effects analysis, design basis documentation, NFPA code compliance reviews and non-conformance evaluations, hydraulic calculations, multiple high impedance fault analysis, performance-based fire code evaluations, and computer modeled fire, smoke and hot gas analyses. Eleven bids were received, in addition to eight declining/non-responding bidders, including responses to a notice in the Contract Reporter. While all eleven firms submitting proposals were technically qualified, the five firms selected have shown that they excel in one or more of the technical parameters used for evaluation of the proposals. Staff therefore recommend award of contracts to the five low evaluated most technically acceptable bidders. Selection of the aforementioned firms will provide a diversified field of expertise on which the Authority can rely to meet its fire protection needs. The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$450,000.

**Contracts in support of the nuclear plants:**

“The three contracts with **Charles W. Hehl, Ronald Schwarz and Ronald Toole (PO#s TBA)** would become effective on December 15, 1999, subject to the Trustees' approval. The purpose of these contracts is to provide for the consulting services of three experts in the nuclear field, as members of the Authority's Safety Review Committee ('SRC'). This committee is required by the Technical Specifications of both IP3 and JAF and fulfills an NRC requirement. These consultants would provide the SRC with an independent review of documents related to the safe operation of the Authority's nuclear plants, attend regularly scheduled meetings every other month, and be available for special meetings, phone conferences and plant tours. Each of the consultants requested brings a uniquely needed expertise to the SRC in the area of nuclear facility operations, management and organizational issues. Mr. Hehl has extensive regulatory experience and has provided excellent service to the Authority under a separate contract in response to regulatory issues. Mr. Schwarz has served as a consultant on loan to the SRC from another utility for more than one year; his area of expertise in the human resources field has provided a level of expertise not otherwise available to the Authority's Chief Nuclear Officer and SRC. This knowledge will be particularly valuable as management and organizational issues are addressed for both nuclear plants. Mr. Toole would provide needed engineering and technical expertise. These contracts are awarded on a sole source basis due to the unique qualifications and expertise of each consultant. The intended term of these contracts is two years, subject to the Trustees' approval, which is hereby requested, with an option to extend for one additional year in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. Approval is also requested for the combined total amount expected to be expended for the duration of the contracts, \$600,000.

“The contract with **General Electric Company (Q-02-2383; PO# TBA)** would become effective on December 27, 1999, subject to the Trustees' approval. The purpose of this contract is to provide pre-outage and

outage support services for Refueling Outage 14 ('RO14') at JAF. The upcoming outage includes tasks supporting refueling, major maintenance, and turbine island work. Services include, but are not limited to: project management; complete refueling floor services; drywell services; 600 volt breaker maintenance; control rod drive system maintenance; in-vessel inspections; reactor feed pump turbine maintenance; generator preventive maintenance; and miscellaneous valve maintenance. The estimated cost for RO14 is approximately \$8,000,000, subject to final negotiations with GE. Many aspects of the outage services provided by GE are proprietary due to GE's status as the original equipment manufacturer for the reactor vessel, turbine generator, and other critical plant components. This award is therefore made on a sole source basis. It should be noted that a notice was published in the Contract Reporter, but elicited no additional responses. Over the years, GE has performed in a satisfactory manner and has helped the Authority achieve a 66-day outage for RO13. The Trustees' approval is requested to authorize an agreement with GE for the next JAF refuel outage, RO14, in an amount not-to-exceed \$8,000,000. This agreement will be subject to negotiations with GE, which are currently underway, to define the final scope, costs, and commercial terms. The intended term of this contract is eighteen months, 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, \$8,000,000.

"The contract with **Master-Lee Energy Services Corp. (Q-02-2330; PO# TBA)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of this contract is to provide for eddy current testing services for the Balance of Plant heat exchangers at JAF. Eddy current testing involves the use of magnetic probes to test the wall thickness of fluid-carrying tubes and pipes. These services are necessary to ensure that the heat exchangers will perform at their peak and to avoid forced (unscheduled) outages due to tube or pipe failure from premature or unexpected tube leaks. Master-Lee was the low bidder of six bids received (in addition to ten declining/non-responding bidders, including responses to a notice in the Contract Reporter). The firm has demonstrated its expertise at JAF throughout the term of the current contract; they have supported emerging eddy current examinations and have offered suggestions to improve and decrease the cost of such examinations. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$500,000.

"The two contracts with **NUMANCO, LLC (primary) and Bartlett Nuclear, Inc. (backup; Q-02-2345; PO#s TBA)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of these contracts is to provide for health physics personnel and services, in support of both outage and non-outage tasks, for IP3 and JAF. Services include, but are not limited to: area radiation and contamination surveillance; personnel monitoring (using conventional, portable, rate-setting type instrumentation and laboratory counting equipment, including multichannel analyzers for gamma spectroscopy); training, dosimetry control, and other health physics services, as directed by the Authority. NUMANCO was the lowest technically qualified bidder of four bids received (in addition to eight declining/non-responding bidders, including responses to a notice in the Contract Reporter). Staff also recommend the award of a backup contract to Bartlett Nuclear, the second lowest technically qualified bidder. The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested, with an option to extend for one additional year in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. Mark-up rates will remain firm for the duration of the contracts. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$5,000,000.

"The two contracts with **NUMANCO, LLC (primary) and Bartlett Nuclear, Inc. (backup; Q-02-2448; PO#s TBA)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of these contracts is to provide qualified decontamination personnel and services to support the IP3 plant during operational and outage periods. The work scope includes providing all necessary labor, equipment, and services required to perform: 1) decontamination services during scheduled plant outages and at other times, as requested by the Authority; and 2) cavity decontamination during outages, as required by the Authority. The method utilized will be application and removal of ALARA 1146 strippable coating by qualified personnel with the necessary training, skills, and experience with this technique, and other decontamination services, in accordance with applicable NRC requirements and the Contractor's Quality Assurance Manual approved by the Authority. These services will help reduce plant contamination and decrease radiation exposure rates. NUMANCO was the

low bidder of three bids received (in addition to five declining/non-responding bidders, including responses to a notice in the Contract Reporter). Staff also recommend the award of a backup contract to Bartlett Nuclear, the second low bidder. The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested, with an option to extend for one additional year to be exercised in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. Mark-up rates will remain firm for the duration of the contracts. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$2,200,000.

"The two contracts with **Structural Integrity Associates, Inc. (primary) and MPR Associates, Inc. (backup; Q-02-2447; PO#s TBA)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of these contracts is to provide for Intra-Granular Stress Corrosion Cracking ('IGSCC') consulting services in support of IP3 and JAF. Services include, but are not limited to: design of weld overlays, fracture mechanics and IGSCC crack growth analysis; ASME XI flaw evaluations; shrinkage stress analysis; seismic/deadweight evaluation; and vessel/piping integrity support, as well as licensing support for interface with the Nuclear Regulatory Commission ('NRC') on cracking issues, and support of the Reactor Pressure Vessel internals program at JAF. Structural Integrity was the low bidder of five bids received (in addition to four declining/non-responding bidders, including responses to a notice in the Contract Reporter). The firm is uniquely positioned within the nuclear industry on material issues at both boiling and pressurized water reactor plants; they have previously performed work of the highest quality for the Authority. Staff also recommend the award of a second contract to MPR, the most technically qualified for backup, to allow for competitive bidding on new tasks for emerging worksopes, as they may arise. The firm has very good analytical capability and is in good standing with the NRC. The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$500,000.

"The contract with **Winston & Strawn (PO# TBA)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of this contract is to provide for consulting services on Nuclear Utility Owners' Groups generic issues through membership in the following clearinghouses: fire protection, equipment qualification, and backfitting and reform. Services also include advice and counsel on licensing issues for both nuclear plants. This award is made on a sole source basis, since staff knows of no other firm to provide comparable services. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$200,000.

"The contract with **Envotech, Inc. (a New York State certified Minority/Women's Business Enterprise; PO # 4500012762)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of this contract is to provide asbestos training for the initial qualification and requalification of operations and maintenance staff and supervisors at JAF. Envotech was the low bidder of four bids received (in addition to nine declining/non-responding bidders, including responses to a notice in the Contract Reporter). The intended term of this contract is three years, 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, \$30,000.

"The contract with **Life Science Laboratories, Inc. (PO # 4500013894)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of this contract is to provide for the laboratory analysis of samples of sewage, hazardous waste, and potable and non-potable water, as well as other environmental analyses, as may be required, for JAF. Life Science Labs was the low bidder of six bids received (in addition to eight declining/non-responding bidders, including responses to a notice in the Contract Reporter). The intended term of this contract is three years, 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, \$21,000.

**Headquarters-issued 'System Contracts':**

"In 1995, several categories of services were selected for pilot 'system' contracts, i.e., the consolidation of common goods/services under one contract in support of multiple plants and/or operating projects. This approach was based upon achieving cost savings due to bulk procurement of certain goods or services, as well as streamlining the procurement process by eliminating multiple contracts. Cost evaluations of current individual contracts issued by each plant/project were compared with a consolidated, multi-plant, multi-year, system contract approach. The following benefits to the Authority were and continue to be realized using this approach: lower unit costs than those currently paid by each plant/project under individual agreements; stabilization and uniformity of unit costs at each plant/project; unit rates remain firm for the duration of the contract; improved future negotiating position, as new needs arise; and overall reduction of O & M expenditures at plants/projects. The program has been expanded to include additional goods and services, including those listed below.

"The contract with **Schulz Electric Company (Q-02-2414; PO# TBA)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of this contract is to provide for inspection, maintenance and repair services (including rewind) of QA Cat I (nuclear safety related), Cat M, and Non-Cat I (non-nuclear, non-safety related) electric motors (to 7,000 hp) for IP3 and JAF, as well as for other non-nuclear facilities. Schulz was the low bidder of four bids received (in addition to seven declining/non-responding bidders, including responses to a notice in the Contract Reporter). Schulz is an Authority-approved QA Cat I safety related supplier, has a qualified QA program and has a past proven record of providing quality services to the Authority's nuclear plants in accordance with 10 CFR 50 Appendix B, Part 21 and ISO 9002 requirements. In addition, Schulz has formed a working relationship with US Ecology in Oak Ridge, Tennessee and now has the ability to transport, decontaminate and repair QA Cat I and Non Cat I contaminated motors. The contractor also offers environmentally qualified form and random wound insulation systems for rewinding harsh environment EQ motors. The rates received from Schulz are extremely competitive and through the 'system contract' process represent a significant reduction to the standard 'spot market' prices currently in place at the plants. In addition, as a supplementary negotiated pricing option, all prices are subject to further reductions ('bonus') through annual dollar tier pricing discounts based on services performed and total dollars spent annually for all plants. In addition to reducing operating costs and standardizing terms and conditions, extended motor repair warranties were also obtained. Through negotiations, the warranty for routine motor repairs was extended from one to two years, and for complete 'motor rewinds', to five full years from date of delivery. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested, with an option to extend for up to two additional years. Rates will remain firm for the initial three-year term of the contract; prices include motor pick-up and delivery. Approval is also requested for the total amount expected to be expended for the term of the contract, \$1,500,000.

"The contract with **Simmers Crane Design & Services Company (Q-02-2459; PO# TBA)** would become effective on January 1, 2000, subject to the Trustees' approval. The purpose of this contract is to provide for non-safety related crane maintenance and repair services, including spare parts and materials, for all Authority operating plants and related facilities. Simmers was the low bidder of four bids received (in addition to eight declining/non-responding bidders, including responses to a notice in the Contract Reporter). Simmers is presently under system contract with the Authority and has performed extensive maintenance and repair work at IP3, JAF, and the Niagara and Blenheim-Gilboa Projects. The firm has a past proven record of providing quality services to the Authority and has the necessary resources and experience to continue to service the Authority's operating plants statewide. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested, with an option to extend for one additional year to be exercised in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. The labor rates represent a 4% increase in the straight time rate above those in the current contract; this increase has been evaluated to be reasonable and fair. It should be noted that the new rates will remain firm for the initial three-year term of the contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$1,280,000.

**Contracts in support of the non-nuclear facilities and Headquarters Business Units:**

“The five contracts with **G.D. Barri & Associates, Inc. (a New York State certified Women’s Business Enterprise), HEPCO, Inc., Lehigh GIT, Inc., Omni Staffing, Inc., and Rotator Staffing Services, Inc. (Q-02-2434; PO#’s TBA)** would become effective on January 1, 2000, subject to the Trustees’ approval. The purpose of these contracts is to provide for temporary non-nuclear design and drafting personnel and services, on an ‘as needed’ basis, to support all Authority non-nuclear facilities (and to provide occasional support services for the nuclear plants, as may be required). Services would be performed primarily at the corporate non-nuclear engineering location at WPO. Typical services include, but are not limited to: developing drawings, designs and calculations to support the Authority’s design and modification activities in support of Power Generation; performing field verification and drawing updates; and performing data acquisition and input activities for the purpose of generating and maintaining the cable and raceway systems, bill of materials, etc. The range of positions includes design engineers, designers/drafters (manual and/or Computer Aided Design ‘CAD’ operators and programmers), technical specialists, and administrative staff (e.g., design documents coordinator, technical clerk, secretary/data entry). Eleven bids were received, in addition to eleven declining/non-responding bidders, including responses to a notice in the Contract Reporter. Staff recommend award of contracts to the five low technically qualified bidders. The intended term of these contracts is three years, subject to the Trustees’ approval, which is hereby requested. Mark-up rates will remain firm for the duration of the contracts. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$6,000,000.

“Since 1989, the Authority has been utilizing Geographic Information System (‘GIS’) technology on a limited basis, to support individual projects primarily for the Real Estate, Environmental and Licensing Divisions (e.g., hydro relicensing support). GIS is a relational database tool that can track, integrate and analyze data geographically, as well as in tabular form. This technology allows for the easy, inexpensive transfer of digital data between users and provides a crucial tool for managers seeking to maintain land and infrastructure, comply with regulations, and anticipate future needs efficiently. Examples of data accessible through such powerful GIS technology would include real estate parcels and ownership records, right of way boundaries and records, vegetation, access roads, transmission line centerlines and structures, tax maps, as well as the related terrain, hydrology, land cover, etc. In 1998, staff received authorization to expand the GIS program for implementation statewide, to support all Authority operating plants and related facilities. The initial phase of such expanded implementation involves data conversion and acquisition from hard copy (paper) and various digital formats to support basic transmission applications, as mentioned above.

“Proposals were requested for the services of an experienced GIS consultant to assist Authority staff in implementing a broad range of GIS applications, including data acquisition and creation, database design and administration, system analysis and integration, map production, and geo-processing analysis. Sixteen (16) bids were received, in addition to 49 declining/non-responding bidders, including responses to a notice in the Contract Reporter. The three most qualified respondents were then requested to submit more detailed proposals for a specific task. Based on an evaluation of their proposals, staff recommend the award of a contract to each of the two most qualified bidders, **URS Greiner Woodward Clyde and James W. Sewall Company (Q-02-2325; PO# TBA)**. Due to time constraints, a contract (#460000241) was awarded to URS Greiner on October 1, 1999, in order to authorize a short-term task to conduct a Right of Way vegetation and environmental inventory of the Authority’s Moses-Adirondack Transmission Line. The contract with James W. Sewall Company (Q-02-2325; PO# TBA) would become effective on January 1, 2000, subject to the Trustees’ approval. Future tasks will be awarded to either firm on the basis of cost, scheduling, special expertise, or other factors. The Trustees’ approval is requested to ratify the initial award of the contract with URS Greiner authorizing the aforementioned short-term task, to approve continuation of the long-term agreement with URS Greiner and to approve the award of a contract to James W. Sewall Co. The intended term of these contracts is three years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$1,000,000.

“The four contracts with **A.R. Bacon Architecture, P.C., BJLF Engineers & Architects, Seckler Associates, and Warshauer Architects (Q-02-2426; PO#’s TBA)** would become effective on January 1, 2000,

subject to the Trustees' approval. The purpose of these contracts is to provide on-call architectural and interior design services for the Authority's Centroplex Building in White Plains, NY. Services would include build-outs for tenants, internal staff relocation, facility upgrades and contractor management/oversight. Professional services for assigned projects would consist of design development, preparation of construction documents, and construction management. Thirteen bids were received, in addition to 20 declining/non-responding bidders, including responses to a notice in the Contract Reporter. Staff recommend award of contracts to the four low evaluated most technically acceptable bidders. The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$120,000.

"The four contracts with **Beak Consultants, Inc., Environmental Design & Research, P.C. ('EDR'), Northern Ecological Associates, Inc. ('NEC'), and URS Greiner Woodward Clyde ('URS'; PO #s 4500011492, 4500011527, 4500011530, and 4500011491, respectively)** would commence on January 1, 2000, subject to the Trustees' approval. The purpose of these contracts is to provide for long-term general wetland-related services for projects to be identified, in support of all Authority operating projects and transmission lines. Services would include the following tasks: wetland delineation, permit support, and mitigation area identification, design and monitoring. Nineteen bids were received, in addition to twenty-eight declining/non-responding bidders, including responses to a notice in the Contract Reporter. Staff recommend award of contracts to the four evaluated technically acceptable bidders for their respective geographic/regional areas: SENY and Hudson River (URS), Northern (NEC), Central (EDR), and Western (Beak). The intent is to provide at least one vendor that is familiar with, and accessible to, the Authority's four operating areas; in this matter, the environmental staff at the operating projects, as well as at headquarters, can avail themselves of such services, as needed. The intended term of these contracts is five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total combined amount expected to be expended for the term of the contracts, \$32,500.

"Due to scheduling requirements, the contract with **Holland & Knight PPP (PO #4500014922)** became effective on November 10, 1999, subject to the Trustees' ratification and approval, as soon as practicable. The purpose of this contract is to provide for legal advice and counsel, and if requested by the Authority, representation before judicial or regulatory bodies, in connection with assessing the potential agreement on the sale by the Authority of its two nuclear plants, and to provide legal advice, counsel and representation on such other activities, as requested by the Authority. Staff conducted a competitive search of ten firms, which were asked to submit their qualifications. A review of these qualifications resulted in the identification of the three most qualified firms, which were then interviewed in-depth. The Holland & Knight firm was determined to be very highly qualified and was also the low bidder of this group. The intended term of this contract is one year, with an option to extend for two additional years, as may be required. The Trustees' approval is hereby requested to ratify the initial award and to approve up to a three-year term of the subject contract. Approval is also requested for the contract amount expected to be expended for the initial one-year term of the contract, \$300,000.

#### FISCAL INFORMATION

"Funds required to support contract services for JAF, IP3, the non-nuclear facilities, as well as the Headquarters Offices have been included in the 2000 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

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

#### RECOMMENDATION

**December 14, 1999**

“The Site Executive Officer - James A. FitzPatrick Nuclear Power Plant, the Site Executive Officer - Indian Point 3 Nuclear Power Plant, the Vice President - Nuclear Engineering, the Vice President - Nuclear Operations, the Vice President – Information Technology and Chief Information Officer, the Director – Environmental Programs, the Director – Corporate Services, and the Vice President - Procurement and Real Estate recommend the Trustees' approval of the award of multi-year procurement contracts to the companies listed in Exhibit 'A' and as discussed above.

“The Deputy General Counsel, the Senior Vice President – Business Services and Chief Financial Officer, the Senior Vice President – Chief Nuclear Officer, the Executive Vice President – Corporate Services and Human Resources, and I concur in the recommendation.”

*Mr. Hoff explained that each of the proposed contracts includes termination provisions as well as an assignment clause. In response to questions from Trustee McCullough, Mr. Hoff confirmed that each of the proposed contracts can be terminated without cause and that the Authority's liability would be solely for service rendered under the terms of the agreement.*

The attached 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 the multi-year procurement contracts set forth in Exhibit '9-A', attached hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the Executive Vice President – Project Operations, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.**

**IP3 and JAF Procurement (Services) Contracts – Awards**  
**(For Description of Contracts See "Discussion")**

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis<sup>1</sup> Contract Type<sup>2</sup></u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditure For Life Of Contract</u>
<b><u>Headquarters-issued "General Services Agreements" in support of the the nuclear plants:</u></b>								
IP3	Q-02-2445; 4 awards: (PO #s TBA) 1. G.D. BARRI & ASSOC., INC. 2. HORACE COFER ASSOC., INC. 3. THE MEGAN CORP. 4. SUN TECHNICAL SERVICES, INC.	01/01/00	Provide temporary nuclear training personnel and services	12/31/02	B/S			<b>\$4,500,000*</b>
						*Note: combined total for all 4 contracts		
WPO/IP3/JAF	Q-02-2446; 5 awards: (PO #s TBA) 1. HEPCO INC. 2. LEHIGH GIT INC. 3. OMNI STAFFING INC. 4. THE RMI GROUP 5. ROTATOR STAFFING SERVICES, INC.	01/01/00	Provide temporary nuclear Design & Drafting personnel and services	12//31/02	B/S			<b>\$4,500,000*</b>
						*Note: combined total for all 5 contracts		
IP3/JAF	Q-02-2425; 5 awards: (PO #s TBA) 1. CATARACT, INC. 2. ENERCON SERVICES, INC. 3. G.D. BARRI & ASSOC., INC. 4. NUCLEAR PLACEMENT SERVICES (NPS) INC. 5. RAYTHEON ENGINEERS & CONSTRUCTORS	01/01/00	Provide temporary licensing engineers and services	12/31/02	B/S			<b>\$1,500,000*</b>
						*Note: combined total for all 5 contracts		
IP3/JAF	Q-02-2405; 5 awards: (PO #s TBA) 1. DATA SYSTEMS & SOLUTIONS 2. DUKE ENGINEERING & SERVICES 3. ENGINEERING, PLANNING & MANAGEMENT 4. PROTO-POWER CORP. 5. SCIENTECH INC.	01/01/00	Provide fire protection engineering services	12/31/02	B/S			<b>\$450,000*</b>
						*Note: combined total for all 5 contracts		

**IP3 and JAF Procurement (Services) Contracts – Awards**  
**(For Description of Contracts See "Discussion")**

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis<sup>1</sup> Contract Type<sup>2</sup></u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditure For Life Of Contract</u>
<b><u>Headquarters-issued contracts in support of the nuclear plants:</u></b>								
WPO/IP3/JAF	3 awards; PO #s TBA: 1. CHARLES W. HEHL 2. RONALD SCHWARZ 3. RONALD TOOLE	12/15/99	Provide consulting services as members of Safety Review Committee	12/31/01 (+ option to extend for 1 add'l yr)	S/P			<b>\$600,000*</b>
							*Note: combined total for all 3 contracts for initial 2 years	
JAF	GENERAL ELECTRIC CO. Q-02-2383; PO# TBA	12/27/99	Provide outage support services for RO14	06/30/01	S/S			<b>\$8,000,000</b>
JAF	MASTER-LEE ENERGY SERVICES CORP. Q-02-2330; PO# TBA	01/01/00	Perform eddy current testing services	12/31/02	B/S			<b>\$500,000</b>
IP3/JAF	Q-02-2345; 2 awards: 1. NUMANCO, LLC (primary) 2. BARTLETT NUCLEAR, INC. (backup)	01/01/00	Provide Health Physics personnel and services	12/31/02 (+ option to extend for 1 add'l yr)	B/S			<b>\$5,000,000*</b>
							*Note: combined total for both contracts	
IP3	Q-02-2448; 2 awards: 1. NUMANCO, LLC (primary) 2. BARTLETT NUCLEAR, INC. (backup)	01/01/00	Provide decontamination personnel and services	12/31/02 (+ option to extend for 1 add'l yr)	B/S			<b>\$2,200,000*</b>
							*Note: combined total for both contracts	
IP3/JAF	Q-02-2447; 2 awards: 1. STRUCTURAL INTEGRITY ASSOCIATES, INC. (primary) 2. MPR ASSOCIATES, INC. (backup)	01/01/00	Provide IGSCC consulting services	12/31/02	B/P			<b>\$500,000*</b>
							*Note: combined total for both contracts	

**IP3 and JAF Procurement (Services) Contracts – Awards**  
**(For Description of Contracts See "Discussion")**

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis<sup>1</sup> Contract Type<sup>2</sup></u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditure For Life Of Contract</u>
WPO for IP3/JAF	WINSTON & STRAWN PO # TBA	01/01/00	Provide consulting services on Nuclear Utility Owners' Groups generic issues via membership in clearinghouses and provide advice & counsel on licensing issues for both plants	12/31/02	S/P			<b>\$200,000</b>
<b><u>Contracts in support of JAF:</u></b>								
JAF	ENVOTECH INC. 4500012762	01/01/00	Provide asbestos training for initial qualification and requalification of JAF O&M and supervisory personnel	12/31/02	B/P			<b>\$30,000</b>
JAF	LIFE SCIENCE LABORATORIES INC. 4500013894	01/01/00	Provide laboratory analysis of sewage samples, hazardous waste, potable & non-potable water, etc.	12/31/02	B/S			<b>\$21,000</b>
<b><u>Headquarters-issued "System Contracts":</u></b>								
IP3/JAF & Non-nuclear facilities	SCHULZ ELECTRIC CO. Q-02-2414; PO # TBA	01/01/00	Provide transportation, inspection, repair services for QA Cat I, Cat M, and Non-Cat I electric motors	12/31/02 (+ option to extend for 2 add'l yrs)	B/S		*Note: combined total for all plants	<b>\$1,500,000*</b>
ALL SITES	SIMMERS CRANE DESIGN & SERVICES CO. Q-02-2459; PO # TBA	01/01/00	Provide crane maintenance and repair services, including spare parts/materials	12/31/02 (+ option to extend for 1 add'l yr)	B/S		*Note: combined total for all plants	<b>\$1,280,000*</b>

**IP3 and JAF Procurement (Services) Contracts – Awards**  
**(For Description of Contracts See "Discussion")**

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis<sup>1</sup> Contract Type<sup>2</sup></u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditure For Life Of Contract</u>
<b><u>Contracts in support of the non-nuclear facilities and Headquarters Business Units:</u></b>								
ALL SITES	Q-02-2434; 5 awards: (PO #s TBA) 1. G.D. BARRI & ASSOC., INC. 2. HEPCO INC. 3. LEHIGH GIT INC. 4. OMNI STAFFING INC. 5. ROTATOR STAFFING SERVICES, INC.	01/01/00	Provide non-nuclear Design & Drafting services	12/31/02	B/S			<b>\$6,000,000*</b>
								*Note: combined total for all 5 contracts
ALL SITES Authority-wide	Q-02-2325; 2 awards: 1. URS GREINER WOODWARD CLYDE 4600000241 2. JAMES W. SEWALL CO. (PO # TBA)	10/01/99 01/01/00	Provide Geographic Information System implementation services	12/31/01	B/P	\$104,859	\$0	<b>\$1,000,000*</b>
					*			Note: combined total for both contracts
CORP SERV & HR	Q-02-2426; 4 awards: (PO #s TBA) 1. A.R. BACON ARCHITECTURE, P.C. 2. BJLF ENGINEERS & ARCHITECTS 3. SECKLER ASSOCIATES 4. WARSHAUER ARCHITECTS	01/01/00	Provide architectural services for Centroplex Building, as required	12/31/02	B/P			<b>\$120,000*</b>
								*Note: combined total for all 4 contracts
PWR GEN - ENV DIV (by 4 geographic areas statewide)	Q-02-2321; 4 awards: 1. BEAK CONSULTANTS INC. (4500011492) 2. EDR, P.C. (4500011527) 3. NORTHERN ECOLOGICAL ASSOCIATES (4500011530) 4. URS GREINER WOODWARD CLYDE (4500011491)	01/01/00	Provide wetland-related services (e.g., wetland delineation, mitigation area identification & design, permit support, and long term monitoring)	12/31/04	B/P			<b>\$32,500*</b>
								*Note: combined total for all 4 contracts

**IP3 and JAF Procurement (Services) Contracts – Awards**  
**(For Description of Contracts See "Discussion")**

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis<sup>1</sup> Contract Type<sup>2</sup></u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditure For Life Of Contract</u>
LAW	HOLLAND & KNIGHT 4500014922	11/10/99	Provide legal advice, counsel & representation on the potential sale of the Authority's nuclear plants and on other matters, as requested	11/09/02	C/P	\$50,000		<b>\$300,000*</b>

\*Note: for initial one-year term



**10. Procurement (Services) Contracts – James A. FitzPatrick and Indian Point 3 Nuclear Power Plants; the Non-Nuclear Facilities; and Headquarters Offices – Extensions, Approval of Additional Funding, and Increases in Compensation Ceiling**

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The President submitted the following report:

SUMMARY

“The Trustees are requested to approve the continuation and funding of the procurement contracts listed in Exhibit ‘10-A’ for the James A. FitzPatrick (‘JAF’) and Indian Point 3 (‘IP3’) Nuclear Power Plants, as well as for the non-nuclear facilities and Headquarters Offices. In addition, the Trustees are requested to approve an increase in the compensation ceiling to \$25,130,812 from the previously approved amount of \$17,892,812, of the procurement contract with Maytag Corp., for the procurement of super efficient refrigerators in support of the Authority’s Public Housing Energy Efficiency Program; as well as an increase in the compensation ceiling to \$8,800,000 from the previously approved amount of \$5,400,000 of the procurement contract with Goldman Copeland Associates, and an increase in the compensation ceiling to \$14,315,000 from the previously approved amount of \$11,615,000 of the procurement contract with Harris Energy Systems, both for program management and implementation services in support of the Southeast New York Non-Electric End use Program (‘SENY NEEP’). It should be noted that all funding in support of the two NEEP contracts was previously approved by the Trustees; approval is now sought to release and allocate the previously approved funding to each of these two contracts. In addition, all such funding will be recovered by the Authority. A detailed explanation of the nature of such services, the reasons for extension, and the projected expiration dates are listed below.

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.

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

DISCUSSION

“While the Authority's policy is to use its own staff to perform necessary engineering and craft labor work, there are cases where it is necessary to utilize external contractors or consultants to supplement Authority staff during peak working periods in support of refueling and other outages, or if special expertise is required which is not available within the Authority.

“Although the firms identified in Exhibit ‘10-A’ have provided effective services, the issues or projects requiring these services have not been resolved or completed and the need exists for continuing these contracts. Trustees' approval is required because the terms of these contracts exceed one year and/or because the cumulative change order limits will exceed the levels authorized by the Expenditure Authorization Procedures in forthcoming change orders. All of the subject contracts contain provisions allowing the Authority to terminate the services for the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures. In addition, an assignment provision will be included in each change order issued for contract extensions in support of the Authority’s nuclear plants. This will provide the Authority the ability to assign such contracts to any new owner or operator of the nuclear plants.

“Extension of each of the contracts identified in Exhibit ‘10-A’ is requested for one or more of the following reasons: 1) additional time is required to complete the current contractual work scope or additional services related to the original work scope; 2) to accommodate an Authority or external regulatory agency schedule change, which has delayed, re-prioritized, or otherwise suspended required services; 3) the original consultant is uniquely qualified to perform services and/or continue its presence, and rebidding would not be practical; or 4) the contractor provides a proprietary technology or specialized equipment at reasonable negotiated rates, which the Authority needs to continue until a permanent system is put in place.

**Contracts in support of the nuclear plants:**

“The contract with **Adirondack Combustion Technologies, Inc. (C99-J0169)** provides for factory-trained boiler technicians to assist Authority staff in maintaining two Cleaver-Brooks boilers at JAF. Services include annual inspection and maintenance, monthly inspections (January – April and October – December), and twenty-four hour emergency service, as required. The original award, which was competitively bid, became effective on January 1, 1999 for an initial term of one year, with an option to extend for two additional years. The current contract amount is \$30,000; it is anticipated that an additional \$30,000 will be required for the extended term. Rates will remain firm for the duration of the contract. The Trustees’ approval is requested to extend the subject contract through December 31, 2001 and to approve the additional funding.

“The contract with **Charles Hehl, Inc. (4500000193)** provides for the on-call consulting services of Mr. Charles W. Hehl in responding to nuclear regulatory issues affecting continued operations at IP3 and JAF. The original award became effective January 7, 1999 for an initial term of one year. A one-year extension is now requested in order to continue to provide his expert advice to the Chief Nuclear Officer (‘CNO’) on matters ranging from regulatory affairs to employee concerns, including the Authority’s Speakout Program. Mr. Hehl has seventeen years of service with the Nuclear Regulatory Commission (‘NRC’); this extensive NRC background and expertise will serve well to advise the CNO on regulatory and safety issues affecting continued plant operations, including corrective actions. He will also assist the CNO in responding to and following-up on sensitive employee issues. The current contract amount is \$52,500; it is anticipated that an additional \$50,000 may be required for the extended term. The Trustees’ approval is requested to extend the subject contract through December 31, 2000 and to approve the additional funding requested.

“The contract with **Gerard T. Goering (S97-00887)** provides for the consulting services of Mr. Goering, as a member of the Authority’s Safety Review Committee (‘SRC’). This committee is required by the Technical Specifications of both IP3 and JAF and fulfills an NRC requirement. Mr. Goering provides the SRC with an independent review of documents related to the safe operation of the Authority’s two nuclear plants, prepares written reports of operational activities, attends regularly scheduled meeting every other month, and is available for occasional special meetings, phone conferences, plant tours, etc. Mr. Goering has advised the Authority for the last six years, most recently under this contract, which became effective January 1, 1997. At their meeting of December 16, 1997, the Trustees approved a two-year extension and additional funding of the current contract. During his tenure, Mr. Goering has developed an extensive knowledge of the Authority, its nuclear programs and improvement efforts. He brings a uniquely needed expertise in the areas of nuclear facility operations, management and organizational issues. Since such services are required on an ongoing basis, a three-year extension of this contract is now requested. The current contract amount is \$174,000; it is anticipated that an additional \$200,000 may be required for the initial two years of the extended term. The Trustees’ approval is requested to extend the subject contract through December 31, 2002 and to approve the additional funding requested.

“The contract with **NWT Manufacturing Corp. (C98-I6043)** provides for laboratory quality assurance samples for IP3, for the purpose of independent analysis. Two bottles of an unknown solution are furnished to IP3 on a quarterly basis by NWT. These samples are analyzed by the IP3 Chemistry Department and the results are sent back to NWT for evaluation. A report is generated, comparing the IP3 results to those obtained by NWT and by other plants in the program. This ‘Q-check program’ is recommended by the Electric Power Research Institute (‘EPRI’) and helps to ensure that the Authority’s results are accurate. The original award, which was competitively bid, became effective on December 15, 1998 for an initial term of one year, with an

option to extend for two additional years. A two-year extension is now requested in order to exercise this option and continue needed services. The current contract amount is \$7,500; it is anticipated that an additional \$15,000 will be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 14, 2001 and to approve the additional funding.

"The contract with **Shonka Research Associates, Inc. (S98-07584)** provides for temporary engineering services to support the Radiation Monitoring System ('RMS') at IP3. The Authority's response to NRC Inspection Reports requires a dedicated RMS system engineer to track system reliability and establish trend analysis of RMS conversion factors. The current Authority incumbent has been temporarily reassigned to support the Year 2000 project. The temporary replacement has been extensively involved in the planning and initial installation of numerous RMS upgrade modifications, which require additional installation and testing. The original award became effective on January 1, 1999 for an initial term of one year. A six-month extension is now requested in order to continue such temporary services for the duration of the reassignment of the Authority employee, currently projected to be no later than June 30, 2000. The current contract amount is \$175,000; it is anticipated that an additional \$60,000 will be required for the extended term. The Trustees' approval is requested to extend the subject contract through June 30, 2000 and to approve the additional funding.

"The contract with **Stafkings Healthcare Systems, Inc. (C99-J0244)** provides for supplemental nursing coverage, on an 'as needed' basis (e.g., during outages, staff vacations, etc.) at JAF. Duties of such registered nurses include responding to in-plant medical emergencies by providing immediate first aid/stabilization prior to transfer to the nearest health care facility and providing nursing care for minor injuries/illnesses, within the scope of JAF standing orders and procedures. The original award, which was competitively bid, became effective on January 1, 1999 for an initial term of one year, with an option to extend for two additional years. The current contract amount is \$34,500; it is anticipated that an additional \$80,000 will be required for the extended term. Rates will remain firm for the duration of the contract. The Trustees' approval is requested to extend the subject contract through December 31, 2001 and to approve the additional funding.

"The contract with **Westinghouse Electric Company (4500000907)** provides for refurbishment services of Westinghouse-manufactured nuclear safety related breakers for IP3. Services are performed off-site at the contractor's facility, on an 'as needed' basis. The original award, which was competitively bid, became effective on February 1, 1999 for an initial term of one year, with an option to extend for one additional year. A one-year extension is now requested in order to exercise this option and continue services, as needed. The current contract amount is \$400,000; it is anticipated that an additional \$200,000 will be required for the extended term. Rates will remain firm for the duration of the contract. The Trustees' approval is requested to extend the subject contract through January 31, 2001 and to approve the additional funding.

"The three contracts with **Carl J. Walters (S93-51653), Dr. Ray Hilborn (S93-42590) and Post, Buckley, Schuh & Jernigan (CZ-9117)** provided for consulting services to conduct Hudson River fish stock population assessments, as well as to calculate the biological and economic impact of power plants on these fish stocks. These assessments and calculations are included in a revised Draft Environmental Impact Statement ('DEIS') being prepared jointly by the Authority, Con Edison, Southern Energy New York (formerly the generation component of Orange and Rockland), and Central Hudson utilities. The DEIS is required for renewal of the State Pollutant Discharge Elimination System ('SPDES') permits covering Indian Point, Bowline, and Roseton power plants. The New York State Department of Environmental Conservation ('DEC') will review the revised DEIS and will use it to help determine conditions in the SPDES permits. An extension of these three contracts is therefore required because staff anticipates that the review of the DEIS is likely to continue through 2001 and the DEC considers these consultants to be an important part of the DEIS revision and review process.

"All expenditures for this are shared by the four utilities according to the cost-sharing formula established by the Hudson River Cooling Tower Settlement Agreement. The Authority's share of the total is 22.89%. This program is part of a multi-party environmental arrangement that enabled the utilities operating power plants along the Hudson River to avoid building costly cooling towers. The contracts became effective on October 7, 1993, February 10, 1993, and September 2, 1987, respectively. At their meeting of December 16, 1997, the Trustees approved an extension of these contracts through December 31, 1999 to support this effort.

Prior time extensions and additional funding were approved by the Trustees at their meetings of November 22, 1988, September 24, 1991, July 28, 1992, September 28, 1993, September 29, 1994, December 15, 1994, February 27, 1996, and June 25, 1996. At their meeting of September 28, 1998, the Trustees approved additional funding for Post Schuh, increasing the compensation ceiling to \$3,763,427. These contracts were approved with the understanding that they would need to be extended until the DEIS was fully accepted by the DEC. A two-year extension is requested to continue the above-described services provided by Carl Walters, Dr. Hilborn, and Post Buckley Schuh & Jernigan, respectively. The current contract amounts are \$75,000 for Carl Walters, \$255,000 for Dr. Hilborn, and \$3,179,970 for Post Schuh. It is anticipated that an additional \$75,000 may be required for the extended term for the services provided by Dr. Ray Hilborn; no anticipated additional funding is requested for Carl Walters and Post Buckley, since the total previously approved amounts are \$125,000 and \$3,763,427, respectively. These amounts represent the total expenditures by all utilities combined; the Authority's share of the additional funding will be approximately \$17,168 for Dr. Hilborn. The Trustees' approval is requested to extend the subject contracts through December 31, 2001 and to approve the additional funding for Dr. Hilborn.

"The three contracts with **Alexander Building Corp. (C98-Z0062)**, **C.W. Brown Inc. (C98-Z0061)** and **GTL Construction (C98-Z0063)** provide for on-call general contracting services to support a variety of emergent work projects at the Authority's Centroplex Building in White Plains, NY and the Joint News Center, located at the Westchester County Airport. Services include, but are not limited to, the following trades: bricklayers, carpenters, floor coverers, cement/stone masons, tile layers, painters, plumbers, glazers, electricians, etc. The original contracts, which were competitively bid, became effective on September 1, 1998 for an initial term of less than one year, with an option to extend for up to two additional years. An interim extension through December 14, 1999 was approved in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. A seventeen-month extension is now requested in order to exercise the option to continue services, as may be required. The current contract amounts total \$302,614; it is estimated that an additional \$400,000 may be required for the extended term of the three contracts (combined). The Trustees' approval is requested to ratify the interim extension, and to approve the extension of the subject contracts through April 30, 2001 and the additional funding.

"The two contracts with **Aviation Services Unlimited Inc. (4600000148 and 4600000213)** provide for helicopter services to patrol high voltage transmission lines and related facilities in the Authority's Central and Northern Regions, respectively. The original contracts, which were competitively bid, became effective on January 1 and March 1, 1999, respectively for an initial term of one year, with an option to extend for two additional years. A two-year extension of each contract is now requested in order to exercise the option and continue services, as may be required. The current contract amounts released are \$41,461 (against a three-year total/'cap' of \$150,000) for Central Region and \$5,025 (against a three-year cap of \$100,000) for Northern Region. A contract with **North Country Helicopter Inc. (4600000164)** provides for backup helicopter services for both regions. It became effective on January 1, 1999 for an initial term of one year, with an option to extend for two additional years. The current contract amount released is \$8,383 (against a three-year cap of \$75,000). A two-year extension is requested to exercise the option and continue to provide services, as may be required. The Trustees' approval is requested to extend the subject contracts through December 31, 2001 (Central and combined regions) and February 28, 2002 (Northern) and to approve the respective estimated totals ('caps').

"The contract with **CENDA (Center for Development Analysis; S98-04700)** provides for consulting services to perform a socioeconomic study of the Niagara Project's impact on Western New York, in support of the Niagara Project relicensing effort. This study is to quantitatively assess the impact of the Project operations and low cost power sales on the local economy. The original award became effective on September 14, 1998 for an initial term of less than one year. An interim extension through December 14, 1999 was approved in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. Due to unanticipated delays beyond the consultant's control, in surveying and interviewing the industrial and municipal system customers of the Niagara Project, as well as the Authority's determination to conduct additional detailed follow-up interviews to augment the survey, an additional six-month extension is now requested in order to complete the study. The current contract amount is \$70,543; it is anticipated that an additional \$20,000 may be required for the extended term. The Trustees' approval is requested to ratify the

interim extension, to approve the extension of the subject contract through May 31, 2000 and to approve the additional funding.

“The contract with **Gomez & Sullivan Engineers P.C. (C97-Z0032)** provides for consulting services to facilitate the Cooperative Consultation Process (‘CCCP’) Team meetings and technical subcommittees’ meetings in support of the St. Lawrence-F.D. Roosevelt Power Project relicensing effort. At their meeting of January 28, 1997, the Trustees approved the award of a three-year contract and an initial amount of \$450,000. The contract, which was competitively bid, became effective on February 1, 1997. An additional two-year extension is now requested in order to continue CCP-related activities, such as providing advice on emerging hydropower licensing trends and dealing with the Federal Energy Regulatory Commission (‘FERC’) and the Department of Environmental Conservation (‘DEC’); facilitating CCP Team meetings, technical subcommittees’ meetings, and settlement discussions, as needed; and assisting with the preparation/coordination of the Draft License Application. The current contract amount is \$350,000; it is anticipated that an additional \$125,000 will be required for the extended term. The Trustees’ approval is requested to extend the subject contract through December 31, 2001 and to approve the additional funding.

“The contract with **Kleinschmidt Associates (S98-06673)** provides for consulting services to perform a comprehensive inventory and assessment of the recreational facilities within and adjacent to the Niagara Project, in support of the Niagara Project relicensing effort. The study area includes the Towns of Niagara, Lewiston and Porter, the Villages of Youngstown and Lewiston, the City of Niagara Falls and the Tuscarora Indian Reservation. The objective of this recreational facilities inventory and assessment is to identify and document the condition of existing recreation facilities and to identify and evaluate proposals from other interested parties and involved agencies to construct and/or improve recreational facilities in the study area. The original award became effective on November 9, 1998 for an initial term of less than one year. An interim extension through December 14, 1999 was approved in accordance with the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures. Although a draft report has been received and reviewed by Authority staff, it was returned to the consultant for significant revision and reformatting, given a change in focus and emphasis by the Authority once the initial draft was reviewed. It should be noted that the rewrite was not required because of any failure on the part of the consultant. An additional six-month extension is now requested in order to complete the project. The current contract amount is \$55,700; it is anticipated that no additional funding will be required for the extended term. The Trustees’ approval is requested to ratify the interim extension, to approve the extension of the subject contract through May 31, 2000.

“The contract with **Neocon Technologies, Inc. (S98-07003)** provides for the development of an advanced drive system and cabin HVAC system for a New York City Police Department Cushman zero emissions (electric patrol) vehicle (‘ZEV’). Services include vehicle evaluation, system design/engineering, procurement and installation of materials for cabin HVAC and advanced drive systems, as well as a fuel fired heater and battery package in the vehicle, system assembly and testing, reports and documentation. Proposed improvements should maximize vehicle performance based on the reported usage patterns, terrain, and climate, while providing the driver with a more comfortable climate controlled ride. The contract became effective on October 15, 1998 for an initial term of less than one year. Delays in the project required an interim extension through December 14, 1999, which was authorized in accordance with the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures. An additional ten-month extension is now requested in order to complete the project. The project is behind schedule due to technical problems with the motor-controller and on-board charger. Neither piece of equipment installed on the vehicle performed according to rated specifications. A new controller is under development and should be delivered to the contractor in the near future. The contractor is also in the process of bench-testing another onboard charger. The current contract amount is \$37,715; it is anticipated that no additional funding will be required for the extended term. The Trustees’ approval is requested to ratify the interim extension and to approve the extension of the subject contract through October 14, 2000 with no additional funding requested.

“The contract with **Planergy New York Inc. (S98-07331)** provides for the installation of new refrigerators and the removal, recycling and/or disposal of used refrigerators in support of the Authority’s Public Housing Energy Efficiency Program. The New York City Housing Authority (‘NYCHA’) is the largest such

customer. It should be noted that the procurement of super efficient refrigerators is provided under a separate agreement with Maytag Corp., as discussed below. The original award, which was competitively bid, became effective on January 8, 1999 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise this option in order to continue to provide such installation and removal/recycling/disposal services for this program. The current contract amount is \$935,000. It is anticipated that an additional \$2,125,000 will be required for the extended term. This is based on increasing the projected number of refrigerators to be recycled from approximately 22,000 to 25,000 per year. Pricing will remain firm for the duration of the contract. The Trustees' approval is requested to extend the subject contract through January 7, 2002 and to approve the additional funding. It should be noted that the Authority will recover all of the funding.

“The contract with **Waste Stream Management (4600000259, formerly 63-99)** provides for rubbish removal and disposal services for the St. Lawrence-F.D. Roosevelt Power Project. Services include furnishing of all containers, pick-ups at five different locations at regularly scheduled times, hauling in permitted trucks, and disposal in a permitted landfill, as well as handling of recyclables. The original contract, which was competitively bid, became effective on March 1, 1999, for an initial term of one year, with an option to extend for two additional years. A two-year extension is now requested in order to exercise this option and continue such refuse removal services. For administrative purposes, a new contract number has been assigned for the extended term. The current amount expended is \$30,000; it is anticipated that an additional \$70,000 will be required for the extended term. Rates will remain firm for the duration of the contract. The Trustees' approval is requested to extend the subject contract through December 31, 2001 and to approve the additional funding ('cap').

#### Increases in Compensation Ceiling:

“The contract with **Maytag Corp. (S95-76977)** provides for the procurement (furnish/deliver) of super efficient refrigerators for the New York City Housing Authority ('NYCHA'). The installation of the new refrigerators and the removal of the old units are provided by another vendor under a separate agreement with Planergy New York, Inc, as discussed above. At their meeting of October 31, 1995, the Trustees approved the award of refrigerator procurement contracts to both General Electric and Maytag Corporation for the purchase of the most energy efficient refrigerators available for the Authority's Public Housing Energy Efficiency Program, in a total amount not-to-exceed \$12,700,000. The contract with GE was executed first, through December 31, 1996, in the amount of \$6,520,326. The contract with Maytag Corp. became effective on January 1, 1997, in the amount of \$6,160,000, for an initial term of one year. Because the NYCHA indicated greater satisfaction with the Maytag units, which utilize only 437 kW hours annually, the Authority conducted a competitive search of five refrigerator manufacturers to meet or exceed this standard; Maytag was the only manufacturer able to provide units with the requisite energy efficiency level. A one-year extension through December 31, 1998 was therefore approved by the Trustees at their meeting of September 30, 1997 to procure 14,000 additional 15 cubic feet Magic Chef refrigerator units, which utilize 437 kW hours per unit; an additional 2,000 units were procured in 1998 at the request of NYCHA. Authority staff conducted another competitive search of seven refrigerator manufacturers to meet the aforementioned standard for 1999; once again, Maytag was the only manufacturer able to provide units with the requisite energy efficiency level. At their meeting of December 15, 1998, the Trustees approved a one-year extension to the subject contract in order to procure 20,000 additional 15 cubic feet Magic Chef refrigerator units in support of this program. Since the Authority's Public Housing Energy Efficiency Program is still ongoing, staff conducted another competitive search of six refrigerator manufacturers to meet the standard for 2000. Once again, Maytag was the only manufacturer able to provide units with the requisite energy efficiency level; Authority staff negotiated prices resulting in no increase above 1999 levels. A one-year extension is now requested in order to procure an additional 22,000 such refrigerator units, as described above. The current contract amount is \$17,236,643 (of the \$17,892,812 previously approved). It is anticipated that an additional \$7,238,000 will be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2000 and to approve the additional funding, thereby increasing the compensation ceiling of the contract with Maytag to \$25,130,812. It should be noted that the Authority will recover all of the funding.

“The two contracts with **Goldman Copeland Associates, P.C. (S96-77829)** and **Harris Energy Systems (S96-778224)** provide for management and implementation services for the Authority’s SENY Non-Electric End use Program (‘NEEP’). At their meetings of July 25, 1995 and June 29, 1999, the Trustees approved funding for various SENY public customer Energy Services Programs, which include NEEP. NEEP is an energy efficiency program that provides a turnkey approach to identifying, procuring, and implementing fossil fuel energy efficiency programs for the Authority’s SENY customers as an inducement to enter into long-term electricity supply contracts. At their meeting of December 19, 1995, the Trustees approved the award of contracts to the two aforementioned implementation contractors for an initial two-year term, in the combined amount of \$16,000,000, with options for up to one-year extensions with the approval of the President and the Chairman. The original awards, which were competitively bid, became effective on January 1, 1996. The contract option to extend for one additional year through December 31, 1998 was subsequently exercised, with the approval of the President and the Chairman, and in accordance with the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures. An 18-month extension through June 30, 2000 and additional funding of \$7,115,000 were subsequently approved by the Trustees at their meeting of September 28, 1998 in order to complete projects in progress at various facilities. An additional one-year extension is now requested in order to complete projects in progress at Manhattan Criminal Court (Goldman) and Hunter College (Harris), respectively. The project at Hunter College has increased in scope since the initial feasibility study estimates. Additional issues dealing with site conditions, pipe routing methods, and additional building heating loads arose during the completion of the design of the boiler replacement project at this facility. The Manhattan Criminal Court project has also been expanded at the request of the facility. The scope now includes abatement of asbestos containing insulation materials in the boiler room and an increase in boiler capacity (to provide heat and hot water for the correction facility next door). The current contract amounts are \$5,400,000 for Goldman Copeland and \$11,615,000 for Harris Energy Systems, respectively. It is anticipated that the following additional amounts will be required for the extended term: \$3,400,000 for Goldman Copeland and \$2,700,000 for Harris Energy Systems. The Trustees’ approval is requested to extend the subject contracts through June 30, 2001 and to approve the release and allocation of previously approved funding to each of these contracts, as set forth above. The revised compensation ceilings for the subject contracts will be as follows: \$8,800,000 for Goldman Copeland and \$14,315,000 for Harris Energy Systems. It should be noted that all costs associated with the NEEP projects will be recovered by the Authority from the participating customers, including interest and Authority overheads.

#### **Contracts in support of the Law Department:**

“The contract with **Coulter Fraser Bolton Bird & Ventre (S95-70920)** provides for legal representation/litigation services in connection with pending cases relating to labor and employment matters. The Syracuse law firm was originally retained on an ‘of counsel’ basis in a discrimination lawsuit filed by a former JAF employee in the U.S. District Court for the Northern District of New York. The original contract, which was awarded as the result of a competitive search, became effective October 18, 1994. The Trustees previously approved the extension of this contract at their meetings of September 27, 1995 and December 16, 1997, respectively. Coulter Fraser has extensive knowledge of labor and employment law and has provided the Authority with effective representation thus far at an attractive rate structure for their level of expertise. Presently this firm is providing the Authority with advice and guidance on employment issues as they arise in connection with Authority litigation. A two-year extension is now requested in order to continue services, on an ‘as required’ basis, until all issues related to current litigation matters are resolved. The current contract amount is \$20,000; it is anticipated that no additional funding will be required for the extended term, since the Trustees previously approved \$40,000 for this contract. The Trustees’ approval is requested to extend the subject contract through October 17, 2001 with no additional funding requested.

“The contract with **Danforth Rogers (S98-00090)** provides for legal advisory services relating to all aspects of commercial and financial transactions. Mr. Rogers has considerable experience in general corporate counsel work, specializing in mergers and acquisitions, securities law matters and financing for companies from ‘start-up’ operations to large public corporations. At their meeting of December 16, 1997, the Trustees approved the award of a one-year contract for such services, with an option to extend for an additional year.

The original contract became effective on December 16, 1997. Mr. Rogers was a key member of the Authority team, which brought on the major refunding of all of the Authority's senior debt in 1998. In this capacity, he worked with Authority in-house legal staff and bond and disclosure counsel to produce necessary disclosure documents, the new bond resolution, and other documentation. In addition to his career-developed skills in analysis, planning, organization, management and negotiation, he has gained expertise in Authority operations, structure, and financial matters. Mr. Rogers is currently working on a tax issue relating to the St. Lawrence relicensing effort. If the Authority goes forward with the sale of the nuclear plants, he will be working on the preparation of the purchase and sale agreement for the nuclear plants, agreements relating to nuclear fuel, financial and other agreements to effectuate the foregoing. His past experience in other corporate asset transfer transactions makes him ideally suited to perform this work. A two-year extension is now requested in order to continue services. The current contract amount is \$120,000; it is anticipated that an additional \$180,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2001 and to approve the additional funding requested.

"The contract with **Hawkins Delafield & Wood (CZ-7116)** provides for advice and counsel to the Authority concerning changes in tax laws and regulations, and for services relating to the Authority's ability to issue obligations under the Power Authority Act and various bond and note resolutions. The firm is at the center of numerous substantive matters, including the marketing of Authority power and transmission services, under new Internal Revenue Service ('IRS') regulations, and New York State electric industry restructuring. This contract became effective on April 1, 1986 and was reviewed and approved by the Trustees at their meetings of April 29, 1986, December 19, 1988, November 27, 1990, August 30, 1994 and September 24, 1996, respectively. A two-year extension is now requested in order to continue to provide legal advice regarding bond, note and debt issuance; issues arising under bond and note resolutions; tax issues relating to debt issuance; and compliance with applicable IRS regulations. The current contract amount is \$2,312,000; it is anticipated that an additional \$500,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2001 and to approve the additional funding requested.

"The contract with **Nixon Peabody LLP (formerly Nixon Hargrave Devans & Doyle; S98-01232)** provides for legal services relating to labor and employment matters and a separate Disclosure Counsel. At their meeting of December 16, 1997, the Trustees approved the award of a one-year contract for such services, with an option to extend for an additional year. The original contract, which was awarded as the result of a competitive search, became effective on January 1, 1998. The Authority has had a lengthy relationship with two of the Nixon partners, who have provided valuable labor and employment law advice to the Authority at competitive prices. The firm is particularly well-versed in the State's Public Employment Relations Board ('PERB') proceedings. More recently, Nixon's lawyers have been called on to assist in evaluating discrimination claims pending before an administrative agency; their strategic advice is particularly valuable when such claims reach federal court, where their depth of experience is required. In addition, Nixon's principals are the most experienced in disclosure counsel work; the firm has both securities law experience and a public power/public utility related practice. The Authority has availed itself of their services and would like to continue this relationship, due to limited in-house legal resources, the specialized expertise of disclosure counsel, the magnitude of potential transactions, and the rapid restructuring of the electric industry. It should be noted that for administrative purposes, separate contracts were issued for the disclosure counsel services and the labor and employment counsel services; from this point forward, services will be consolidated under the subject contract. A two-year extension is now requested in order to continue such services. The current contract amount is \$85,000; it is anticipated that an additional \$80,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2001 and to approve the additional funding requested.

"The contract with **Robert J. Surtees (CZ-9076)** provides for consulting services by an expert historian concerning the St. Regis Indian land claim. Dr. Surtees, an eminent Canadian history professor, is perhaps the foremost expert in Canadian/Northern New York State Mission Indians. He will continue to work closely with Authority staff to prepare for any possible evidentiary hearing, which may be ordered as a result of the pending pretrial motions, by providing support for the Authority's research, documentation, and testimony related to such matters. The original contract became effective on May 8, 1987 and was reviewed and approved by the

Trustees at their meetings of February 23, 1988, November 27, 1990, September 28, 1993, and December 17, 1996, respectively. A three-year extension is now requested to continue the services of Dr. Surtees, as required, since the issues are still unresolved. The current contract amount is \$193,000; it is anticipated that no additional funding will be required for the extended term, since the Trustees previously approved a total of \$243,000 for such services. The Trustees' approval is requested to extend the subject contract through December 31, 2002 with no additional funding requested.

"The contract with **Smith, Sovik, Kendrick & Sugnet, P.C. (S96-80014)** provides for legal representation services of local counsel in Syracuse, New York. Since the Smith firm has special knowledge of local rules, procedures, and judges, and representation by Authority staff would require frequent and costly flights to Syracuse, it is more cost-effective to retain local counsel. This firm has represented the Authority in several matters and has proven to be an able counsel in protecting the Authority's interests. This contract became effective on March 1, 1996. At their meeting of December 17, 1996, the Trustees approved a three-year extension through February 28, 2000. An additional two-year extension is now requested in order to continue services. Smith Sovik is currently representing the Authority in two personal injury actions in Syracuse (Veselka and Strong), where the Authority's insurers have refused coverage. The firm is also pursuing litigation against those insurers. Additionally, the firm will represent the Authority in a medical insurance dispute filed in Syracuse (Witherell), should that case go to trial in 2000. The current contract amount is \$35,000; it is anticipated that an additional \$20,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through February 28, 2002 and to approve the additional funding requested.

#### FISCAL INFORMATION

"Funds required to support contract services for various non-nuclear Headquarters Office Departments/Business Units and non-nuclear facilities, as well as for JAF and IP3 have been included in the 2000 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects. Payment for contracts in support of the refrigerator and SENY NEEP programs will be made from the Energy Conservation Effectuation and Construction Fund.

#### RECOMMENDATION

"The Regional Manager – Central Region, the Regional Manager – Northern Region, the Regional Manager – Western New York, the Site Executive Officer – James A. FitzPatrick Nuclear Power Plant, the Site Executive Officer - Indian Point 3 Nuclear Power Plant, the Vice President – Nuclear Operations, the Vice President - Nuclear Engineering, the Vice President – Policy and Governmental Affairs, and the Vice President - Procurement and Real Estate, recommend the Trustees' approval of the extension and additional funding of the procurement contracts listed in Exhibit 'A', and of an increase in the compensation ceiling of the contracts with Maytag Corp., Goldman Copeland Associates and Harris Energy Systems, as set forth above.

"The Deputy General Counsel, the Senior Vice President – Chief Nuclear Officer, the Senior Vice President – Energy Services & Technology, the Senior Vice President and Chief Financial Officer, the Executive Vice President – Corporate Services and Human Resources, the Executive Vice President – Project Operations, and I concur in the recommendation."

*Mr. Franko explained that each of the proposed contract extensions includes termination provisions and will include an assignment clause as well. In response to questions from Trustee Miller concerning the proposed extension of the Authority's contract with the Maytag Corporation for energy efficient refrigerators for the New*

York City Housing Authority (“NYCHA”), Ms. Morman confirmed that the Authority will recover all of the refrigerator funding costs pursuant to its contract with NYCHA.

The attached resolution, as recommended by the President, was unanimously adopted.

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, each of the contracts listed in Exhibit ‘10-A’ is hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed below, as recommended in the foregoing report of the President; subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel; and be it further**

**RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures, an increase in the compensation ceiling of the contracts with Maytag Corp., Goldman Copeland Associates, and Harris Energy Systems, be, and hereby are, approved as recommended in the foregoing report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, in the amount and for the purpose listed below:**

<u>Capital</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
<b>Procurement of super efficient refrigerators for the Authority’s Public Housing Energy Efficiency Program:</b>		
<b>Maytag Corp. S95-76977</b>		
<b>Additional Funding Requested</b>	<b>\$7,238,000</b>	<b>12/31/00</b>
<b>Previously Approved Contract Amount</b>	<b><u>\$17,892,812</u></b>	
<b>TOTAL REVISED COMPENSATION CEILING</b>	<b><u>\$25,130,812</u></b>	

<u>Capital</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
<b>Program management and Implementation services for SENY Non-Electric End Use Program (‘NEEP’):</b>		
<b>1. Goldman Copeland Associates S96-77829</b>		
<b>Additional Funding Requested</b>	<b>\$3,400,000</b>	<b>06/30/01</b>
<b>Previously Approved Contract Amount</b>	<b><u>\$5,400,000</u></b>	
<b>TOTAL REVISED</b>		

**COMPENSATION CEILING**

**\$8,800,000**

<u>Capital</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
<b>2. Harris Energy Systems S96-77824</b>		
<b>Additional Funding Requested</b>	<b>\$2,700,000</b>	<b>06/30/01</b>
<b>Previously Approved Contract Amount</b>	<b><u>\$11,615,000</u></b>	
<b>TOTAL REVISED COMPENSATION CEILING</b>	<b><u>\$14,315,000</u></b>	

**11. Indian Point 3 Nuclear Power Plant – Off-site Emergency Plans  
Lease of Joint News Center from the County of Westchester**

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The President submitted the following report:

SUMMARY

“The Trustees are requested to authorize the execution of a lease agreement for approximately 18,438 rentable square feet of space in Building #1 at the former New York Air National Guard site at the Westchester County Airport by the County of Westchester as landlord to the Power Authority of the State of New York as tenant. This property has been used as the Joint News Center (‘JNC’) required by the Nuclear Regulatory Commission (‘NRC’) and the Federal Emergency Management Agency (‘FEMA’) in connection with plant and off-site emergency plans for the Indian Point Nuclear Plants (NUREG 0654). The proposed lease is for a term of five years to commence on May 1, 2000. The basic lease terms are set forth more specifically in Exhibit ‘11-A’ attached hereto.

BACKGROUND

“The JNC is the location for release of information by the licensees, New York State, the counties of Westchester, Putnam, Orange, and Rockland and federal agencies in the event of an accident at Indian Point and during full-scale emergency exercises. FEMA has determined that such facilities should be located outside of the ten-mile plume exposure Emergency Planning Zone (‘EPZ’). The JNC building was determined to be acceptable by New York State, the four counties, the Authority and Consolidated Edison Company of New York, Inc. (‘Con Edison’). Commitment by the Authority and Con Edison to maintain a news center outside the ten-mile EPZ was cited by the FEMA national office in a December 17, 1982 letter to the NRC as ‘the significant accomplishment’ in FEMA’s statement that the standard for public education and information (standard G, NUREG 0654) was no longer ‘significantly deficient’ in FEMA’s view.

DISCUSSION

“At their meeting of September 26, 1989, the Trustees approved the continuation of the lease by the Authority of a portion of Building #1 at the Westchester County Airport with paved parking available for up to 150 vehicles. The lease was for a term of five years with one five-year renewal and will expire on April 30, 2000. During the course of negotiations with the County of Westchester prior to the renewal in 1995, a rental credit valued at \$385,800.00 was achieved in consideration of certain improvements to the premises undertaken by the Authority. This rental credit of \$6,430.00 per month will continue until April 30, 2001.

“During more recent discussions concerning the upcoming renewal, the County of Westchester agreed conceptually to an amendment of the lease to provide the parties with mutual termination rights. This will provide more latitude to the Authority if it is determined at a point in the future that the premises are no longer needed. Otherwise, the terms of the renewal will be consistent with those of the current lease with the renewal option exercised by a letter from the Authority to the County.

“The JNC building affords a dedicated site and provides the storage and security for the communications and audio-visual equipment necessary for the Joint News Center. Other potential uses for the building, such as a training seminar or conference facility, are being considered. The Authority is responsible for non-structural maintenance of the premises. However, due to the recent improvements, no major up-front renovations will be required.

## FISCAL INFORMATION

“Payments for rent and associated costs as set forth in Exhibit ‘11-A’ will be made from the Operating Fund.

“The Authority will be reimbursed for half of the rental, maintenance and operating costs by Con Edison for its shared use of the facilities. This reimbursement will be deposited in the Operating Fund.

## RECOMMENDATION

“The Site Executive Officer and the Vice President - Procurement and Real Estate recommend that the Trustees approve entering into a lease agreement with the County of Westchester for space at Building #1 at Westchester County Airport on terms substantially in accordance with the foregoing and Exhibit ‘11-A’.

“The Vice President – Public Affairs, the Senior Vice President and Chief Nuclear Officer, the Executive Vice President, Corporate Services and Human Resources, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation.”

The attached resolution, as recommended by the President, was unanimously adopted.

**RESOLVED, That the Chairman, the President and Chief Operating Officer, the Executive Vice President and Chief Financial Officer or the Vice President - Procurement and Real Estate be, and hereby is, authorized to exercise the renewal option of the lease dated February 15, 1996 between the County of Westchester and the Power Authority of the State of New York for space in Building #1 at Westchester County Airport, on substantially the terms set forth in the foregoing report of the President, and subject to approval of the lease agreement by the Executive Vice President, Secretary and General Counsel or his designee; and be it further**

**RESOLVED, That the Executive Vice President and Chief Financial Officer, the Vice President - Procurement and Real Estate or the Director - Real Estate be, and hereby is, authorized on behalf of the Authority to execute any and all other agreements, papers, or instruments which may be deemed necessary or desirable to carry out the foregoing, subject to approval by the Executive Vice President, Secretary and General Counsel or his designee.**

## **12. Lease of Office Space for Relocation of OASAS**

The President submitted the following report:

### SUMMARY

“The Trustees are requested to authorize the Chairman to approve a lease of approximately 37,500 rentable square feet (28,500 usable sq.ft.) of office space to serve as the new location of the Office of Alcohol and Substance Abuse Agency (‘OASAS’) currently located on the 21<sup>st</sup> floor of 1633 Broadway, and a subsequent sublease with the Office of General Services (‘OGS’) on behalf of OASAS, based upon the parameters described in Exhibit ‘12-A’ attached hereto.

### BACKGROUND

“At their meeting of September 28, 1999, the Trustees approved the execution, with the Chairman’s approval, of a sublease with the law firm of Kasowitz, Benson, Torres & Friedman LLP (hereinafter ‘Kasowitz’) for the 21<sup>st</sup> and 22<sup>nd</sup> floors of office space at 1633 Broadway, New York City. OASAS, pursuant to Trustee approval of February 25, 1997 currently occupies the major portion of the 21<sup>st</sup> floor as its primary location for its New York City office operation.

“All lease terms with Kasowitz have been negotiated, including security in the form of a \$5,000,000 letter of credit, and the lease executed by both parties, with the approval of the Chairman. This sublease would commence upon delivery of vacated 21<sup>st</sup> and 22<sup>nd</sup> floors to the Subtenant (currently scheduled for April 1, 2000) for renovation and buildout, and will continue through December 31, 2008, the expiration date of the Authority’s lease for space in the Paramount Building.

### DISCUSSION

“In order to provide the vacated space to the Subtenant, and fulfill the requirement of the sublease with Kasowitz, it will be necessary for OASAS to relocate to an alternate location. OGS and OASAS have agreed to such relocation, and have recently visited several locations in downtown and mid-town Manhattan which would generally meet the Authority’s economic requirements. OASAS has expressed a strong preference to be relocated in a midtown location. However, OGS has indicated to us that its internal process of inter-agency approvals could substantially delay the approval of a lease for the new OASAS location, which would jeopardize our ability to deliver space to Kasowitz in accordance with the sublease. In order to remedy this situation, the following course of action is recommended:

1. The Authority, subject to the Chairman’s approval would enter into a lease for a term of ten years with the landlord for the new OASAS space. OGS, on behalf of OASAS, would sublease this space for the entire ten-year term of the lease, and OASAS would reimburse the Authority at the current rental terms (average rent of \$18 square feet plus electricity) of the existing sublease for the 21<sup>st</sup> floor in the Paramount building. OASAS would be completely responsible for all rent at the new location for the last two years of the sublease.

The primary location currently considered for the new OASAS office space is 501 Seventh Ave., formerly used as a factory location in the garment center and in the process of conversion to office space. The Authority and OGS are currently in negotiation with the Landlord, Helmsley-Spear, Inc. for space in this building.

2. OGS, on behalf of OASAS, and the Authority would finalize a sublease (similar to the existing sublease for space in the Paramount Building) for the new location.

3. Build-out of new OASAS space would commence immediately after execution of a lease between the Authority and the new landlord, to minimize any delay in turning space over to Kasowitz for the build-out.
4. OGS will provide space-planning and architectural services to support the OASAS relocation, on an accelerated basis, to meet the schedule requirements for this move. With OASAS paying rent as noted above, the Authority's liability will be minimal due to entering into the master lease for the new OASAS space.

The ranges of rental terms for this transaction are noted in Exhibit '12-A'.

"It is still expected that the savings associated with the new sublease with Kasowitz will result in savings exceeding \$17 million, even in consideration of the new lease for the OASAS space.

#### FISCAL INFORMATION

"The Authority currently pays its lease obligations from the Operating Fund. This sublease is estimated to reduce the Authority's cost by over \$17 million through the year 2008.

#### RECOMMENDATION

"The Director - Corporate Support Services, the Director - Real Estate, and the Vice President, Procurement and Real Estate recommend that the Trustees authorize the Chairman to approve a lease with the Landlord, to be determined, of the building to which OASAS will be relocated, and a sublease with OGS on behalf of OASAS, on terms substantially in accordance with the foregoing and Exhibit '12-A'.

"The Senior Vice President and Chief Financial Officer, the Executive Vice President - Corporate Services and Human Resources, the Executive Vice President, Secretary and General Counsel, the Executive Vice President - Project Operations, and I concur in the recommendation."

*In response to questions from Trustee Miller, Messrs. Vesce and Hoff explained that the costs of relocating OASAS, including the costs of the physical move as well, had been factored into the economic analyses submitted by the staff to the Trustees which show an overall savings to the Authority of \$17 million over the remaining life of the New York office lease. Trustee Miller inquired whether that analysis also includes the costs of adapting the White Plains office for use of the New York office staff which will be transferred, as well as adapting the New York office for the staff who will stay, and asked as to the type of staff which will remain in New York. Mr. Vesce responded in the affirmative, and explained that such remaining personnel will comprise some 145 members of the Marketing and Economic Development, Public Affairs, Law, and Energy Efficiency Departments. Trustee Miller asked whether any staff at the WPO office will be displaced. Mr. Vesce responded in the negative, explaining that there is sufficient space in the White Plains building to accommodate all transferees.*

*Trustee Ciminelli asked whether the Authority is adequately protected for the entire 10-year duration of the sublease. Mr. Hoff responded in the affirmative, and stated that OGS/OASAS will reimburse the Authority for the full cost of the last two years of rental expenses. In response to further questions from Trustee Miller, Mr. Hoff explained that the course of action now proposed to the Trustees is attributable to the fact that State expenditure authorization processes are notoriously time-consuming and that for the Authority to wait for their completion would preclude us from proceeding expeditiously with subleasing our own office space and realizing savings.*

The attached resolution, as recommended by the President, was unanimously adopted.

**RESOLVED, That subject to the final approval of the Chairman, the President and Chief Operating Officer, the Executive Vice President - Corporate Services and Human Resources or the Vice President-Procurement and Real Estate be, and hereby is, authorized (1) to enter into a lease with an entity for the provision of office space to effectuate the relocation of OASAS, such entity and the location of such office space to be determined by the President and Chief Operating Officer, and (2) to enter into a sublease with OGS on behalf of OASAS relating to such office space, such lease and sublease having such terms and conditions as are deemed necessary or desirable by such authorized executing officer and as are consistent with the terms set forth in the foregoing report of the President, subject to approval of such lease and sublease by the Executive Vice President, Secretary and General Counsel; and be it further**

**RESOLVED, That subject to the final approval of the Chairman, the Executive Vice President - Corporate Services and Human Resources, the Vice President - Procurement and Real Estate, or the Director - Real Estate be, and hereby is, authorized on behalf of the Authority to execute any and all other agreements, papers, or instruments which may be deemed necessary or desirable to carry out the foregoing, subject to approval by the Executive Vice President, Secretary and General Counsel.**

### **13. Indian Point 3 Nuclear Power Plant – Fuel Supply (Services) Contract – Extensions**

The President submitted the following report:

#### SUMMARY

“The Trustees are requested to approve the award of a contract extension to the Westinghouse Electric Company, (89-10), for supply of fabricated nuclear fuel and related services for the Indian Point #3 Nuclear Power Plant. This contract is currently set to expire with the last reload to be built in the spring of 2001. Reactor Engineering is recommending a one-reload extension of this contract to be built in 2003, for approximately \$7.4 million in 1999 dollars.

#### BACKGROUND

“The current fuel contract expires in 2001. An option exists to extend the contract by up to three reloads. Early in 1999 the fuel supply group solicited competitive bids for a possible new contract. The Authority received bids from two prospective bidders for three additional reloads of fuel with an option for three more. Delivery of the first reload would be in April 2003. Analysis of the bidding documents and an extensive economic analysis produced results, which were inconclusive. However, evaluation of current technical issues with both vendors has resulted in fuel staff recommendation to extend the current contract for one reload. We plan to rebid this work in about one year. The remainder of this memo will provide the background for these recommendations.

#### DISCUSSION

“Thermal hydraulic compatibility of the new fuel design compared to fuel currently in the reactor is one of the determining characteristics in deciding upon the qualifications of a potential new fuel vendor, or a new design from the current vendor. The pressure drop through the center of the assemblies appeared to be about ½ the value through the current IP3 fuel bundles when comparing fuel bid data. If the information is accurate, it would indicate a potential large cross flow through the current assemblies that could indicate a lack of thermal hydraulic compatibility.

“The Authority has participated in flow tests of proposed fuel designs. Preliminary results from these tests do indicate a differential pressure drop between the proposed design and current IP3 fuels. However, the results need to be further analyzed before firm conclusions can be reached. This analysis is ongoing. Problems with the current vendor during the last fabrication effort indicate room for significant improvement. In addition, there have been failures at IP3 which could be due to cross flow issues. These types of failures have also occurred in other nuclear plants with fuel similar to that in IP3. The alternate vendor has had no fuel failures anywhere in the world with their current designs, both BWR and PWR.

“Considering the current negotiations for the sale of Indian Point 3, the ongoing analysis of flow test and performance problems with current vendor fuel, the fuel staff is recommending a one reload extension with the current fuel contract. This will allow a new bidding effort in about one year, when the results from the potential sale and the compatibility of assemblies should no longer be in question. Current bidder would also have time to solve current problems and improve their designs.

#### FISCAL INFORMATION

“The total dollar amount for one reload extension will be approximately \$7.4 million unescalated, in 1999 dollars. The signing authorization for the Manager of Nuclear Fuel Supply, is up to \$10 million without

Trustee approval. Payment will be made from the Fuel Reserve Account, Operating Fund. The current contract has provisions to assign the contract to a new party if the existing parties both concur.

RECOMMENDATION

“The Manager - Nuclear Fuel Supply recommends a contract extension to Westinghouse Electric Company for the purchase of fabricated nuclear fuel and associated services at the costs and terms previously stated.

“The Director - Reactor Engineering, the Vice President - Nuclear Engineering, the Chief Nuclear Officer, and I concur in the recommendation.”

*In response to questions from Trustee Miller, Mr. Lemberg confirmed that the proposed contract would contain an assignment clause.*

The attached resolution, as recommended by the President, was unanimously adopted.

**RESOLVED, That the Trustees approve the extension of the existing contract with the Westinghouse Electric Company for the term of one reload of fabricated nuclear fuel, as recommended in the foregoing report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, in the estimated amount and for the purpose listed below:**

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Contract Approval Estimated (1999\$, millions)</u>
<b>Fuel Fabrication and Related Services</b>		
<b>Westinghouse Electric Company</b>		
<b>One Reload Extension</b>	<b>04/30/2003</b>	<b><u>\$7.4</u></b>

**14. Next Meeting**

“The regular meeting of the Trustees will be held on **Tuesday, January 25, 2000, at the New York Office at 11:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.”

NXMTGDEC

**Closing**

Chairman Rappleyea concluded the meeting by wishing staff Happy Holidays and by thanking staff for giving the Authority another great year.

Upon motion made and seconded, the meeting was closed at 12:25 p.m.

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