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

April 18, 2000

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Minutes of the annual meeting of the Power Authority of the State of New York held at the Albany Office at 11:30 a.m.

Present: Clarence D. Rappleyea, Chairman
Louis P. Ciminelli, Trustee
Gerard D. DiMarco
Hyman M. Miller, Trustee

Trustee McCullough was excused from attendance

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
John F. English	Senior Vice President - Corporate Planning
H. Kenneth Haase	Senior Vice President - Transmission
James Knubel	Senior Vice President and Chief Nuclear Officer
Louise M. Morman	Senior Vice President - Marketing and Economic Development
Robert L. Tscherne	Senior Vice President - Energy Services and Technology
Michael H. Urbach	Senior Vice President and Chief Financial Officer
Daniel Berical	Vice President - Policy & Governmental Affairs
Russell Krauss	Vice President and Chief Information Officer
Michael Petralia	Vice President - Public Affairs
Carmine J. Clemente	Deputy General Counsel
George W. Collins	Treasurer
Edward Holman	Senior Environmental Engineer
Anne Wagner-Findeisen	Deputy Secretary
Vernadine E. Quan-Soon	Senior Assistant Secretary

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

1. Approval of the Minutes

Minutes of the Regular Meeting held on March 28, 2000 and the Continuation of the Meeting held on February 29th and March 20th, 2000

The minutes were unanimously adopted, as amended, to reflect minor corrections.

2. Financial Report for the Three Months Ended March 31, 2000
and for the Year Ended December 31, 1999 (Final)

With respect to the report for the first quarter of 2000, Trustee Miller inquired whether the reference to recovering some \$5 million, from the IOUs, which amount had originally been billed to NYPA, had resulted from an accounting error. Messrs. Hiney and Urbach explained that "inter-charging" on an interim basis is standard within the ISO, and that accounts are updated regularly. Mr. Hiney added that he believes this amount represents a Gilboa contractor that supplied energy. Trustee Ciminelli inquired whether the Authority has had to "front" significant amounts to the ISO. President Zeltmann noted that there had been multiple accounting "glitches" during the initial ISO transition, and that NYPA staff has voiced its concern to the ISO about the predictability of certain charges. President Zeltmann also underscored that the Authority is carefully monitoring all ongoing ISO billing transactions. Mr. Haase referred, as an example, to a transaction in December 1999 which the ISO had to re-bill five times before it was correct. As a result, Mr. Haase explained, a task force has been established at the Authority to track all billings affecting us. Chairman Rappleyea agreed that the New York State ISO transition has witnessed a number of problems, as have other ISO's, and that several have already had recourse to FERC for guidance on these issues. Mr. Haase added that the New England ISO, in particular, has experienced such difficulties.

At President Zeltmann's request, Mr. Krauss then briefed the Trustees on the establishment of a "transition team" which is handling issues relating to the sale of the Authority's nuclear facilities to Entergy. Co-managed by Mr. Krauss and his Entergy counterpart, and consisting of both Entergy and NYPA employees, the multidisciplinary transition team will formally commence functioning on April 29th. It is anticipated that the team will address a gamut of transition issues including communications, human resources, information technology, and legal and operational issues. Mr. Krauss stated that the Trustees would be kept apprised of the team's progress.

At President Zeltmann's request, Mr. Berial presented a Status Report on the Authority's Hydropower Project Relicensing. Commencing with the St. Lawrence/FDR Project, Mr. Berial summarized the history of the Project's construction, current license, hydropower recipients, and economic impact on the region and State. He outlined the principal steps of the impending relicensing process, including the Cooperative Consultation Process ("CCP")

(involving a variety of State, Federal, local and individual participants) and described the license-related ecological issues such as aquatic and shoreline habitats and certain wildlife species which will require expenditures on the Authority's part. Mr. Bercal also summarized the recreational and land management questions involved, including the St. Lawrence Aquarium/Great Rivers Center costs, the Mohawk Indians' pending land claim, and the ability of the Departments of Interior and Commerce to impose mandatory permit conditions.. Mr. Bercal also reported on the current estimated cost of enhancements to be made to the Project to address the foregoing matters. Trustee Miller asked whether the anticipated expenditures in connection with the Aquarium/Great Rivers Center would be treated as capital expenses or operational expenditures; Mr. Bercal explained that they would comprise capital expenditures.

Turning to the Niagara Project, Mr. Bercal provided summary information as to that Project's history, enabling legislation, and initial steps of the relicensing process under which the Authority needs to notify FERC of its intention to seek a new license by August, 2002.

Mr. Bercal also presented river flow forecasts and generation forecasts for both projects. In response to questions from Trustee Ciminelli, Mr. Bercal explained that because the federal legislation that determines which entities are eligible for Niagara hydropower imposes primarily a percentage formula, the number of actual MW's received by the customers varies with the total quantities of power generated, which, in turn, are dictated by variable river flows and water levels in the Great Lakes. Mr. Bercal further explained that water levels have consistently trended downward in the past few years and are expected to further decline through 2001. In response to further questions from Trustee Ciminelli, Mr. Hiney explained that generation also varies seasonally since, during the summer tourist season, the Authority is obligated by international treaty to divert lesser quantities of water for generation purposes, which limitation ends each year in the fall season. Trustee Ciminelli asked whether the limitation also applies at night during the summer season; Mr. Hiney responded in the negative, explaining that the treaty requires flows over the Niagara Falls during daylight hours to be 100, 000 cfs., but only 50,000 cfs. at night.

NEW YORK POWER AUTHORITY

FINANCIAL REPORTS

FOR THE THREE MONTHS ENDED MARCH 31, 2000

Financial Reports
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**NEW YORK POWER AUTHORITY
FINANCIAL REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2000**

(\$ in millions)

<u>Financial Summary</u>	<u>2000 YTD</u>		<u>March 2000</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Net operating revenues	\$64.6	\$46.6	\$27.0	\$13.3
Net revenues	45.1	25.2	18.3	7.9
O&M (incl. Administrative)	94.6	103.1	33.5	35.9
Generation (gwh's)	9,426	9,476	3,197	3,258

	<u>Current</u>	<u>Prior Month</u>	<u>December 1999</u>
Reserves	\$239	\$247	\$198

Net revenues through March 31, 2000 were \$45.1 which was \$19.9 higher than budgeted. These positive results were attributable to higher revenues (\$20.9), lower O&M (\$8.5) and higher non-operating income (\$7.3); which were partially offset by higher purchased power costs (\$21.4). Revenues were higher primarily due to higher prices on non-firm sales (Poletti, J.A. FitzPatrick) to the New York State ISO. O&M was lower at the sites (\$6.6) and headquarters (\$1.8) mainly due to early year timing differences in maintenance activities and IT programs and a nuclear insurance refund (\$2.4, favorable prior years' claims experience). Non-operating income was higher due mainly to an increase in the market value of fixed income securities held in the Authority's investment portfolio. Purchased power costs were higher primarily due to (a) the acquisition of additional energy to meet hydro customer requirements and (b) transmission congestion costs incurred in serving the SENY customer load.

Net revenues for the month of March of \$18.3 exceeded the budget by \$10.4. These positive results were primarily attributable to lower O&M (\$2.3) and higher investment income (\$3.4, market value increase). O&M was lower primarily due to nuclear liability insurance refunds. Higher revenues were substantially offset by higher purchased power costs. Revenues for the month reflect the recovery of approximately \$5.0 of ISO charges billed to the N.Y. State IOU's. Reserve balances decreased by \$8.0 during the month. Expenditures for March included disbursements for 1999 employee variable pay and a third payroll period.

NYPA
NET REVENUES
FOR THE THREE MONTHS ENDED MARCH 31, 2000
(\$ in 000'S)

	<u>ANNUAL BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
OPERATING REVENUES	\$1,424,631	\$376,203	\$355,275	\$20,928
OPERATING EXPENSES				
FUEL CONSUMED-OIL & GAS	138,811	37,051	36,421	(630)
NUCLEAR	78,024	21,311	19,976	(1,335)
PURCHASED POWER	103,333	42,199	20,848	(21,351)
WHEELING	271,965	59,825	61,791	1,966
SITE O&M AND DIRECT CHARGES	347,256	71,272	77,945	6,673
ADMINISTRATIVE EXPENSES	99,132	23,327	25,106	1,779
DECOMMISSIONING	28,025	4,337	7,006	2,669
OTHER EXPENSES	26,389	5,749	7,292	1,543
DEPRECIATION & AMORTIZATION	217,715	53,073	54,429	1,356
ALLOCATION TO CAPITAL	(7,153)	(1,236)	(2,153)	(917)
TOTAL OPERATING EXPENSES	<u>1,303,497</u>	<u>316,908</u>	<u>308,661</u>	<u>(8,247)</u>
NET OPERATING REVENUES	121,134	59,295	46,614	12,681
INTEREST INCOME & REALIZED GAINS	60,417	13,004	15,114	(2,110)
MARK TO MARKET ADJUSTMENT	(11,000)	1,363	(7,000)	8,363
INVESTMENT INCOME	<u>49,417</u>	<u>14,367</u>	<u>8,114</u>	<u>6,253</u>
INTEREST & OTHER EXPENSES	<u>108,458</u>	<u>28,528</u>	<u>29,552</u>	<u>1,024</u>
NET REVENUES	<u><u>62,093</u></u>	<u><u>45,134</u></u>	<u><u>25,176</u></u>	<u><u>19,958</u></u>

New York Power Authority
Net Revenues by Facility
For the Three Months ended March 31, 2000
(\$ in 000's)

	Niagara/ St. Lawrence	B-G	IP/ Poletti	JAF	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues	\$ 53,138	\$ 15,191	\$ 188,299	\$ 66,682	\$ 18,513	\$ 39,344	\$ (4,964)	\$ 376,203
Operating Expenses					13,033			
Fuel Consumed - Oil & Gas			24,018					37,051
Nuclear			11,200	10,111				21,311
Purchased Power	9,256	8,242	15,363	12,686		3,061	(6,409)	42,199
Wheeling	4,204		52,789	2,832				59,826
Site O&M and Direct Charges	11,909	2,928	28,187	22,083	1,174	4,991		71,272
Administrative Expenses	8,942	926	7,099	3,665	496	2,199		23,327
IOU Payments						346		346
Decommissioning			2,084	2,253				4,337
Other expenses	6	3	93	129	2		5,170	5,403
Depreciation & Amortization	6,346	1,173	28,845	6,879	1,095	8,735		53,073
Allocation to Capital	(561)	(58)	(344)	(154)	(28)	(91)		(1,236)
Total Operating Expenses	40,102	13,214	169,334	60,484	15,772	19,241	(1,239)	316,908
Net Operating Revenues	13,036	1,977	18,965	6,198	2,741	20,103	(3,725)	59,295
Investment and Other Income	2,711	157	4,345	4,034		1,895	1,225	14,367
Interest and Other Expenses	(1,363)	(66)	(12,085)	(278)	(2,475)	(11,549)	(712)	(28,528)
Net Revenues (Deficiency)	14,384	2,068	11,225	9,954	266	10,449	(3,212)	45,134
Budget	10,809	401	2,702	5,908	(3,244)	13,654	(5,054)	25,176
Variance	\$ 3,575	\$ 1,667	\$ 8,523	\$ 4,046	\$ 3,510	\$ (3,205)	\$ 1,842	\$ 19,958

NEW YORK POWER AUTHORITY
 VARIATIONS FROM BUDGET
 MAJOR FACTORS
 For Three Months ended March 31,2000
 (Millions)

			Better/(Worse) than budget
Niagara/St. Lawrence	o Higher than anticipated revenues (higher sales)	\$2.7	
	o Higher than anticipated purchased power costs (low water flows)	(3.8)	
	o Lower Niagara site O&M (non-recurring projects)	1.6	
	o Higher allocated investment income and other (net)	3.1	\$3.6
Blenheim-Gilboa	o Higher than anticipated sales margin (recovery of prior year ISO costs)	1.3	
	o Other (including higher allocated investment income)	0.4	1.7
IP3/Poletti	o Higher revenues (higher prices on non-firm sales)	4.2	
	o Higher fuel expense (higher oil & gas prices)	(0.6)	
	o Higher than budgeted purchased power costs (ISO transmission congestion charges)	(4.5)	
	o Lower IP3 site O&M (insurance refund & lower contractor services)	2.9	
	o Lower Poletti site O&M (lower charges for maintenance)	0.6	
	o Lower allocated administrative costs	0.8	
	o Higher allocated investment income and other (net)	5.1	8.5
J. A. FitzPatrick	o Higher revenues (higher prices on non-firm sales)	2.9	
	o Higher allocated investment income and other (net)	1.1	4.0
mn	o Higher revenues	2.7	
	o Lower purchased power costs	0.4	
	o Other	0.4	3.5
Transmission	o Lower net transmission revenues	(6.9)	
	o Lower site O&M (transmission line maintenance)	1.0	
	o Other	2.7	(3.2)
Consolidating adjustments and other			1.8
Net Revenues - variance from budget			\$19.9

**NYPA
Site O&M and Direct Charges
For the Three Months ended March 31, 2000**

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
Niagara	\$7.4	\$9.0
St. Lawrence	4.5	4.7
Blenheim-Gilboa	2.9	3.0
Small Hydro	0.4	0.5
Indian Point - 3	24.4	27.3
Poletti	3.4	4.0
J.A. FitzPatrick	22.1	21.9
Flynn	1.2	1.4
Transmission	<u>5.0</u>	<u>6.0</u>
	<u>\$71.3</u>	<u>\$77.9</u>

Site O&M and Direct Charges through March were \$71.3 million, which was \$6.6 million below the budget for the year. IP-3 was under budget by \$2.9 million due to a significant liability insurance refund and underruns in design engineering consulting support. J.A. FitzPatrick is over budget by \$0.2 million including earlier than planned contractor support for fuel cleanup project activities, substantially offset by a liability insurance refund. These nuclear liability insurance refunds reflect credits for favorable prior years' claims experience. Niagara was under budget by \$1.6 million due to timing differences for non-recurring projects (including the LPGP Overhaul). Transmission was under budget by \$1.0 million primarily due to timing differences for maintenance charges on the various transmission lines. Poletti was underrunning by \$0.6 million due to less than expected site charges for corrective and preventive maintenance. Maintenance activity is expected to increase during the second and third quarters.

NYPA
Administrative Expenses
For the Three Months Ended March 31, 2000

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
Executive Offices	\$3.7	\$3.9
Business Services	3.9	4.6
Marketing & Economic Development	2.1	2.2
Human Resources & Corporate Support	5.5	6.5
Nuclear Generation	1.4	2.2
Appraisal & Compliance- Nuclear	2.4	2.4
Power Generation	2.3	1.4
Transmission	<u>2.0</u>	<u>1.9</u>
	<u>\$23.3</u>	<u>\$25.1</u>

Administrative Expenses were under the year-to-date budget by \$1.8 million (7.2%). HQ Corporate Support departments were collectively \$2.0 million under budget due to underruns in relocation, building maintenance and I.T. programs. Nuclear HQ expenses were under budget by \$0.8 million due to timing differences in the contractor and consulting areas and greater than planned direct charges to JAF and IP3. The overrun in Power Generation (\$0.9 million) reflects the charging of greater than expected payroll expenses to HQ rather than facility projects.

**NEW YORK POWER AUTHORITY
COMPARATIVE STATEMENT OF NET ASSETS
(IN THOUSANDS)**

	MARCH <u>2000</u>	DECEMBER <u>1999</u>	<u>NET CHANGE</u>
ASSETS:			
ELECTRIC PLANT IN SERVICE, LESS ACCUMULATED DEPRECIATION	\$2,656,635	\$2,702,684	(46,049)
CONSTRUCTION WORK IN PROGRESS	80,807	68,895	11,912
NUCLEAR FUEL, LESS ACCUMULATED AMORTIZATION	116,687	128,603	(11,916)
RESTRICTED FUNDS	79,973	84,944	(4,971)
CONSTRUCTION FUNDS	85,005	89,646	(4,641)
INVESTMENT IN DECOMMISSIONING TRUST FUND	646,230	630,352	15,878
CURRENT ASSETS:			
CASH	539	3,150	(2,611)
INVESTMENTS IN GOVERNMENT SECURITIES	510,551	559,406	(48,855)
INTEREST RECEIVABLE ON INVESTMENTS	12,177	12,884	(707)
RECEIVABLES-CUSTOMERS	173,915	156,774	17,141
MATERIALS & SUPPLIES-PLANT & GENERAL	91,043	87,456	3,587
-FUEL	17,177	12,421	4,756
PREPAYMENTS AND OTHER	28,293	30,438	(2,145)
DEFERRED CHARGES AND OTHER ASSETS	<u>298,958</u>	<u>286,153</u>	<u>12,805</u>
TOTAL ASSETS	<u>\$4,797,990</u>	<u>\$4,853,806</u>	<u>(\$55,816)</u>
LIABILITIES AND OTHER CREDITS:			
LONG-TERM DEBT - BONDS	1,610,730	1,701,454	(90,724)
NOTES	184,540	188,125	(3,585)
SHORT-TERM NOTES PAYABLE	277,500	260,350	17,150
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	261,088	276,570	(15,482)
SPENT NUCLEAR FUEL DISPOSAL	164,805	162,560	2,245
DECOMMISSIONING OF NUCLEAR PLANTS	629,569	613,435	16,134
DEFERRED REVENUE	<u>212,954</u>	<u>239,642</u>	<u>(26,688)</u>
TOTAL LIABILITIES AND OTHER CREDITS	3,341,186	3,442,136	(100,950)
ACCUMULATED NET REVENUES-JANUARY 1	1,411,670	1,644,987	(233,317)
NET REVENUES	<u>45,134</u>	<u>(233,317)</u>	<u>278,451</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$4,797,990</u>	<u>\$4,853,806</u>	<u>(\$55,816)</u>

NYPA
SUMMARY OF NET GENERATION (MWH'S)
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999

FACILITY	Year-to-date March		2000 Budget	Variance (Actual vs Budget)	% Variance from Budget	YTD March 1999 Actual	Variance (Current Yr vs Prior Yr Act)	% Change from Prior Year
	2000 Actual	2000 Budget						
NIAGARA	3,194,506	3,280,000	3,280,000	(85,494)	-2.61%	3,512,380	(317,874)	-9.05%
ST. LAWRENCE	1,402,757	1,420,000	1,420,000	(17,243)	-1.21%	1,483,470	(80,713)	-5.44%
COMBINED	4,597,263	4,700,000	4,700,000	(102,737)	-2.19%	4,995,850	(398,587)	-7.98%
INDIAN POINT 3	2,159,410	2,033,304	2,033,304	126,106	6.20%	1,985,424	173,986	8.76%
POLETTI	581,745	670,000	670,000	(88,255)	-13.17%	408,690	173,055	42.34%
COMBINED	2,741,155	2,703,304	2,703,304	37,851	1.40%	2,394,114	347,041	14.50%
J. A. FITZPATRICK	1,778,381	1,743,454	1,743,454	34,927	2.00%	1,746,225	32,156	1.84%
BLLENHEIM GILBOA	(39,150)	0	0	(39,150)		(55,922)	16,772	-29.99%
SMALL HYDRO	50,639	46,374	46,374	4,265	9.20%	51,562	(923)	-1.79%
R. M. FLYNN	297,513	282,498	282,498	15,015	5.32%	290,707	6,806	2.34%
TOTAL	9,425,801	9,475,630	9,475,630	(49,829)	-0.53%	9,422,536	3,265	0.03%

NYPA
Capital Expenditures
For the Three Months ended March 31, 2000

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
Nuclear Facilities	\$2.8	\$3.9
Energy Conservation	25.6	19.2
General Plant and Minor Additions	1.4	3.0
Transmission	1.7	3.2
Conventional Facilities	6.6	14.0
Headquarters	1.1	1.8
New Generation	<u>2.7</u>	<u>4.9</u>
	<u>\$41.9</u>	<u>\$50.0</u>

Capital expenditures through March 2000 were \$41.9 million, which was 16.2% under the budget of \$50.0 million. Conventional Facilities expenditures were less than budgeted by \$7.4 million due to less than anticipated use of consultants and delays in finalizing the scope for Niagara and St. Lawrence exhibits. New Generation projects were \$2.2 million under budget, due to timing differences relating to the Power Island. Underruns at Nuclear Facilities of \$1.1 million were due to delays in IP3 programs including Instrument Air Compressors, Security System integration and the City Water Backflow Preventer. Transmission expenditures were less than budgeted by \$1.5 million due to timing difference in activity for the FACTS project. Energy Conservation was over the budget by \$6.4 million. These overruns in the Long Term Partnership Agreement programs and Clean Air for Schools Program are primarily due to earlier than anticipated completion of boiler conversions.

Under the Expenditure Authorization Procedure, the President has authorized new capital expenditures on budgeted capital projects of \$3.0 million for 2000. There were no new expenditures authorized during the month of March.

**Demand Side Management
Cost Summary (Inception to Date)
March 31, 2000
(\$ in 000's)**

(A) DSM Projects

Authorized	Program	(A) Projects In-Progress	(B) Completed Projects	(C) Cumulative Cost	(D) Recoveries to Date	(E) Net Investment (C-D)
\$130,000	SENY HELP	\$0	\$133,304	\$133,304	\$98,032	\$35,272
60,000	Statewide	295	58,962	59,257	27,408	31,849
40,000	Public Schools	0	39,650	39,650	23,925	15,725
51,000	LI HELP	0	48,818	48,818	32,145	16,673
7,500	Wattbusters	99	6,032	6,131	4,650	1,481
15,000	SENY New Constr	1,099	2,051	3,150	629	2,521
14,600	Industrial	0	6,486	6,486	3,146	3,340
108,050	Electrotechnologies LTEPA	17,512	19,777	37,289	1,736	35,553
5,000	County & Muni's	1,070	1,523	2,593	907	1,686
40,000	Public Housing LTEPA	1,083	31,805	32,888	4,965	27,923
5,000	Coal Conversion LTEPA	0	4,972	4,972	311	4,661
65,000	Non-Elect End Use LTEPA	15,163	2,375	17,538	977	16,561
80,000	SENY HELP LTEPA	0	22,475	22,475	0	22,475
80,000	NYPA Energy Services Program	6,730	0	6,730	0	6,730
30,000	SENY LTEPA Other					
4,085	Other	1,478	746	2,224	172	2,052
<u>\$735,235</u>		<u>\$44,529</u>	<u>\$378,976</u>	<u>\$423,505</u>	<u>\$199,003</u>	<u>\$224,502</u>

(B) POCR / CASP Funded Projects

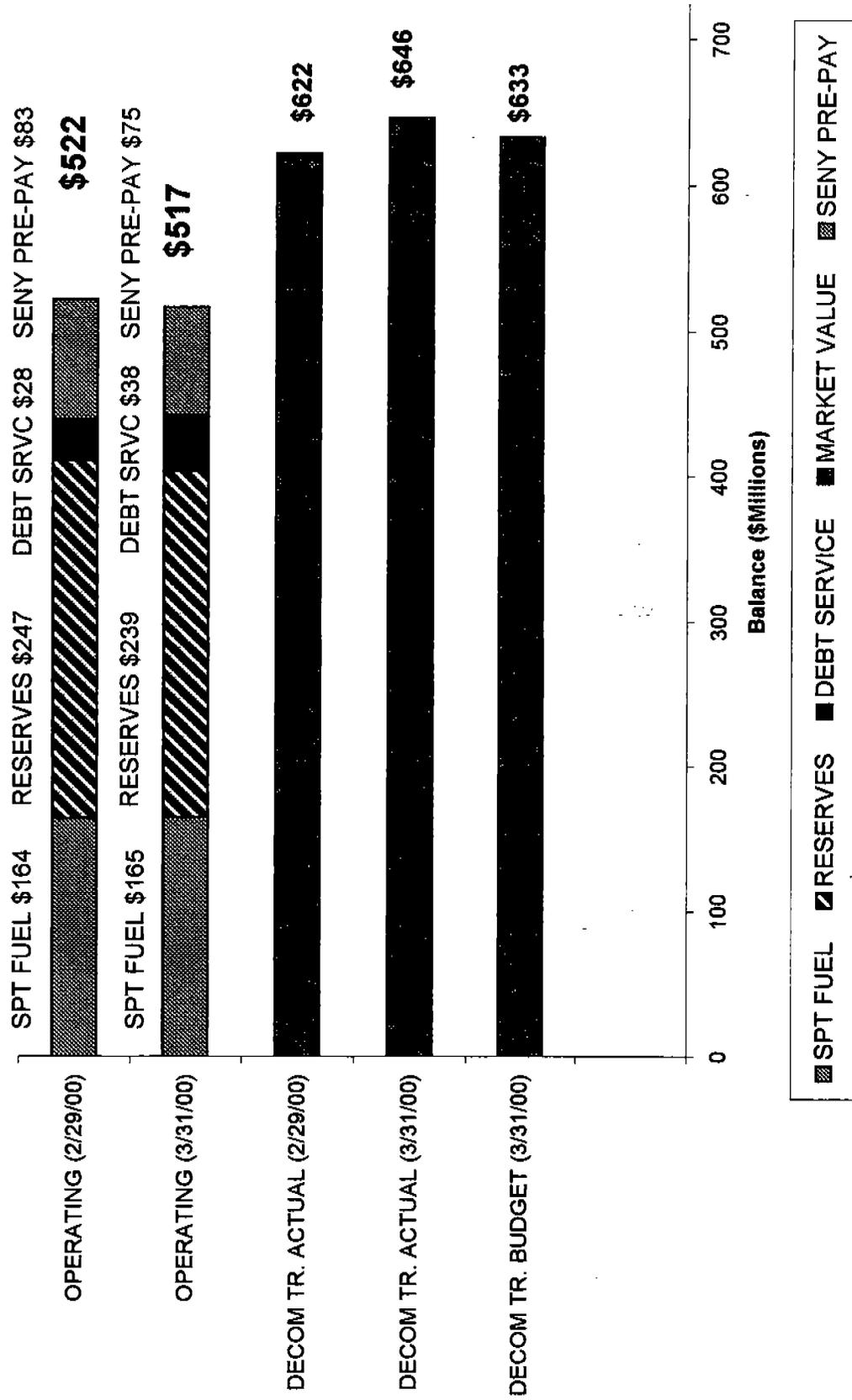
LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
\$ 15,666	Colleges & Universities	\$ 15,514	\$ 2,773	\$ 12,741

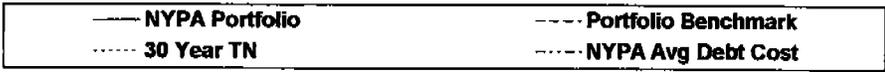
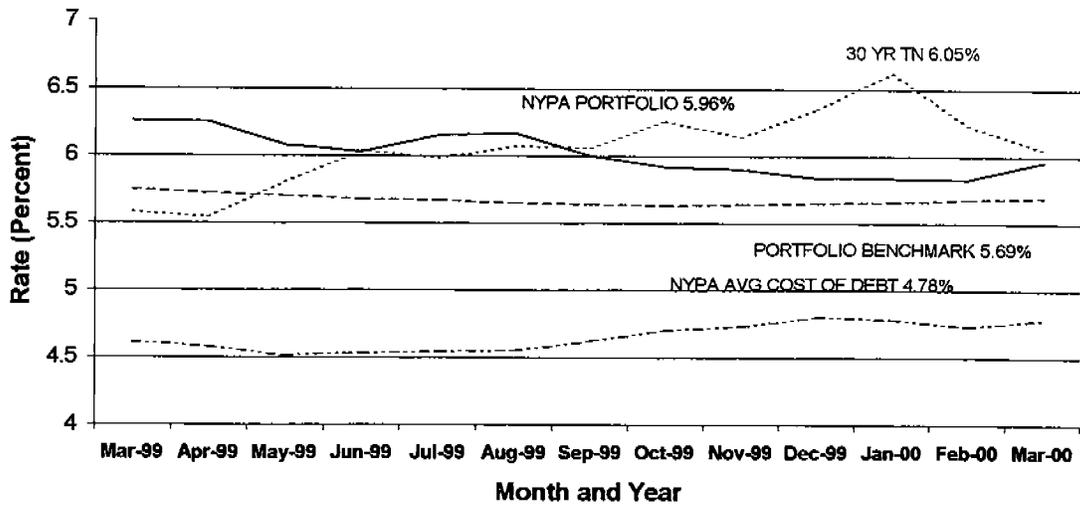
GRANTS:

Authorized	Program	Issued
4,750	Electrical Vehicles	\$ 2,571
666	Solar Grants (PV)	659
9,100	Coal Conversion (POCR)	9,075
14,000	HELP Programs	6,106
74,300	Coal Conversion (CASP)	56,048
6,205	Climate Controls (BOE CASP)	2,383
3,000	NYSERDA	3,000
5,500	POCR Misc	2,768
<u>\$ 117,521</u>		<u>\$ 82,610</u>

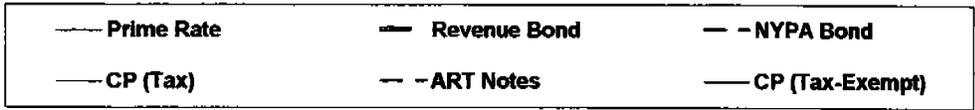
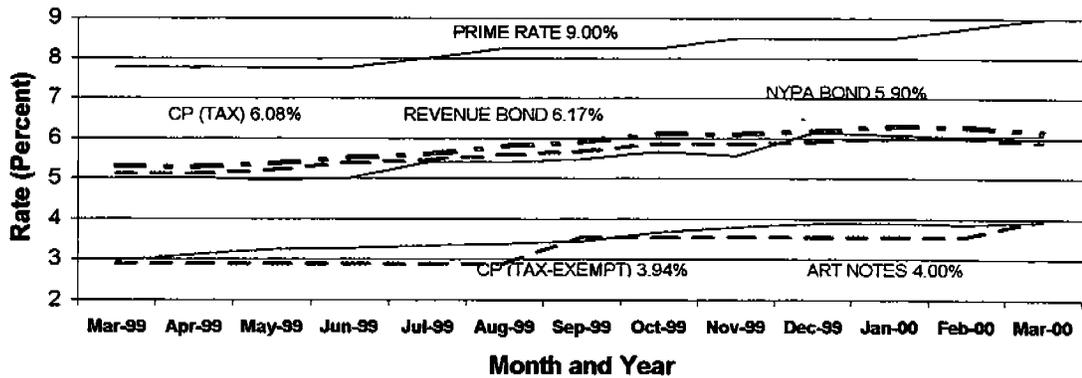
**NEW YORK POWER AUTHORITY
STATUS OF RESERVES
AS OF MARCH 31, 2000**



Portfolio Performance



Financing Rates



NEW YORK POWER AUTHORITY
FINANCIAL REPORTS
FOR THE YEAR ENDED DECEMBER 31, 1999 (FINAL)

Financial Reports
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2	Statement of Net Revenues
3	Statement of Net Revenues by Facility
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5	Site O&M and Direct Charges
6	Administrative Expenses
7	Statement of Net Assets
8	Summary of Net Generation
9	Capital Expenditures
10	Demand Side Management Financial Report

**NEW YORK POWER AUTHORITY
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 1999**

(\$ in millions)

<u>Financial Summary</u>	<u>Year Ended</u> <u>December 31, 1999</u>	
	<u>Actual</u>	<u>Budget</u>
Net operating revenues	\$135.3	\$140.1
Net revenues (before nuclear plant divestiture charge)	64.7	91.1
Net revenues (loss)	(233.3)	91.1
O&M (incl. Administrative)	432.8	439.8
Generation (gwh's)	35,281	37,239
 <u>Reserves</u>		
Operating	\$198	
Capital	-	
	<u>\$198</u>	

Net revenues for 1999 were \$64.7 before the nuclear plant divestiture charge, which was \$26.4 lower than budgeted and \$0.3 lower than the preliminary estimate reported last month. Higher purchased power costs (\$91.0) and unrealized losses on investments (\$17.5) were the major contributing factors to this negative variance. Additional power was purchased to support the hydro facilities during a period of low water flows, meet higher than anticipated SENY customer demand and support J. A. FitzPatrick during unscheduled outages. The unrealized losses on investments reflect a decrease in the market value of debt securities held in the Authority's investment portfolio due to increases in current interest rates. These items were partially offset by higher revenues (\$61.0) and lower than budgeted fuel (\$12.7) and O&M expenses (\$7.0). Higher revenues at IP-3/ Poletti (higher SENY demand) and Niagara/ St. Lawrence were partially offset by lower revenues at Flynn and the Transmission facility. Fuel costs were lower than anticipated due to lower oil and gas costs (lower Poletti generation and Flynn unscheduled outage). O&M was lower than budgeted including underruns in headquarters support departments (\$7.0), Niagara (\$3.0, LPGP overhaul and RMNPP upgrade) and JAF (\$3.3, favorable plant operation) partially offset by IP-3 (\$6.0, outage spending).

As a result of the agreement with Entergy in March 2000, the Authority incurred a nuclear plant divestiture charge of \$298 effective December 31, 1999. This charge represents the excess of the book value of the net assets to be sold to Entergy over the sales price. In calculating the sales price, future cash payments were discounted at an appropriate rate of interest reflecting the present value of such payments (See page 1A for calculation).

**New York Power Authority
Nuclear Plant Divestiture Charge
December 31, 1999
(\$ in millions)**

Sales price:

Cash payment at closing		\$ 50.0
Future payments discounted at 7.5%(1)		
Plant facilities	443.4	
Fuel	129.3	
Additional	<u>70.6</u>	
		643.3
Closing adjustment(2)		
Retiree health benefits		<u>(13.0)</u>
		\$ 680.3

Less: Book value of Assets & liabilities to be transferred:

Plant in service(net)(3)	732.0	
Construction work in progress(3)	37.2	
Nuclear fuel(3)	133.9	
Materials & supplies(3)	56.2	
Other	<u>6.0</u>	
		(965.3)
Consulting fees & other expenses		<u>(12.5)</u>
	Total	\$ (297.5)

(1) reflects incremental borrowing rate of bank(AA rating) providing letter of credit under the purchase & sale agreement

(2) excludes payment for vacation & sick which is already accrued on financials

(3) balances projected to closing(assumed at September 7, 2000)

**NYP
NET REVENUES
FOR THE YEAR ENDED DECEMBER 31, 1999
(\$ in 000'S)**

	<u>ACTUAL</u>	<u>ANNUAL BUDGET</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
OPERATING REVENUES	<u>\$1,458,375</u>	<u>\$1,397,367</u>	<u>\$61,008</u>
OPERATING EXPENSES			
FUEL CONSUMED-OIL & GAS	103,636	116,760	13,124
NUCLEAR	78,197	77,772	(425)
PURCHASED POWER	154,748	63,753	(90,995)
WHEELING	278,571	263,960	(14,611)
SITE O&M AND DIRECT CHARGES	345,616	345,641	25
ADMINISTRATIVE EXPENSES	87,174	94,208	7,034
IOU SUBSTATION EXPENSE	1,516	1,443	(73)
DECOMMISSIONING	20,758	48,336	27,578
R&D AND OTHER	50,115	47,584	(2,531)
DEPRECIATION & AMORTIZATION	209,665	204,655	(5,010)
ALLOCATION TO CAPITAL	(6,952)	(6,833)	119
TOTAL OPERATING EXPENSES	<u>1,323,044</u>	<u>1,257,279</u>	<u>(65,765)</u>
NET OPERATING REVENUES	135,331	140,088	(4,757)
INTEREST INCOME & REALIZED GAINS	66,641	76,722	(10,081)
MARK TO MARKET ADJUSTMENT	(17,486)	0	(17,486)
INVESTMENT INCOME	<u>49,155</u>	<u>76,722</u>	<u>(27,567)</u>
INTEREST & OTHER EXPENSES	119,803	125,700	5,897
NET REVENUES BEFORE NUCLEAR PLANT DIVESTITURE	64,683	91,110	(26,427)
NUCLEAR PLANT DIVESTITURE CHARGE	298,000	0	298,000
NET REVENUES (LOSS)	<u>(233,317)</u>	<u>91,110</u>	<u>(324,427)</u>

New York Power Authority
Net Revenues by Facility
For the Year ended December 31, 1999
(\$ in 000's)

	Niagara/ St. Lawrence	B-G	IP3/ Poletti	JAF	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues	\$ 206,754	\$ 25,981	\$ 794,047	\$ 229,851	\$ 59,851	\$ 222,399	\$ (80,508)	\$ 1,458,375
Operating Expenses								
Fuel Consumed - Oil & Gas			60,034		43,602			103,636
Nuclear			39,545	38,652				78,197
Purchased Power	41,117	2,304	80,208	35,872	850	80,685	(86,286)	154,748
Wheeling	15,362		246,363	16,829		17		278,571
Site O&M and Direct Charges	49,410	11,791	168,557	86,378	6,062	23,418		345,616
Administrative Expenses	33,122	3,430	25,979	13,254	1,879	9,510		87,174
IOU Payments						1,516		1,516
Decommissioning			9,972	10,786				20,758
R&D and Other	5,256	577	5,977	3,459	269	1,801	32,776	50,115
Depreciation & Amortization	23,939	4,578	115,040	27,049	4,692	34,367		209,655
Allocation to Capital	(3,151)	(326)	(1,936)	(863)	(159)	(517)		(6,952)
Total Operating Expenses	165,055	22,354	749,739	231,416	57,195	150,797	(53,512)	1,323,044
Net Operating Revenues	41,699	3,627	44,308	(1,565)	2,656	71,602	(26,986)	135,331
Investment and Other Income	6,189	358	17,597	14,978	51	4,509	5,473	49,155
Interest and Other Expenses	(1,719)	(4,681)	(58,141)	(1,232)	(7,702)	(43,188)	(3,140)	(119,803)
Net Revenues (Deficiency) before nuclear plant divestiture charge	46,169	(696)	3,764	12,181	(4,995)	32,923	(24,663)	64,683
Budget	69,866	(2,454)	(11,052)	20,901	(4,770)	30,272	(11,653)	91,110
Variance	\$ (23,697)	\$ 1,758	\$ 14,816	\$ (8,720)	\$ (226)	\$ 2,651	\$ (13,010)	\$ (26,427)

NEW YORK POWER AUTHORITY
 VARIATIONS FROM BUDGET
MAJOR FACTORS
 Year ended December 31, 1999
 (Millions)

		Better/(Worse) than budget	
Niagara/St. Lawrence	o Higher than anticipated revenues (primarily resales of purchased power)	\$11.8	
	o Lower Niagara site O&M due to underruns in maintenance activities	3.0	
	o Higher St. Lawrence site O&M (headquarters support and FERC fees)	(0.8)	
	o Higher than anticipated purchased power costs (lower water flows)	(41.1)	
	o Other	3.4	(\$23.7)
Blenheim-Gilboa	o Higher than anticipated revenues	1.5	
	o Other	0.3	1.8
IP3/Poletti	o Higher than anticipated revenues due to higher SENY and economy sales	32.7	
	o Higher IP3 site O&M (outage spending)	(6.0)	
	o Lower fossil fuel expense (lower Poletti generation)	5.9	
	o Higher than budgeted purchased power costs	(20.9)	
	o Lower allocated administrative costs	2.7	
	o Other	0.4	14.8
J. A. FitzPatrick	o Higher than anticipated revenues	1.7	
	o Less than anticipated JAF site O&M (favorable plant operation and nuclear insurance refunds)	3.3	
	o Higher purchased power costs (unscheduled outages in October & November)	(7.1)	
	o Lower allocated investment income and other (net)	(6.6)	(8.7)
Flynn	o Lower revenues (unscheduled outage - 10/27-12/21)	(6.5)	
	o Lower fossil fuel expense (including vendor rebates)	7.3	
	o Higher Flynn site O&M (outage)	(0.8)	
	o Other	(0.2)	(0.2)
Transmission	o Lower allocated administrative costs	1.0	
	o Other	1.6	2.6
Consolidating adjustments and other			(13.0)
Net Revenues before nuclear plant divestiture charge- variance from budget			<u>(\$26.4)</u>

NYPA
 Site O&M and Direct Charges
 Year ended December 31, 1999

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
Niagara	\$29.9	\$32.9
St. Lawrence	19.4	18.6
Blenheim-Gilboa	11.8	12.3
Small Hydro	1.7	2.1
Indian Point - 3	149.7	143.7
Poletti	17.2	17.6
J.A. FitzPatrick	86.4	89.7
Flynn	6.1	5.3
Transmission	<u>23.4</u>	<u>23.4</u>
	<u>\$ 345.6</u>	<u>\$ 345.6</u>

Site O&M and Direct Charges through December were \$345.6 million, which was equal to the budget for the year. IP3 was over budget by \$6.0 million due to higher than anticipated expenditures for contractor/consultant services and warehouse materials utilized during the scheduled refueling outage. St. Lawrence was over budget by \$0.8 million primarily due to increased charges from headquarters support departments and higher than anticipated FERC fees. The overrun at Flynn of \$0.8 million was due to the unscheduled turbine generator outage. JAF was under budget by \$3.3 million due to favorable operation of the plant and an underrun in liability insurance. The insurance underrun includes credits for favorable prior years' claims experience. Niagara is \$3.0 million under budget primarily due to less than anticipated work on the RMNPP Upgrade, the LPGP Overhaul, and the asbestos abatement project at the Power Vista.

**NYPA
Administrative Expenses
Year Ended December 31, 1999**

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
Executive Offices	\$14.8	\$14.9
Business Services	19.8	21.1
Marketing & Economic Development	8.0	8.0
Human Resources & Corporate Support	20.1	21.4
Nuclear Generation	5.9	9.4
Appraisal & Compliance- Nuclear	5.0	4.9
Power Generation	3.2	3.5
Appraisal & Compliance- Non-Nuclear	2.1	2.4
Transmission	<u>8.3</u>	<u>8.6</u>
	<u>\$87.2</u>	<u>\$94.2</u>

Administrative Expenses were under the budget by \$7.0 million (7.4%). HQ Corporate Support departments were collectively \$3.0 million under budget due to underruns in relocation, building maintenance and HR contract services. Nuclear HQ expenses are under budget by \$3.5 million due to an increase in direct charging to specific facility programs and the deferral of projects due to Y2K remediation priorities. Power Generation expenses are below the budget by \$0.3 million due to higher than anticipated direct charges of payroll to operating facilities.

**NEW YORK POWER AUTHORITY
COMPARATIVE STATEMENT OF NET ASSETS
(IN THOUSANDS)**

	DECEMBER <u>1999</u>	DECEMBER <u>1998</u>	<u>NET CHANGE</u>
ASSETS:			
ELECTRIC PLANT IN SERVICE, LESS ACCUMULATED DEPRECIATION	\$2,702,684	\$3,088,685	(386,001)
CONSTRUCTION WORK IN PROGRESS	68,895	78,624	(9,729)
NUCLEAR FUEL, LESS ACCUMULATED AMORTIZATION	128,603	140,927	(12,324)
RESTRICTED FUNDS	84,944	83,429	1,515
CONSTRUCTION FUNDS	89,646	131,223	(41,577)
INVESTMENT IN DECOMMISSIONING TRUST FUND	630,352	610,620	19,732
CURRENT ASSETS:			
CASH	3,150	298	2,852
INVESTMENTS IN GOVERNMENT SECURITIES	559,406	495,233	64,173
INTEREST RECEIVABLE ON INVESTMENTS	12,884	10,882	2,002
RECEIVABLES-CUSTOMERS	156,774	139,525	17,249
MATERIALS & SUPPLIES-PLANT & GENERAL	87,456	79,777	7,679
-FUEL	12,421	13,343	(922)
PREPAYMENTS AND OTHER	30,438	32,098	(1,660)
DEFERRED CHARGES AND OTHER ASSETS	<u>286,153</u>	<u>273,060</u>	<u>13,093</u>
TOTAL ASSETS	<u>\$4,853,806</u>	<u>\$5,177,724</u>	<u>(\$323,918)</u>
LIABILITIES AND OTHER CREDITS:			
LONG-TERM DEBT - BONDS	1,701,454	1,918,633	(217,179)
NOTES	188,125	191,445	(3,320)
SHORT-TERM NOTES PAYABLE	260,350	259,150	1,200
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	276,570	272,214	4,356
SPENT NUCLEAR FUEL DISPOSAL	162,560	155,158	7,402
DECOMMISSIONING OF NUCLEAR PLANTS	613,435	592,677	20,758
DEFERRED REVENUE	<u>239,642</u>	<u>143,460</u>	<u>96,182</u>
TOTAL LIABILITIES AND OTHER CREDITS	3,442,136	3,532,737	(90,601)
ACCUMULATED NET REVENUES-JANUARY 1	1,644,987	1,582,021	62,966
NET REVENUES	<u>(233,317)</u>	<u>62,966</u>	<u>(296,283)</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$4,853,806</u>	<u>\$5,177,724</u>	<u>(\$323,918)</u>

NYPA
SUMMARY OF NET GENERATION (MWH'S)
FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1999

FACILITY	Year-to-date December		Variance (Actual vs Budget)	% Variance from Budget	YTD December 1998 Actual	Variance (Current Yr vs Prior Yr Act)	% Change from Prior Year
	1999 Actual	1999 Budget					
NIAGARA	12,686,504	13,610,000	(923,496)	-6.79%	16,514,924	(3,828,420)	-23.18%
ST. LAWRENCE	6,009,970	6,440,000	(430,030)	-6.68%	7,197,958	(1,187,988)	-16.50%
COMBINED	18,696,474	20,050,000	(1,353,526)	-6.75%	23,712,882	(5,016,408)	-21.15%
INDIAN POINT 3	7,269,170 (3)	6,766,812	502,358	7.42%	7,657,490 (3)	(388,320)	-5.07%
POLETTI	1,826,391 (1)	2,375,000	(548,609)	-23.10%	2,638,210 (1)	(811,819)	-30.77%
COMBINED	9,095,561	9,141,812	(46,251)	-0.51%	10,295,700	(1,200,139)	-11.66%
J. A. FITZPATRICK	6,567,395 (2)	6,807,393	(239,998)	-3.53%	4,930,515 (2)	1,636,880	33.20%
BLENHEIM GILBOA	(224,706)	(55,177)	(169,529)		(286,641)	61,935	-21.61%
SMALL HYDRO	149,962	185,496	(35,534)	-19.16%	169,536	(19,574)	-11.55%
R. M. FLYNN	996,144 (4)	1,109,048	(112,904)	-10.18%	1,065,134	(68,990)	-6.48%
TOTAL	35,280,830	37,238,572	(1,957,742)	-5.26%	39,887,126	(4,606,296)	-11.55%

(1) Reserve shutdown March 4 - April 5, 1998. Maintenance outage March 1, - May 24, 1999.

(2) Refueling outage October 16 - December 21, 1998.

Unscheduled maintenance outages : 1998: May 1 - 11, August 4 - 9, 1998, and August 12 - 21, 1999; July 13 - 18, October 14 - 26, and November 5 - 12.

(3) Various unscheduled outages for a total of 7 days in August 1998. Refueling outage September 10 - October 21, 1999.

(4) Forced outage began October 27, 1999 and was extended to December 21, 1999 due to acceleration of maintenance work originally scheduled for Fall 2000.

NYPA
 Capital Expenditures
 Year Ended December 31, 1999

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
Nuclear Facilities	\$28.8	\$35.0
Energy Conservation	92.1	77.1
General Plant and Minor Additions	9.7	13.4
Transmission	18.1	18.9
Conventional Facilities	37.6	45.7
Headquarters	5.9	11.9
New Generation	<u>10.2</u>	<u>7.5</u>
	<u>\$202.4</u>	<u>\$209.5</u>

Capital expenditures for 1999 were \$202.4 million, which was 3.4% under the budget of \$209.5 million. Conventional Facilities expenditures were less than budgeted by \$8.1 million due to less than anticipated use of consultants and timing differences. Underruns at Nuclear Facilities of \$6.2 million were due to delays in the Independent Spent Fuel Storage, Condensate Resin Recycle, 4kv Magna Blast Breakers replacement, and Security UPS System. Headquarters was less than budgeted by \$6.0 million due to redirection of resources supporting Year 2000 projects, timing differences on the Enterprise Business Management System and Y2K hardware purchases. Transmission expenditures were less than budgeted by \$0.8 million due to delays in planned work in Energy Management Systems. Energy Conservation was over the budget by \$15.0 million due to early completion of "Clean Air for Schools" programs. Additional capital expenditures for New Generation were incurred due to an initial payment to G.E. for procurement and delivery of equipment for the Poletti combined cycle plant (authorized by Trustees in October 1999).

Under the Expenditure Authorization Procedure, the President has authorized new capital expenditures on budgeted capital projects of \$13.2 million for 1999. There were no expenditures authorized during the month of December.

**Demand Side Management
Cost Summary (Inception to Date)
December 31, 1999
(\$ in 000's)**

(A) DSM Projects

Authorized	Program	(A) Projects In-Progress	(B) Completed Projects	(C) Cumulative Cost	(D) Recoveries to Date	(E) Net Investment (C-D)
\$130,000	SENY HELP	\$0	\$133,088	\$133,088	\$91,331	\$41,757
60,000	Statewide	1,701	57,370	59,071	25,892	33,179
40,000	Public Schools	0	39,601	39,601	22,764	16,837
51,000	LI HELP	0	48,810	48,810	30,801	18,009
7,500	Wattbusters	99	6,032	6,131	4,610	1,521
15,000	SENY New Constr	1,099	2,051	3,150	572	2,578
14,600	Industrial	0	6,486	6,486	2,979	3,507
108,050	Electrotechnologies LTEPA	15,080	15,286	30,366	1,627	28,739
5,000	County & Muni's	1,016	1,523	2,539	896	1,643
40,000	Public Housing LTEPA	7,362	23,622	30,984	4,342	26,642
5,000	Coal Conversion LTEPA	0	4,669	4,669	271	4,398
65,000	Non-Elect End Use LTEPA	12,983	2,375	15,358	955	14,403
80,000	SENY HELP-LTEPA	0	21,339	21,339	0	21,339
80,000	NYPA Energy Services Program	4,330	0	4,330	0	4,330
30,000	SENY LTEPA Other					
4,085	Other	1,478	746	2,224	153	2,071
<u>\$735,235</u>		<u>\$45,148</u>	<u>\$362,998</u>	<u>\$408,146</u>	<u>\$187,193</u>	<u>\$220,953</u>

(B) POCR / CASP Funded Projects

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
\$ 15,666	Colleges & Universities	\$ 15,425	\$ 2,208	\$ 13,217

GRANTS:

Authorized	Program	Issued
4,750	Electrical Vehicles	\$ 2,571
666	Solar Grants (PV)	617
9,100	Coal Conversion (POCR)	8,885
14,000	HELP Programs	5,842
74,300	Coal Conversion (CASP)	48,479
6,205	Climate Controls (BOE CASP)	1,196
3,000	NYSERDA	3,000
5,500	POCR Misc	2,602
<u>\$ 117,521</u>		<u>\$ 73,192</u>

3. Report from the President and Chief Operating Officer

4. Election of Authority Non-Statutory Officers

The President submitted the following report

SUMMARY

"The Trustees are requested to elect certain non-statutory officers of the Authority for a term expiring at the next annual Trustees' meeting or until their successors are elected.

BACKGROUND AND DISCUSSION

"Article IV, Section 2 of the Authority's By-Laws provides for the election of certain non-statutory officers by the Trustees. Section 3 of the same Article provides that such non-statutory officers shall hold office for a term expiring at the next annual Trustees' meeting or until their successors are elected.

RECOMMENDATION

"It is recommended that the following non-statutory officers provided for in Article IV of the By-Laws, adopted December 18, 1984 and last amended on December 15, 1998, be elected by the Trustees to hold office for terms expiring at the next Annual Meeting of the Trustees in April 2001 or until their successors are elected, as follows:

Eugene W. Zeltmann	President and Chief Operating Officer
Robert A. Hiney	Executive Vice President - Project Operations
David E. Blabey	Executive Vice President, Secretary and General Counsel

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

RESOLVED, That the following non-statutory officers of the Power Authority of the State of New York be, and each hereby is, elected pursuant to Section 2 of Article IV of the By-Laws, as adopted on December 18, 1984 and last amended on December 15, 1998, to hold office for terms expiring at the next annual Trustees' meeting or until their successors are elected:

Eugene W. Zeltmann	President and Chief Operating Officer
Robert A. Hiney	Executive Vice President - Project Operations
David E. Blabey	Executive Vice President, Secretary and General Counsel

5. 1999 Annual Report on the Authority's Investments

The President submitted the following report:

SUMMARY

"The Trustees are requested to review and approve the attached 1999 Annual Report on Investment of Authority Funds (Exhibit '5-A').

BACKGROUND

"Section 2925 of the Public Authorities Law requires the review and approval of an annual report on investments. Pursuant to the statute, the attached report includes Investment Guidelines that set standards for the management and control of the Authority's investments, a summary of the Guidelines, the total investment income earned in 1999, a statement on fees paid for investment services, the results of an independent audit, a detailed inventory report for each of the Authority's five portfolios at December 31, 1999, and a summary of purchases from dealers and banks. The approved annual report is filed with the State Division of Budgets, with copies to the Department of Audit and Control, the Senate Finance Committee and the Assembly Ways and Means Committee. The report is also available to the public upon reasonable request therefor.

DISCUSSION

"In 1999, the Authority's investment portfolios, exclusive of the Nuclear Decommissioning Trust Fund, averaged \$586 million and earned \$35 million. This is \$10 million less than in 1998. The drop in investment earnings is attributable to a reduction in the size of the portfolio coupled with lower interest rates during the first half of 1999. Income for the year from the Authority's portfolios had an average yield of 6.11%, exceeding the Authority's established performance measure by 42 basis points (42/100 of one percent). The performance benchmark is the three-year rolling average yield on the two-year Treasury note plus 15 basis points.

"In the aggregate, the portfolio consisted of 41% in direct obligations of the U.S. Government; 43% in Agencies of the U.S. Government; 12% in Certificates of Deposits and Repurchase Agreements and 4% in Municipal Bonds.

"The Authority's Nuclear Decommissioning Trust Fund (the 'Trust') account paid \$814,050 in fees to The Bank of New York, Strong Capital, and Dresdner RCM for investment management services. The managers are paid a percentage of the funds managed, and in 1999, fees represented approximately 13 basis points. At year-end, the Trust's market value was approximately \$630 million. The Nuclear Regulatory Commission ('NRC') mandates that decommissioning reserves meeting certain minimum requirements be segregated from the Authority's other assets and be beyond the day-to-day administrative control of the Authority to afford protection from the claims of creditors in the event of bankruptcy. To comply with this mandate, the Trustees approved a Master Decommissioning Trust at their meeting of June 26, 1990. The Trust allows for investments in a broad range of high quality government, corporate and foreign fixed income securities and allows for the use of futures and options of fixed income. At their meeting of March 25, 1997, the Board of Trustees authorized the investment of up to 25% of the portfolio in equity index funds that track the Standard & Poors' ('S&P') 500 Index. Recognizing the greater flexibility for investment types and duration, the Trust's fixed income performance is measured against the Lehman Bond Index, while the Trust's equity performance is measured against the S&P 500.

"In 1999, the Trust experienced a composite rate of return of 3.48% net of management service fees. The fixed income portion of the Trust experienced a negative return of 0.75%, compared to a negative 0.82% for the Lehman Bond Index. Since its inception in August 1990, the fixed income portion of the Trust's annualized total return has been 8.55% and has outperformed the benchmark by 61 basis points. The Trust is currently yielding approximately 7.00%. The return on the equity portion of the Trust's performance for 1999 was 21.56% as compared to 21.04% for the S&P 500 Index. At the end of 1999, approximately 22% of the Trust's book

value was invested in equity index funds. The management of these funds is competitively bid on a regular basis and is scheduled to be re-bid during 2000.

"In connection with its examination of the Authority's financial statements, PriceWaterhouseCoopers, L.L.P. performed tests of the Authority's compliance with certain provisions of the Investment Guidelines, the State Comptroller's Investment Guidelines and Section 2925 of the Public Authorities Law. Their report, a copy of which is attached as Exhibit '5-B', states that the results of such examination disclosed no instances where the Authority was not in compliance with these Guidelines.

"The Investment Guidelines and procedures have not been amended since last presented and approved by the Trustees at their meeting of March 31, 1999.

RECOMMENDATION

"The Treasurer recommends that the Trustees approve the attached 1999 Annual Report on Investment of Authority Funds.

"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."

Noting that the Authority's investments performed well when benchmarked against other similar funds in 1999, Trustee Ciminelli inquired about the results when measured against actuarial assumptions. Mr. Collins explained that Authority staff had determined that a return of 6.5% was needed for that year as a reasonable target; similarly, the return needed for 2000 is 6.7%, although it will probably be between 7 and 8%. In response to further questions from Trustee Ciminelli concerning the performance of the fixed income portion of the Authority's portfolio, Mr. Collins explained that market conditions had not been favorable last year and are anticipated to be even less so for 2000. He noted that even were the interest rates on Treasury bills to rise, they mature in less than a year and thus any benefit to the Authority would be short-term.

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

RESOLVED, That the 1999 Annual Report of Investment of Authority Funds be, and hereby is, approved.

**1999 Annual Report on
Investment of Authority Funds**

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Section IV	Inventory of Investments Held on December 31, 1999
Section V	Summary of Dealers and Banks From Whom Securities were Purchased

Section I

New York Power Authority Guidelines for the Investment of Funds

I. General

These Guidelines for the Investment of Funds (the "Guidelines") are intended to effectuate the applicable provisions of the General Resolution Authorizing Revenue Obligations adopted February 24, 1998, (the "Resolution"), the lien and pledge of which covers all accounts and funds of the Authority and which govern the Authority's existing policies and procedures concerning the investment of funds as contained in these Guidelines. In a conflict between the Guidelines and the Resolution, the latter shall prevail. In addition, these Guidelines are intended to effectuate the provisions of Section 2925 of the New York State Public Authorities Law.

II. Responsibility for Investments

The Treasurer and Deputy Treasurer have the responsibility for the investment of Authority funds under the general supervision of the Senior Vice President – Information Technology and Chief Financial Officer. The Treasurer shall ensure that an operating manual is maintained that provides a detailed description of procedures for maintaining records of investment transactions and related information.

III. Investment Goals

The Treasurer and Deputy Treasurer are responsible for maximizing the yield on investments consistent with requirements for safety, minimization of risk and liquidity. Monies will not be invested for terms in excess of the projected use of funds.

IV. Authorized Investments

A. Monies in funds established pursuant to the Resolution shall be invested in Authorized Securities or Authorized Certificates of Deposit, defined as follows:

“Authorized Investments” as defined in the Resolution means and includes any of the following securities:

1. Direct obligations of or obligations guaranteed by the United States of America or the State of New York;

2. Bonds, debentures, or notes issued by any of the following: Banks for Cooperatives; Federal Intermediate Credit Banks; Export-Import Bank of the United States; Federal Land Banks; the Government National Mortgage Association if such bonds, debentures or notes are guaranteed by the Government National Mortgage Association; the Federal National Mortgage Association "Fannie Mae" and Federal Home Loan Mortgage Corporation "Freddie Mac"; or the Federal Financing Bank or any other agency or instrumentality of the Federal Government established for the purpose of acquiring the obligations of any of the foregoing or otherwise providing financing therefor;
3. Public Housing Bonds issued by Public Housing Authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract with the United States of America; or Project Notes issued by Local Public Agencies, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
4. Direct and general obligations, the payment of the principal of and interest on which the full faith and credit of the issuer is pledged, of any of the following: any state of the United States, or any political subdivision of any such state; provided that (a) all the taxable real property within such political subdivision shall be subject to taxation thereby to pay such obligations and the interest thereon, without limitations as to rate or amount, and (b) at the time of their purchase under the Resolution, such obligations of any such state or political subdivision are rated in either of the two highest rating categories by two nationally recognized bond rating agencies and are legal investments for fiduciaries in the State of New York.

"Authorized Certificates of Deposit" as defined in the Resolution means negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association which is a member of the Federal Reserve System, including certificates of deposit issued by the Trustee and Paying Agent.

B. The Authority, as an issuer of tax-exempt obligations, must not engage in any arbitrage practice prohibited by the arbitrage regulations promulgated under Section 103(c) of the Internal Revenue Code. In no event will Authority funds be invested in a manner that will violate the provisions of Section 103(c).

V. Provisions Relating to Qualifications of Dealers and Banks

- A.1. The purchase and/or sale of Authorized Investments shall be transacted only through banks, trust companies or national banking associations (herein collectively termed "Banks") which are members of the Federal Reserve System and government security dealers (herein termed "Dealers"), which are Banks and Dealers reporting to, trading with, and recognized as primary dealers by the Federal Reserve Bank of New York. Banks and Dealers shall have demonstrated an ability to:
- a) offer superior rates or prices on the types and amounts of securities required;
 - b) provide a high degree of attention to the Authority's investment objectives; and
 - c) execute trades in a timely and accurate manner.
- A.2. Authorized Investments may also be purchased or sold through minority and women owned firms authorized to transact business in the U.S. government and municipal securities markets. Such qualified firms shall demonstrate the qualities detailed in clauses (a), (b) and (c) of V.A.1.
- A.3. Municipal Securities qualifying as "Authorized Investments" as defined in the Resolution may also be purchased or sold through any municipal bond dealer registered in the State of New York who demonstrates the qualities detailed in clauses (a), (b) and (c) of Paragraph V.A.1.
- B. Authorized Certificates of Deposit and time deposits shall be purchased directly from Banks which:
- (1) are members of the Federal Reserve System transacting business in the State of New York;
 - (2) have capital and surplus aggregating at least \$50,000,000; and
 - (3) demonstrate all the qualities detailed in clauses (a), (b) and (c) of V.A.1.
- C. Authorized Investments purchased by the Authority or collateral securing its investments shall be deposited only with custodians designated by the Authority. Such custodians shall be Banks which are members of the Federal Reserve System transacting business in the State of New York.
- D. The Authority shall file with each qualified dealer a letter agreement that designates the (1) type of authorized investments, (2) Authority employees who are authorized to transact business, and (3) delivery instructions for the safekeeping of investments.

- E. The Authority shall enter into a written contract with any (1) Dealer from whom Authorized Investments are purchased subject to a repurchase agreement and (2) Bank from whom Authorized Certificates of Deposit are purchased.

VI. General Policies Governing Investment Transactions

- A. Competitive quotations or negotiated prices shall be obtained except in the purchase of government securities at their initial auction or upon initial offering. A minimum of three quotes shall be obtained and documented from Dealers and or Banks, except as indicated above, and the most favorable quote accepted. The Treasurer or Deputy Treasurer may waive this requirement on a single transaction basis only if warranted by market conditions and documented in writing.
- B. Authorized Investments purchased shall be either delivered to the Authority's designated custodian or, in the case of securities held in a book-entry account maintained at the Federal Reserve Bank of New York or the Depository Trust Company, recorded in the Authority's name or in the name of a nominee agent or custodian designated by the Authority on the books of the Federal Reserve Bank of New York or the Depository Trust Company. Payment shall be made to the Dealer or Bank only upon receipt by the Authority's custodian of (1) the securities or (2) in the case of securities held in a book-entry account, written advice or wire confirmation from the Federal Reserve Bank of New York or the Depository Trust Company that the necessary book-entry has been made.
- C. Each purchase or sale of Authorized Investments or Authorized Certificates of Deposit shall be authorized by the Treasurer or Deputy Treasurer. Investment orders may be placed by Authority employees as designated by the Treasurer. The custodian shall have standing instructions to send a transaction advice to the Authority's Controller for purposes of comparison with internal records. The Controller shall advise the Treasurer of any variances and the Treasurer shall ensure appropriate corrections are provided.

VII. Policies Concerning Certain Types of Investments Diversification Standards Required

A. Authorized Certificates of Deposit and Time Deposits

1. Authorized Certificates of Deposit and Time Deposits shall be purchased directly from a Bank in the primary market.
2. Authorized Certificates of Deposit and Time Deposits shall be continuously secured by Authorized Investments defined in subsection (1) or (2), having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such Certificates of Deposit or Time Deposits. Such Authorized Investments shall be segregated in a separate custodian account on behalf of the Authority.
3. Investments in Authorized Certificates of Deposit or Time Deposits shall not exceed 25 percent of the Authority's invested funds. The par value of Authorized Certificates of Deposit purchased from any one Bank shall not exceed \$25,000,000.

B. Repurchase Agreements

The Authority may from time to time elect to enter into arrangements for the purchase and resale of Authorized Investments (known as "Repurchase Agreements"). This type of investment transaction shall be used only when there is no other viable, short-term investment alternative.

1. A Repurchase Agreement shall be transacted only with a Dealer or Bank qualified to sell Authorized Investments to the Authority which is recognized by the Federal Reserve Bank as a primary dealer.
2. Authorized Investments purchased subject to a Repurchase Agreement shall be marked to market daily to ensure its value equals or exceeds the purchase price.
3. A Repurchase Agreement shall be limited to a maximum fixed term of five business days. Payment for the purchased securities shall be made against delivery to the Authority's designated custodian (which shall not be a party to the transaction as seller or seller's agent) or, in the case of securities held in a book-entry account maintained at the Federal Reserve Bank of New York or the Depository Trust Company, written advice that the securities are recorded in the Authority's name or in the name of a nominee, agent or custodian designated by the Authority on the books of the Federal Reserve Bank or the Depository Trust Company.

4. No more than \$50 million of Authorized Investments shall be purchased under a Repurchase Agreement with any one Dealer or Bank. This requirement may be waived by the Senior Vice President - Information Technology and Chief Financial Officer on a single transaction basis only if warranted by special circumstances and documented in writing.
5. The aggregate amount invested in Repurchase Agreements may not exceed the greater of 5 percent of the investment portfolio or \$100 million. The Senior Vice President - Information Technology and Chief Financial Officer may waive this requirement on a single transaction basis only if warranted by cashflow requirements and documented in writing.
6. The Authority may not enter into arrangements (known as Reverse Repurchase Agreements) for the purpose of borrowing monies by pledging Authorized Investments owned by the Authority.

VIII. Review

These Guidelines and any proposed amendments shall be submitted for Trustee review and approval at least once a year.

In addition to the Authority's periodic review, the Authority's independent auditors, in connection with their examination of the Authority, shall perform an annual audit of the investment portfolio, review investment procedures and prepare a report, the results of which will be made available to the Trustees.

IX. Reports

- A. The Treasurer shall submit an investment report to the Trustees, at least quarterly. Such report shall contain a (1) detailed description of each investment; 2) summary of the dealers and banks from which such securities were purchased; and (3) a list of fees, commissions or other charges, if any, paid to advisors or other entities rendering investment services.
- B. The Treasurer shall submit an annual report for approval by the Trustees. In addition to the information provided quarterly, the Annual Report shall include (i) a copy of the Guidelines; (ii) an explanation of the Guidelines and any amendments thereto since the last annual report; (iii) the results of an annual independent audit of investment inventory and procedures, and (iv) a record of income earned on invested funds. The approved report shall be submitted to the Division of the Budget with copies distributed to the Office of the State Comptroller, the Senate Finance Committee, and the Assembly Ways and Means Committee. Copies shall be made available to the public upon written reasonable request.

- C. Any waivers which occurred during the prior month shall be reported to the Senior Vice President - Information Technology and Chief Financial Officer.

X. Miscellaneous

- A. These Guidelines are intended for guidance of officers and employees of the Authority only, and nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason, of any requirement or provision thereof.
- B. Nothing contained in these Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds made or entered into in violation of, or without compliance with, the provisions of these Guidelines.
- C. No provisions in these Guidelines shall be the basis of any claim against any Trustee, officer or employee of the Authority in his or her individual or official capacity or against the Authority itself.

Section II

EXPLANATION OF INVESTMENT GUIDELINES

Section II Responsibility for Investments

Establishes responsibility for the Investment of Authority Funds and limits the number of individuals authorized to place investment orders.

Section III Investment Goal

Establishes the policy that earning a reasonable return on investments must be consistent with standards set for minimization of risk and availability of funds when needed.

Section IV Authorized Investments

Details the types of investments which the Authority can undertake as prescribed in Section 101 of the Resolution.

This section also requires that investments made in each of the Funds established under the Resolution be invested for a term commensurate with cash flow expectations and that such investments will not violate Section 103(c) of the Internal Revenue Code.

Section V Provisions Relating to Qualifications of Dealers and Banks

Establishes criteria for the selection of banks and dealers from which the Authority may buy or sell investments. Business is transacted with firms who have demonstrated financial strength and a high degree of reliability with respect to servicing of the Authority's needs. This section also directs that custody of Authority investments shall be maintained by banks which are members of the Federal Reserve System transacting business in the State of New York.

This section also addresses the subject of contracts with banks and dealers for the purchase or sale of Authorized Investments. The Authority has written Letters of Agreement with authorized dealers that specify the types of securities in which the Authority may invest and identify those Authority individuals authorized to give instructions related to the purchase and sale of securities. In addition, the Authority shall have a written form of agreement for use in repurchase transactions with any authorized dealer with whom the Authority may transact this type of investment.

Section VI General Policies Governing Investment Transactions

Requires that the Authority solicit no less than three bids for the purchase or sale of securities in order to ensure the most favorable rate except when securities are purchased at their initial auction, upon new issue or through negotiated prices.

Requires that the Authority or its custodian, prior to payment, take possession of such securities, or in the case of book entry securities, obtain written advice or wire confirmation that transfer or ownership has been recorded.

Establishes authorized employees to approve the purchase or sale of securities.
Establishes control procedures whereby the Controller shall compare the custodian's confirmation to Authority records.

Section VII Policy Concerning Certain Types of Investment Diversification Standards Required

Establishes a policy concerning the purchase of Certificates of Deposit and Time Deposits intended to minimize the risk associated with such transactions. Certificates of Deposit or Time Deposits may be purchased directly from a bank which is a member of the Federal Reserve System transacting business in the State of New York. Such deposits shall be continuously secured by Authorized Investments as outlined in subsection (1) or (2) of Section IV. This collateral shall be regularly priced to current market to assure the Authority's security interest is continuously protected. Aggregate holdings of Certificates of Deposit shall not exceed 25 percent of the Authority's total investment. Certificates of Deposit purchased from any one bank shall not exceed \$25,000,000.

Establishes a policy intended to minimize the risk associated with arrangements for the purchase and resale of Authorized Investments known as Repurchase Agreements ("Repos"). Repos purchased from any one qualified dealer or bank shall not exceed \$50 million and shall be limited to a maximum fixed term of five business days. Aggregate investments in Repos shall not exceed the greater of 5 percent of the Authority's total investments or \$100 million. All securities purchased under the terms of a Repo shall be held in safekeeping by a designated custodian for the Authority. Such securities shall be priced to market on a daily basis to assure the Authority's security interest. Reverse Repurchase Agreements are not authorized transactions.

Section VIII Review

Establishes policy requiring review of the Guidelines at least once a year. Requires an annual audit by the Authority's independent auditors of the Authority's investment portfolio and compliance with the guidelines established by the Authority and the State Comptroller.

Section IX Reports

Establishes policy requiring submission of reports to the Authority's Trustees concerning the management and performance of the Authority's portfolio.

This Section also requires that an annual report be submitted for approval by the Authority's Trustees. Copies of the approved report shall be sent to the Division of Budget, Office of the State Comptroller, the Senate Finance Committee, and Assembly Way and Means Committee.

Section III

A. Investment Income Record

During 1999 the Authority's average daily investment portfolio was approximately \$586 million and earned \$35 million.

The earnings, by fund, were as follows (dollars in millions):

Operating Fund	\$26
Capital/Construction Funds	7
Other (Energy Con./Note Res.)	<u>2</u>
Total	\$35

The investment income is \$10 million less than the prior year. The average size of the portfolio decreased by \$102 million in 1999. This reduction in the size of the portfolio coupled with lower interest rates during the first half of the year accounts for the decreased earnings.

B. Fees Paid for Investment Associated Services

\$379,961	Strong Capital
\$369,873	Dresdner RCM
\$ 64,215	The Bank of New York

Investment management fees were paid by the Nuclear Decommissioning Trust Fund. By NRC mandate, the Trust is beyond the Authority's administrative control and is therefore not part of this Annual Report. As a point of information, the Market Value of the Trust was approximately \$630 million at December 31, 1999. The Trust's investments are in high quality fixed income securities and equity index funds, and earned \$40 million in 1999. For the year, the Trust had a composite rate of return of 3.48% after payment of the above management service fees.

C. Results of the Annual Independent Audit

In connection with their examination of the Authority, the Authority's independent auditors, PriceWaterhouseCoopers, LLP reviewed and tested the Authority's compliance with the guidelines established by the Authority, the State Comptroller's Investment Guidelines and Section 2925 of the Public Authorities Law. Their report, a copy of which is attached as Exhibit "B", states that nothing came to their attention that caused them to believe that the Authority was not in compliance with these Guidelines.

Compliance Report of Independent Accountants

Exhibit "B"

March 31, 2000

Power Authority of the State of New York
New York, New York

We have audited the financial statements of the Power Authority of the State of New York (the "Authority"), as of and for the year ended December 31, 1999, and have issued our report thereon dated March 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance with the Authority's Investment Guidelines, the New York State ("NYS") Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the "Investment Guidelines") is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of the Investment Guidelines, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Audit Committee and management of the Authority, and the Office of the New York State Comptroller and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

NEW YORK POWER AUTHORITY
INVENTORY REPORT BY PORTFOLIO AND SECURITY TYPE
HOLDINGS AS OF: 12/31/99

Section IV

<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>PAR AMOUNT</u>	<u>MATURITY DATE</u>	<u>COUPON RATE</u>	<u>B/E YLD TO MAT'Y</u>	<u>SETTLEMENT PRINCIPAL</u>	<u>SETTLEMENT INTEREST PURCHASED</u>	<u>TOTAL SETTLEMENT AMOUNT</u>
PORTFOLIO: ENERGY CONSERV.								
Treasury Bill								
912795DC2	TREASURY BILL	745,000.00	1/13/00	0.00	5.33	740,462.95	0.00	740,462.95
912795DD0	TREASURY BILL	450,000.00	1/20/00	0.00	5.10	444,414.38	0.00	444,414.38
Subtotal	: Treasury Bill	1,195,000.00			5.24	1,184,877.33	0.00	1,184,877.33
Subtotal: PORTFOLIO: ENERGY CONSERV.		1,195,000.00			5.24	1,184,877.33	0.00	1,184,877.33
PORTFOLIO: IP3 NO. 3								
FFCB								
31331NWM2	FFCB NOTE N/C	4,700,000.00	1/19/01	5.63	5.63	4,700,000.00	0.00	4,700,000.00
31331RVB8A	FFCB FX CALL 6/00	5,000,000.00	6/9/03	6.30	6.30	5,000,000.00	0.00	5,000,000.00
Subtotal	: FFCB	9,700,000.00			5.98	9,700,000.00	0.00	9,700,000.00
FHLN								
313396TL7	FMCDN	10,440,000.00	2/23/00	0.00	5.75	10,301,960.00	0.00	10,301,960.00
313392TH5	FHLB FX N/C	7,060,000.00	1/10/01	5.50	5.50	7,060,000.00	0.00	7,060,000.00
31331RBE4	FHLB MTN N/C	1,000,000.00	4/25/01	6.71	6.85	995,156.25	0.00	995,156.25
3133M4U68	FHLN FX CALL 1/00	3,000,000.00	1/9/02	6.00	6.00	3,000,000.00	0.00	3,000,000.00
3133M5B33	FHLB CALL 2/00	4,000,000.00	11/26/02	6.00	6.00	4,000,000.00	0.00	4,000,000.00
3133M6V39	FHLN FX CAL 12/01	3,000,000.00	12/10/03	5.28	5.29	2,998,680.00	0.00	2,998,680.00
3133M0FK2	FHLB FX CALL 5/00	5,000,000.00	5/26/04	7.00	7.01	4,998,437.50	0.00	4,998,437.50
Subtotal	: FHLN	33,500,000.00			5.93	33,354,233.75	0.00	33,354,233.75
Treasury Note								
9128273U4	TREASURY NOTE	210,000.00	1/31/00	5.38	5.50	209,639.06	0.00	209,639.06
912827V66	TREASURY NOTE	3,440,000.00	10/31/00	5.75	4.67	3,507,725.00	0.00	3,507,725.00
9128275C2	TREASURY NOTE	6,470,000.00	2/28/01	5.00	5.01	6,468,483.59	0.00	6,468,483.59
9128275P3	TREASURY NOTE	1,525,000.00	8/31/01	5.50	5.71	1,519,042.97	230.43	1,519,273.40
912827Z39	TREASURY NOTE	1,085,000.00	8/31/01	6.50	6.83	1,070,250.78	0.00	1,070,250.78
912827G55	TREASURY NOTE	725,000.00	8/15/02	6.38	6.45	722,054.69	0.00	722,054.69
9128275A6	TREASURY NOTE	5,550,000.00	2/15/04	4.75	4.97	5,495,800.78	0.00	5,495,800.78
Subtotal	: Treasury Note	19,005,000.00			5.16	18,992,996.87	230.43	18,993,227.30
US AID Note								
9128273A8	TIPS	3,245,000.00	7/15/02	3.63	3.01	3,317,589.19	0.00	3,317,589.19
Subtotal	: US AID Note	3,245,000.00		0.00	3.01	3,317,589.19	0.00	3,317,589.19
Subtotal : PORTFOLIO: IP3 #3		65,450,000.00			5.57	65,364,819.81	230.43	65,365,050.24

NEW YORK POWER AUTHORITY
INVENTORY REPORT BY PORTFOLIO AND SECURITY TYPE
HOLDINGS AS OF: 12/31/99

<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>PAR AMOUNT</u>	<u>MATURITY DATE</u>	<u>COUPON RATE</u>	<u>B/E YLD TO MAT'Y</u>	<u>SETTLEMENT PRINCIPAL</u>	<u>SETTLEMENT INTEREST PURCHASED</u>	<u>TOTAL SETTLEMENT AMOUNT</u>
PORTFOLIO: JAF NO. 3								
FHLN								
313588SA4	FNDN 10/18/99	1,785,000.00	1/20/00	0.00	5.65	1,769,125.40	0.00	1,769,125.40
313396TL7	FMCDN	2,125,000.00	2/23/00	0.00	5.75	2,096,902.78	0.00	2,096,902.78
313588UR4	FNDN	2,400,000.00	3/23/00	0.00	6.04	2,364,388.66	0.00	2,364,388.66
3133M5BJ8	FHLB FX CALL 2/00	3,000,000.00	8/27/04	6.20	6.23	2,995,781.25	0.00	2,995,781.25
Subtotal	: FHLN	9,310,000.00			5.96	9,226,198.09	0.00	9,226,198.09
Strip								
3133M0NR8	FHLB CALL 1/00	16,750,000.00	7/2/12	0.00	7.88	5,773,497.50	0.00	5,773,497.50
Subtotal	: Strip	16,750,000.00			7.88	5,773,497.50	0.00	5,773,497.50
Treasury Note								
9128274Q2	TREASURY NOTE	7,915,000.00	8/31/00	5.13	5.50	7,886,246.28	0.00	7,886,246.28
Subtotal	: Treasury Note	7,915,000.00			5.50	7,886,246.28	0.00	7,886,246.28
Subtotal	: PORTFOLIO: JAF # 3	33,975,000.00			6.80	22,885,941.87	0.00	22,885,941.87
PORTFOLIO: NOTE DEBT RES.								
FHLN								
3133M5HE3	FHLB CALL 3/00	5,000,000.00	9/10/03	6.06	6.06	5,000,000.00	0.00	5,000,000.00
Subtotal	: FHLN	5,000,000.00			6.06	5,000,000.00	0.00	5,000,000.00
Municipal								
649787PK8	MUNICIPAL BOND	5,000,000.00	3/15/06	6.13	6.02	5,029,550.00	0.00	5,029,550.00
Subtotal	: Municipal	5,000,000.00			6.02	5,029,550.00	0.00	5,029,550.00
Treasury Note								
912827V41	TREASURY NOTE	875,000.00	9/30/00	6.13	6.31	868,847.66	0.00	868,847.66
9128275E8	TREASURY NOTE	470,000.00	4/30/01	5.00	5.07	469,375.78	0.00	469,375.78
9128274U3	TREASURY NOTE	3,745,000.00	11/15/03	4.25	4.93	3,637,623.83	0.00	3,637,623.83
Subtotal	: Treasury Note	5,090,000.00			5.18	4,975,847.27	0.00	4,975,847.27
US AID Note								
31364G2V0	FNMA MED TERM FN	5,000,000.00	7/19/01	5.82	6.33	4,954,150.00	21,825.00	4,975,975.00

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US AID Note	-cont.							
Subtotal	: US AID Note	5,000,000.00			6.33	4,954,150.00	21,825.00	4,975,975.00
Subtotal: PORTFOLIO: NOTE DEBT RES.		20,090,000.00			5.90	19,959,547.27	21,825.00	19,981,372.27
PORTFOLIO: OPER-SPENT FUEL								
GNMA								
36215KR51	GNMA POOL # 13740	6,913.07	10/15/00	10.00	7.33	7,552.53	0.00	7,552.53
36215MSC1	GNMA POOL # 13921	2,950.66	10/15/00	10.00	7.33	3,223.60	0.00	3,223.60
36215VX84	GNMA POOL # 14660	1,223.87	2/15/01	10.00	9.51	1,255.69	0.00	1,255.69
362152CA6	GNMA POOL # 15136	3,688.97	3/15/01	9.50	8.71	3,878.02	0.00	3,878.02
3621574X4	GNMA POOL # 15663	10,281.74	4/15/01	9.50	9.19	10,532.30	0.00	10,532.30
36216DJ30	GNMA POOL # 16148	10,517.05	4/15/01	9.50	8.71	11,056.18	0.00	11,056.18
362159H32	GNMA POOL # 15785	397.25	6/15/01	9.50	8.71	417.78	0.00	417.78
36215KEW6	GNMA POOL # 13704	22,835.04	6/15/01	9.50	8.72	24,005.39	0.00	24,005.39
36216HVD5	GNMA POOL # 16541	3,682.54	6/15/01	9.50	8.72	3,871.20	0.00	3,871.20
362153N95	GNMA POOL # 15261	20,393.98	7/15/01	9.50	8.72	21,439.15	0.00	21,439.15
36216MKG9	GNMA POOL # 16869	11,481.91	7/15/01	9.50	8.72	12,070.32	0.00	12,070.32
362153PB8	GNMA POOL # 15261	8,398.94	8/15/01	9.50	9.19	8,603.71	0.00	8,603.71
36216D7B5	GNMA POOL # 16209	7,144.13	8/15/01	9.50	8.73	7,510.17	0.00	7,510.17
36216NJU8	GNMA POOL # 16957	2,863.47	8/15/01	9.50	8.73	3,010.20	0.00	3,010.20
36216P7B8	GNMA POOL # 17109	16,952.27	8/15/01	9.50	9.19	17,365.26	0.00	17,365.26
3621576D6	GNMA POOL # 15666	13,020.54	9/15/01	9.50	9.20	13,337.89	0.00	13,337.89
362165SX1	GNMA POOL # 18423	5,864.78	9/15/01	9.50	9.20	6,007.73	0.00	6,007.73
362169GX6	GNMA POOL # 18661	18,910.21	9/15/01	9.00	8.57	19,501.15	0.00	19,501.15
36216BWD7	GNMA POOL # 16004	7,622.90	9/15/01	9.50	9.20	7,808.84	0.00	7,808.84
36216BWJ4	GNMA POOL # 16004	22,757.57	9/15/01	9.50	9.20	23,311.85	0.00	23,311.85
36216JHK1	GNMA POOL # 16593	9,979.02	9/15/01	9.50	9.20	10,222.30	0.00	10,222.30
36216SUC4	GNMA POOL # 17347	27,551.90	9/15/01	9.50	9.20	28,223.61	0.00	28,223.61
36216T6N5	GNMA POOL # 17467	7,728.76	9/15/01	9.50	9.20	7,917.16	0.00	7,917.16
36216TBS8	GNMA POOL # 17384	33,974.52	9/15/01	9.00	9.18	33,836.53	0.00	33,836.53
36216WVZ3	GNMA POOL # 17713	54,402.04	9/15/01	9.00	8.57	56,101.75	0.00	56,101.75
36216X7A3	GNMA POOL # 17828	5,210.10	9/15/01	9.50	9.20	5,337.13	0.00	5,337.13
362153KK3	GNMA POOL # 15249	128,580.44	10/15/01	9.00	8.57	132,598.35	0.00	132,598.35
362167QT8	GNMA POOL # 18596	1,571.30	10/15/01	9.50	8.74	1,651.84	0.00	1,651.84
36216R5A8	GNMA POOL # 17284	19,506.32	10/15/01	9.50	9.20	19,981.67	0.00	19,981.67
36217AJX9	GNMA POOL # 18757	6,659.08	10/15/01	9.50	9.20	6,821.46	0.00	6,821.46
362162UY3	GNMA POOL # 18159	11,162.30	11/15/01	9.00	8.58	11,511.09	0.00	11,511.09
36216VX26	GNMA POOL # 17629	6,746.82	11/15/01	9.00	8.58	6,957.66	0.00	6,957.66
36217PNL7	GNMA POOL # 19939	7,454.09	11/15/01	9.50	8.74	7,836.08	0.00	7,836.08
36217HXF7	GNMA POOL # 19427	4,202.12	1/15/02	9.00	9.31	4,160.27	0.00	4,160.27
36217MQ72	GNMA POOL # 19767	7,133.30	1/15/02	9.00	9.31	7,062.05	0.00	7,062.05
36217PZM2	GNMA POOL # 19974	1,865.85	1/15/02	9.00	9.31	1,847.19	0.00	1,847.19
36217UDC7	GNMA POOL # 20359	2,995.88	1/15/02	9.00	9.31	2,965.94	0.00	2,965.94
36217WUN0	GNMA POOL # 20588	3,464.65	1/15/02	9.00	9.31	3,429.97	0.00	3,429.97
362172VZ8	GNMA POOL # 21043	454.32	2/15/02	9.00	9.31	449.89	0.00	449.89
36217TNS4	GNMA POOL # 20300	2,847.97	2/15/02	9.00	9.31	2,819.46	0.00	2,819.46
36217TYA1	GNMA POOL # 20330	3,378.10	2/15/02	9.00	9.30	3,346.00	0.00	3,346.00

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PORTFOLIO: OPER-SPENT FUEL		- cont.						
GNMA		- cont.						
36217WYT3	GNMA POOL # 20602	4,567.68	2/15/02	9.00	9.31	4,521.83	0.00	4,521.83
36217QW35	GNMA POOL # 20056	14,887.33	3/15/02	9.00	9.31	14,738.74	0.00	14,738.74
3621724S4	GNMA POOL # 21063	991.82	5/15/02	8.00	6.51	1,053.81	0.00	1,053.81
3621777C5	GNMA POOL # 21519	3,933.37	5/15/02	9.00	9.31	3,894.07	0.00	3,894.07
36217CJP2	GNMA POOL # 18937	3,137.42	5/15/02	9.00	9.31	3,106.16	0.00	3,106.16
36217DCW2	GNMA POOL # 19008	2,069.89	5/15/02	9.00	9.31	2,049.01	0.00	2,049.01
3621745C4	GNMA POOL # 21244	4,770.26	6/15/02	9.00	9.31	4,723.04	0.00	4,723.04
362174K45	GNMA POOL # 21191	884.52	6/15/02	9.00	9.32	875.29	0.00	875.29
36217XUZ1	GNMA POOL # 20680	5,016.50	6/15/02	8.00	6.52	5,330.04	0.00	5,330.04
3621702D3	GNMA POOL # 20877	3,262.79	7/15/02	9.00	9.31	3,230.11	0.00	3,230.11
362172JF6	GNMA POOL # 21006	19,196.44	7/15/02	9.00	9.31	19,004.58	0.00	19,004.58
36217VCL6	GNMA POOL # 20447	11,039.12	7/15/02	9.00	9.31	10,928.32	0.00	10,928.32
36217YY36	GNMA POOL # 20783	4,625.09	7/15/02	9.00	9.31	4,579.10	0.00	4,579.10
36218JNT3	GNMA POOL # 22370	16,601.06	7/15/02	9.00	9.31	16,434.74	0.00	16,434.74
36218LCY9	GNMA POOL # 22518	3,937.72	7/15/02	9.00	9.31	3,898.41	0.00	3,898.41
362170JF0	GNMA POOL # 20826	8,023.82	8/15/02	9.00	9.31	7,943.70	0.00	7,943.70
36217KC97	GNMA POOL # 19549	44,036.82	8/15/02	9.00	9.31	43,596.36	0.00	43,596.36
36216YPD5	GNMA POOL # 17872	14,685.35	9/15/02	9.00	9.31	14,538.33	0.00	14,538.33
36218FPV4	GNMA POOL # 22103	6,522.82	9/15/02	9.00	9.31	6,457.59	0.00	6,457.59
36218RZ62	GNMA POOL # 23036	21,555.58	9/15/02	9.00	9.31	21,340.05	0.00	21,340.05
36218TFW3	GNMA POOL # 23158	17,095.30	9/15/02	9.00	9.31	16,924.42	0.00	16,924.42
36218UTE5	GNMA POOL # 23284	8,330.71	9/15/02	9.00	9.31	8,247.60	0.00	8,247.60
362170JJ2	GNMA POOL # 20826	12,161.38	10/15/02	9.00	9.30	12,039.82	0.00	12,039.82
36218VZ89	GNMA POOL # 23396	12,935.91	10/15/02	9.00	9.31	12,806.50	0.00	12,806.50
36218WKW0	GNMA POOL # 23440	693.62	10/15/02	9.00	9.31	686.39	0.00	686.39
36218R5S7	GNMA POOL # 23045	20,013.39	11/15/02	9.00	9.30	19,813.21	0.00	19,813.21
36218UDK8	GNMA POOL # 23240	4,352.58	11/15/02	8.00	6.58	4,624.62	0.00	4,624.62
36218XFU8	GNMA POOL # 23517	9,894.93	12/15/02	9.00	9.30	9,795.90	0.00	9,795.90
36219N7E4	GNMA POOL # 25479	39,361.28	6/15/03	9.50	9.90	38,807.74	0.00	38,807.74
36219MN73	GNMA POOL # 25341	51,887.27	8/15/03	9.50	9.90	51,157.81	0.00	51,157.81
36219F4K0	GNMA POOL # 24842	55,446.33	9/15/03	9.50	9.89	54,666.17	0.00	54,666.17
36219G6J9	GNMA POOL # 24937	33,663.47	10/15/03	9.50	9.89	33,189.99	0.00	33,189.99
36219V4M1	GNMA POOL # 26102	55,797.80	10/15/03	9.50	9.89	55,013.12	0.00	55,013.12
36220TBV5	GNMA POOL # 28725	51,335.74	1/15/05	9.50	9.90	50,565.57	0.00	50,565.57
36220SBN5	GNMA POOL # 28634	28,141.78	3/15/05	9.50	9.90	27,719.10	0.00	27,719.10
36220UXP1	GNMA POOL # 28878	136,896.00	6/15/05	9.00	9.21	136,083.08	0.00	136,083.08
3622002C0	GNMA POOL # 29337	252,974.71	8/15/05	9.50	9.34	257,085.47	0.00	257,085.47
36220WQS9	GNMA POOL # 29036	139,580.92	8/15/05	10.00	9.68	143,201.12	0.00	143,201.12
3622003D7	GNMA POOL # 29339	71,206.11	9/15/05	9.50	9.46	71,873.87	0.00	71,873.87
362200J81	GNMA POOL # 29288	390,461.58	9/15/05	9.00	9.22	388,021.33	0.00	388,021.33
362200LT2	GNMA POOL # 29293	48,433.81	10/15/05	9.50	9.46	48,887.57	0.00	48,887.57
36223H2T3	GNMA POOL # 30868	5,742.88	6/15/06	8.00	6.95	6,101.81	0.00	6,101.81
36223NCW2	GNMA POOL # 31248	17,928.42	8/15/06	8.00	6.96	19,048.94	0.00	19,048.94
36224W4S9	GNMA POOL #341133	74,084.63	5/15/08	6.50	6.77	73,228.02	0.00	73,228.02
36203GP72	GNMA POOL #348846	16,412.46	6/15/08	6.50	6.76	16,222.69	0.00	16,222.69
36203JXH5	GNMA POOL # 35088	25,382.96	8/15/08	8.00	7.06	26,993.19	0.00	26,993.19
36224VEU5	GNMA POOL #339547	11,428.88	8/15/08	6.50	6.76	11,296.74	0.00	11,296.74

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PORTFOLIO: OPER-SPENT FUEL - cont.								
GNMA - cont.								
36204CB91	GNMA POOL #365564	8,157.67	9/15/08	6.50	6.76	8,063.34	0.00	8,063.34
36204DDT3	GNMA POOL #366514	479,114.15	9/15/08	6.50	6.59	473,574.39	0.00	473,574.39
36224EJJ3	GNMA POOL #326165	94,357.38	10/15/08	6.50	6.59	93,266.37	0.00	93,266.37
36225APP9	GNMA POOL #780430	13,064,507.56	10/15/08	8.00	6.92	13,717,732.94	0.00	13,717,732.94
36204FAP9	GNMA POOL #368214	13,154.79	12/15/08	6.50	6.59	13,002.69	0.00	13,002.69
36224BGH6	GNMA POOL #323400	129,048.96	12/15/08	6.50	6.59	127,556.83	0.00	127,556.83
36203PL50	GNMA POOL #355048	9,187.36	1/15/09	6.50	6.59	9,081.13	0.00	9,081.13
36204WXH5	GNMA POOL #382380	13,816.53	1/15/09	6.50	6.59	13,656.77	0.00	13,656.77
36204LKH3	GNMA POOL #372896	471,942.17	4/1/09	6.50	6.59	466,485.34	0.00	466,485.34
36204YT37	GNMA POOL #384070	156,704.76	4/15/09	6.50	6.59	154,892.86	0.00	154,892.86
36203VER7	GNMA POOL #360244	380,113.31	5/15/09	6.50	6.59	375,718.25	0.00	375,718.25
36204TQB3	GNMA POOL #379450	408,433.08	5/15/09	6.50	6.59	403,710.57	0.00	403,710.57
36204XND3	GNMA POOL #382988	423,215.36	5/15/09	6.50	6.59	418,321.93	0.00	418,321.93
36206XKC6	GNMA POOL #G4242	1,154,278.74	2/20/11	6.00	6.81	1,100,893.35	0.00	1,100,893.35
36202CNG4	GNMA POOL #G2219	277,839.00	3/20/11	6.00	6.89	263,686.57	0.00	263,686.57
36202CN25	GNMA POOL #G2220	1,285,528.19	4/20/11	6.00	6.96	1,214,563.73	0.00	1,214,563.73
36202CPF4	GNMA POOL #G2222	823,044.90	4/20/11	5.50	6.70	765,431.76	0.00	765,431.76
36202CPG2	GNMA POOL #G2222	859,356.69	5/20/11	6.00	6.91	814,385.57	0.00	814,385.57
Subtotal	: GNMA	22,381,960.62			7.10	22,781,205.84	0.00	22,781,205.84
Project Loan								
30299WML7	PL CAMERON 1F	8,128,748.08	8/1/00	7.35	11.17	6,951,357.92	0.00	6,951,357.92
149994WR2	PROJ LN-USGI 2083	7,386,440.72	2/1/01	7.25	10.07	6,580,869.04	0.00	6,580,869.04
166994XG3	PL HS 10806 MORISA	3,874,421.30	10/21/01	8.95	8.98	3,874,421.30	0.00	3,874,421.30
699999XW3	PROJ LN-REILLY #19	7,105,250.44	11/29/01	7.43	5.22	7,709,196.73	0.00	7,709,196.73
159996VD6	PROJ LN-REILLY #46	470,229.89	7/1/12	6.86	6.95	468,466.53	0.00	468,466.53
158995MV9	PROJ LN-USGI 2028	5,502,252.95	5/1/15	6.93	6.59	5,674,198.35	0.00	5,674,198.35
36204AKT1	PROJ LN-GNMA PL	4,564,326.85	7/1/17	8.25	8.16	4,632,791.75	0.00	4,632,791.75
163992WY2	PL USGI 2048	4,429,742.58	11/1/19	9.29	8.88	4,612,469.47	0.00	4,612,469.47
Subtotal	: Project Loan	41,461,412.81			8.52	40,503,771.09	0.00	40,503,771.09
Strip								
3133MOLL3	FHLB STRIP 06/00	5,000,000.00	6/25/12		8.42	1,769,905.00	0.00	1,769,905.00
Subtotal	: Strip	5,000,000.00			8.42	1,769,905.00	0.00	1,769,905.00
Subtotal: PORTFOLIO: OPER-SPENT FUEL		68,843,373.43			8.05	65,054,881.93	0.00	65,054,881.93
PORTFOLIO: OPERATING - LDP								
Repurchase Agmt								
	M & T BANK	478,792.00	1/13/00	3.19	3.234	478,792.00	0.00	478,792.00
	ELMIRA SAVINGS BA	202,577.00	1/20/00	1.46	1.48	202,577.00	0.00	202,577.00

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Section IV

<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>PAR AMOUNT</u>	<u>MATURITY DATE</u>	<u>COUPON RATE</u>	<u>B/E YLD TO MAT'Y</u>	<u>SETTLEMENT PRINCIPAL</u>	<u>SETTLEMENT INTEREST PURCHASED</u>	<u>TOTAL SETTLEMENT AMOUNT</u>
PORTFOLIO: OPERATING - LDP		- cont.						
Repurchase Agmt		- cont.						
	BSB BANK	114,000.00	1/28/00	2.13	2.16	114,000.00	0.00	114,000.00
	KEY BANK	360,595.00	2/18/00	2.88	2.92	360,595.00	0.00	360,595.00
	M & T BANK	229,000.00	2/23/00	3.13	3.17	229,000.00	0.00	229,000.00
	WYOMING COUNTY	326,567.00	2/25/00	3.31	3.36	326,567.00	0.00	326,567.00
	ELMIRA SAVINGS BA	274,321.00	3/9/00	2.22	2.25	274,321.00	0.00	274,321.00
	FLEET BANK	125,241.00	3/9/00	1.72	1.74	125,241.00	0.00	125,241.00
	HERKIMER COUNTY	120,235.00	3/17/00	3.25	3.30	120,235.00	0.00	120,235.00
	TROY SAVINGS BAN	184,493.00	3/22/00	2.37	2.40	184,493.00	0.00	184,493.00
	HSBC	158,828.00	3/22/00	3.40	3.45	158,828.00	0.00	158,828.00
	NBT BANK	60,000.00	3/29/00	2.89	2.93	60,000.00	0.00	60,000.00
	EVERGREEN BANK	62,048.00	4/21/00	3.20	3.24	62,048.00	0.00	62,048.00
	MANUFACTURERS & FLEET BANK	87,000.00	4/21/00	3.81	3.86	87,000.00	0.00	87,000.00
	114,188.00	5/10/00	2.55	2.59	114,188.00	0.00	114,188.00	
	BALLSTON SPA NAT' M & T BANK	96,000.00	5/12/00	3.25	3.30	96,000.00	0.00	96,000.00
	77,000.00	5/12/00	2.75	2.79	77,000.00	0.00	77,000.00	
	NBT BANK	64,895.00	5/19/00	1.50	1.52	64,895.00	0.00	64,895.00
	EAB	389,734.00	6/1/00	1.53	1.55	389,734.00	0.00	389,734.00
	BALSTON SPA NATL	47,000.00	6/1/00	3.25	3.30	47,000.00	0.00	47,000.00
	CAYUGA BANK	256,826.00	6/1/00	1.39	1.41	256,826.00	0.00	256,826.00
	WYOMING COUNTY	27,759.00	6/12/00	1.20	1.22	27,759.00	0.00	27,759.00
	KEY BANK	92,384.00	6/23/00	2.16	2.19	92,384.00	0.00	92,384.00
	FLEET BANK	483,364.00	6/30/00	1.72	1.74	483,364.00	0.00	483,364.00
	FLEET BANK	417,260.00	6/30/00	0.72	0.73	417,260.00	0.00	417,260.00
Subtotal	: Repurchase Agmt	4,850,107.00			2.34	4,850,107.00	0.00	4,850,107.00
Subtotal: PORTFOLIO: OPERATING - LDP		4,850,107.00			2.34	4,850,107.00	0.00	4,850,107.00
PORTFOLIO: OPERATING FUND								
FHLN								
313384SR1	FHLB DISCOUNT NO	6,000,000.00	2/4/00	0.00	5.64	5,885,340.00	0.00	5,885,340.00
313588SX4	FNDN 10/18/99	5,000,000.00	2/10/00	0.00	5.62	4,931,662.50	0.00	4,931,662.50
313384SY6	FHLB DISCOUNT NO	15,150,000.00	2/11/00	0.00	5.67	14,906,968.75	0.00	14,906,968.75
313384TC3	FHLB DISCOUNT NO	10,300,000.00	2/15/00	0.00	5.70	10,059,675.25	0.00	10,059,675.25
313588TC9	FNDN 02/15/00	25,885,000.00	2/15/00	0.00	5.06	24,994,316.96	0.00	24,994,316.96
313389M21	FHLN FLOATER N/C	5,000,000.00	1/25/01	6.06	6.05	5,000,000.00	0.00	5,000,000.00
3133M5TB6	FHLB CAL 4/00	7,000,000.00	10/9/03	5.72	5.72	7,000,000.00	0.00	7,000,000.00
3133M5WE6	FHLB CALL 10/00	5,000,000.00	10/16/03	5.00	5.00	5,000,000.00	0.00	5,000,000.00
3133M6V39	FHLN FX CAL 12/01	2,000,000.00	12/10/03	5.28	5.29	1,998,750.00	0.00	1,998,750.00
3133M7WV4	FHLN FX CALL 3/00	5,000,000.00	3/17/04	6.00	6.02	4,995,000.00	0.00	4,995,000.00
3133912H6	FHLB FX CALL 9/00	13,000,000.00	9/6/05	7.21	7.21	13,000,000.00	0.00	13,000,000.00
3133M73Y0	FHLN FX CALL 1/00	4,855,000.00	1/19/06	6.02	6.02	4,855,000.00	0.00	4,855,000.00
3133M5KP4	FHLB CALL 9/00	10,000,000.00	9/18/08	6.30	6.30	10,000,000.00	0.00	10,000,000.00
3133M6CT3	FHLN FX CALL 5/00	10,000,000.00	11/17/08	6.02	6.02	10,000,000.00	0.00	10,000,000.00
3133M7DL7	FHLB CALL 1/00	5,000,000.00	1/28/09	6.13	6.13	5,000,000.00	0.00	5,000,000.00
3133M7XF8	FHLN FX CALL 3/01	4,930,000.00	3/26/09	6.50	6.50	4,930,000.00	0.00	4,930,000.00

NEW YORK POWER AUTHORITY
INVENTORY REPORT BY PORTFOLIO AND SECURITY TYPE
HOLDINGS AS OF: 12/31/99

Section IV

<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>PAR AMOUNT</u>	<u>MATURITY DATE</u>	<u>COUPON RATE</u>	<u>B/E YLD TO MAT'Y</u>	<u>SETTLEMENT PRINCIPAL</u>	<u>SETTLEMENT INTEREST PURCHASED</u>	<u>TOTAL SETTLEMENT AMOUNT</u>
PORTFOLIO: OPERATING FUND		- cont.						
FHLN		- cont.						
3134A3JZ0	FHLN CALL-10 DAY N	5,000,000.00	4/15/09	6.55	6.59	4,987,500.00	0.00	4,987,500.00
3133M6AM0	FHLN FX CALL 1/00	15,000,000.00	10/29/13	6.34	6.34	15,000,000.00	0.00	15,000,000.00
3133M6Q50	FHLN FX CAL 12/00	10,000,000.00	12/4/13	6.30	6.30	10,000,000.00	0.00	10,000,000.00
Subtotal	: FHLN	164,120,000.00			5.93	162,544,213.46	0.00	162,544,213.46
Municipal								
6496692H0	MUNICIPAL BOND	5,000,000.00	8/1/00	5.80	5.88	4,995,500.00	1,611.11	4,997,111.11
6496692J6	MUNICIPAL BOND	15,000,000.00	8/1/01	6.13	6.18	14,983,050.00	5,104.17	14,988,154.17
Subtotal	: Municipal	20,000,000.00			6.10	19,978,550.00	6,715.28	19,985,265.28
Repurchase Agmt								
	REPO O/N	40,000,000.00	1/3/00	3.85	3.90	40,000,000.00	0.00	40,000,000.00
	FIRST UNION	20,000,000.00	2/15/00	5.20	5.27	20,000,000.00	0.00	20,000,000.00
	FIRST UNION NAT'L	5,000,000.00	2/15/00	5.60	5.68	5,000,000.00	0.00	5,000,000.00
	HUDSON VALLEY BA	5,000,000.00	2/15/00	5.60	5.68	5,000,000.00	0.00	5,000,000.00
	HUDSON VALLEY BA	4,000,000.00	2/15/00	5.60	5.68	4,000,000.00	0.00	4,000,000.00
Subtotal	: Repurchase Agmt	74,000,000.00			4.61	74,000,000.00	0.00	74,000,000.00
SBA								
83162CEA7	SBA-CALL 1/00	252,178.62	7/1/02	6.60	6.60	252,178.62	0.00	252,178.62
Subtotal	: SBA	252,178.62			6.60	252,178.62	0.00	252,178.62
Strip								
912833CU2	STRIP N/C	15,000,000.00	8/15/08	0.00	8.22	4,084,500.00	0.00	4,084,500.00
31364CW61	AGENCY STRIP 6/00	13,000,000.00	6/28/12	0.00	7.97	4,627,187.50	0.00	4,627,187.50
3133M0NR8	FHLB CALL 1/00	29,435,000.00	7/2/12	0.00	8.04	10,176,171.50	0.00	10,176,171.50
3133M2YK7	FHLB CALL 1/00	41,000,000.00	1/14/13	0.00	7.12	14,512,250.95	0.00	14,512,250.95
Subtotal	: Strip	98,435,000.00			7.67	33,400,109.95	0.00	33,400,109.95
Treasury Note								
9128273D2	TREASURY NOTE	9,525,000.00	8/15/00	6.00	4.24	9,820,423.83	0.00	9,820,423.83
9128274W9	TREASURY NOTE	101,200,000.00	11/30/00	4.63	5.84	100,020,878.92	51,936.48	100,072,815.40
9128273W0	TREASURY NOTE	5,000,000.00	2/15/01	5.38	4.28	5,120,312.50	0.00	5,120,312.50
9128275C2	TREASURY NOTE	7,520,000.00	2/28/01	5.00	5.13	7,501,592.19	0.00	7,501,592.19
912827X23	TREASURY NOTE	20,000,000.00	2/28/01	5.63	4.64	20,401,562.50	0.00	20,401,562.50
9128275D0	TREASURY NOTE	10,300,000.00	3/31/01	4.88	4.91	10,293,562.50	0.00	10,293,562.50

NEW YORK POWER AUTHORITY
INVENTORY REPORT BY PORTFOLIO AND SECURITY TYPE
HOLDINGS AS OF: 12/31/99

<u>CUSIP</u>	<u>SECURITY DESCRIPTION</u>	<u>PAR AMOUNT</u>	<u>MATURITY DATE</u>	<u>COUPON RATE</u>	<u>B/E YLD TO MAT'Y</u>	<u>SETTLEMENT PRINCIPAL</u>	<u>SETTLEMENT INTEREST PURCHASED</u>	<u>TOTAL SETTLEMENT AMOUNT</u>
PORTFOLIO: OPERATING FUND		- cont.						
Treasury Note		-cont.						
9128275E8	TREASURY NOTE	20,820,000.00	4/30/01	5.00	5.28	20,711,020.31	0.00	20,711,020.31
9128275H1	TREASURY NOTE	15,000,000.00	5/31/01	5.25	5.53	14,922,656.25	0.00	14,922,656.25
9128275L2	TREASURY NOTE	20,000,000.00	7/31/01	5.50	5.61	19,959,375.00	5,978.26	19,965,353.26
Subtotal	: Treasury Note	209,365,000.00			5.44	208,751,383.99	57,914.74	208,809,298.73
Subtotal: PORTFOLIO: OPERATING FUND		<u>566,172,178.62</u>			<u>5.89</u>	<u>498,926,436.02</u>	<u>64,630.02</u>	<u>498,991,066.04</u>
GRAND TOTAL		760,575,659.05			6.07	678,226,611.23	86,685.45	678,313,296.67

POWER AUTHORITY OF THE STATE OF NEW YORK
Summary of Bids Solicited for the Purchase or Sale
of Securities and Transactions Executed with Dealers
For the Year Ended December 31, 1999

<u>Primary Dealers</u>	<u>Bids Accepted</u>	<u>Bids Solicited</u>	<u>Securities Purchased/Sold</u>	<u>CDs and Repurchase Agreements</u>	<u>Total Transactions</u>
Aubrey Lanston	127	205		3,158,770,000	3,158,770,000
Banco Popular		2			
Chase Manhattan		6			
Deutsche Bank	25	59	90,940,908		90,940,908
First Union	3	6		30,000,000	30,000,000
Hudson Valley Bank	8	9		83,000,000	83,000,000
Key Bank	35	35		7,448,510	7,448,510
Lehman Brothers	117	290	176,023,975	1,967,435,000	2,143,458,975
Merrill Lynch	22	43	104,239,215		104,239,215
Prudential Securities	50	187	217,728,612		217,728,612
Salomon Smith Barney	51	186	235,236,550	23,130,000	258,366,550
SUB-TOTAL	438	1,028	824,169,260	5,269,783,510	6,093,952,772
<u>Minority Owned Dealers</u>					
Blaylock & Partners	36	75	123,968,339		123,968,339
SUB-TOTAL	36	75	123,968,339	0	123,968,339
Grand Total	474	1,103	948,137,599	5,269,783,510	6,217,921,112

6. Amendment to Guidelines for Procurement Contracts

The President submitted the following report

SUMMARY

"The Trustees are requested to review and approve the amended Guidelines for Procurement Contracts ('the Guidelines') as set forth in Exhibit '6-A'.

BACKGROUND

"Section 2879 of the Public Authorities Law ('PAL') governs the administration and award of procurement contracts equal to or greater than \$5,000. Section 2879 of the PAL requires public authorities to adopt comprehensive guidelines detailing their operative policy and instructions concerning the use, awarding, monitoring and reporting of procurement contracts. The Authority's current Guidelines were approved by the Trustees at their meeting of October 31, 1989 and, were implemented as of January 1, 1990.

"Section 2879 of the PAL also requires authorities to review and approve such guidelines annually, including details concerning any changes to the Guidelines during the year.

DISCUSSION

"Section 3. (G) of the Guidelines allows NYPA to 'piggyback' on procurement contracts let by other state or municipal entities. It is proposed to expand this provision to include contracts let by the federal government, thus improving the Authority's potential ability to obtain favorable prices. The change would add the italicized words below:

Goods procured pursuant to Procurement Contracts let by any department, agency, officer, political subdivision or instrumentality of the state *or federal government* or any city or municipality where the Procurement Division at the Headquarters offices, or the Procurement Departments at the facilities, and the initiating unit determine that a reasonable potential exists for the savings of costs or other benefit to the Authority and have approved the specifications and proposed terms and conditions of such contract.

"Another, non-substantive, modification has been to change the outline format from Roman numerals to Arabic numerals.

"The amended Guidelines for Procurement Contracts, as set forth in Exhibit '6-A', would become effective immediately.

RECOMMENDATION

"The Vice President - Procurement and Real Estate recommends that the Trustees approve the proposed amendments to the Authority's Guidelines for Procurement Contracts, attached hereto in Exhibit '6-A'

"The Senior Vice President - 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."

April 18, 2000

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

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law, the Authority's Procurement Guidelines, for the use, awarding, monitoring and reporting of Procurement Contracts, as set forth in Exhibit "6-A", be, and hereby are, amended.

GUIDELINES FOR PROCUREMENT CONTRACTS

1. PURPOSE

The purpose of these Guidelines for Procurement Contracts ("Guidelines"), which comply with the applicable provisions of Article 4-C of the Economic Development Law and § 2879 of the Public Authorities Law, is to establish the basis for soliciting and evaluating proposals from individuals and/or firms providing goods and/or services as defined below in section 2. Consistent with these Guidelines individual facilities or headquarters departments may establish specific supplementary guidelines based on their own needs.

2. DEFINITIONS

A. "Procurement Contracts" are all contracts for the acquisition of goods and/or services in the actual or estimated amount of five thousand dollars (\$5,000.00) or more. Such goods and/or services shall consist of all those necessary to support the Authority's Headquarters Facilities, Operating and Capital Construction Projects, including but not limited to: goods, such as office supplies, major electrical equipment, and nuclear-grade equipment; construction and maintenance work; and services as more fully described in section 2. B below. Procurement Contracts shall not include memberships in various industry groups, professional societies, and similar cooperative associations, nor any cooperative projects and procurement activities, conducted or sponsored by such organizations, in which the Authority participates; advertising agreements with radio, television, and print media shall also be excluded.

B. "Services Contracts" are Procurement Contracts for services of a consulting, professional or technical nature provided by outside consultants/contractors (individuals, partnerships or firms not officers or employees of the Authority) for a fee or other compensation. Services Contracts are comprised of three specific types: Personal Services, Non-Personal Services, and Construction. Personal Services include, but are not limited to: accounting, architectural, engineering, investment banking, legal, public relations, planning, management consulting, surveying, training (when provided on Authority property and/or exclusively for Authority employees), and construction management. Non-Personal Services include, but are not limited to: skilled or unskilled temporary personnel, including clerical office staff, technicians or engineers working under Authority supervision; maintenance; repairs; and printing services. Construction includes Procurement Contracts involving craft labor.

Note: Use of such services may be appropriate (1) when a consultant/contractor possesses special experience, background or expertise; (2) when there is insufficient Authority staff and retention of a consultant/contractor is more appropriate or economical than hiring additional permanent staff; (3) to provide independent external review or a second opinion; (4) to meet unusual schedule requirements or emergencies; or (5) for a combination of these factors.

C. "Goods" include equipment, material and supplies of every kind.

3. SOLICITATION REQUIREMENTS

- A. Solicitation of proposals for Procurement Contracts is the joint responsibility of the Procurement Division at the Headquarters offices, or the Procurement Departments at the facilities, and the initiating unit. Except as otherwise authorized by these guidelines, a request for proposal ("RFP") shall be sought from a minimum of three providers and/or firms (if available) for purchases valued under \$25,000 and a minimum of five providers and/or firms (if available) for purchases valued at \$25,000 and greater commensurate with the magnitude and nature of the goods and/or services, and the schedule for performance. It is preferable that more than five proposals be requested whenever possible and practicable.
- B. Pre-qualification of prospective bidders may be employed for Procurement Contracts to be bid by invitation. In such cases, proposals will be requested only from those providers and/or firms whose pre-qualification submittals show sufficient ability and competence to supply the particular goods and/or perform the particular services required.
- C. The Authority shall, in order to promote the use of minority and women-owned business enterprises, ("M/WBE's") solicit offers from minority and women-owned business enterprises known to have experience in the area of the goods and/or services to be provided, regardless of the type of contract. For the purpose of these Guidelines, a minority or women-owned business enterprise shall be any business enterprise at least 51 percent owned by Blacks, Hispanics, Native Americans ("Indians"), Asians, Pacific Islanders, and Women, and as further described in the Authority's Minority and Women-Owned Business Enterprise Policy and Procedures, and Executive Law Article 15-A.
- D. In order to foster increased utilization of M/WBE's, a single proposal can be sought, negotiated, and accepted for purchases of goods or services not exceeding \$5,000 from an M/WBE certified by New York State offering a reasonable price for such items or services (not exceeding \$5,000).
- E. Pursuant to Public Authorities Law § 2879, it is the policy of New York State to promote the participation of and maximize the opportunities for New York State business enterprises and New York State residents in Procurement Contracts. The Authority shall use its best efforts to promote such participation and shall comply with the applicable provisions of the Act.
1. For the purpose of this section 3, a New York State business enterprise shall mean a business enterprise, including a sole proprietorship, partnership, or corporation which offers for sale or lease or other form of exchange, goods which are sought by the Authority and which are substantially manufactured, produced or assembled in New York State or services which are sought by the Authority and which are substantially performed within New York State and as further described in Public Authorities Law § 2879.
 2. For the purpose of this section 3, a New York State resident means a natural person who maintains a fixed, permanent and principal home located within New York State and to which such person, whenever temporarily located, always intends to return and as further described in Public Authorities Law § 2879.
 3. For the purpose of this section 3, a foreign business enterprise shall mean a business enterprise, including a sole proprietorship, partnership or corporation, which offers for sale, lease or other form of exchange, goods sought by the Authority and which are substantially produced outside New York State, or

services sought by the Authority and which are substantially performed outside New York State, and as further described in Public Authorities Law § 2879.

- F. Pursuant to the Public Authorities Law § 2879, the Authority shall, where feasible, make use of the stock item specification forms of New York State manufacturers, producers and/or assemblers for any Procurement Contract for the purchase of goods when preparing a request for proposals, purchase order, price inquiry, technical specifications and the like. The Headquarters Procurement Group will develop a system for collecting such data and disseminating a listing of such New York State manufacturers for consultation by Authority employees preparing a specification or bill of materials for goods.
- G. Goods may be procured pursuant to Procurement Contracts let by any department, agency, officer, political subdivision or instrumentality of the state or federal government or any city or municipality where the Procurement Division at the Headquarters offices, or the Procurement Departments at the facilities, and the initiating unit determine that a reasonable potential exists for the savings of costs or other benefit to the Authority and have approved the specifications and proposed terms and conditions of such contract.
- H. An RFP will include a scope of work which defines the goods required and/or the services to be performed, the required completion of any "milestone" dates, the Authority's M/WBE Program requirements, if applicable, all other applicable Authority requirements, and any special methods or limitations which the Authority wishes to govern the work. Telephone solicitation, usually for those procurements valued at \$25,000 or less, may be used where time constraints do not permit issuance of an RFP, where issuance of an RFP is otherwise impracticable, or for goods which are catalog items or do not require a detailed bill of materials or specification.
- I. For all Procurement Contracts (except for those contracts noted below) the Authority shall, prior to solicitation of proposals, submit the following information to the Commissioner of Economic Development to be included in a weekly Contract Reporter published by that department (unless such publication would serve no useful purpose): (1) the Authority's name and address; (2) the contract identification number; (3) a brief description of the goods and/or services sought, the location where goods are to be delivered and/or services provided and the contract term; (4) the address where bids or proposals are to be submitted; (5) the date when bids or proposals are due; (6) a description of any eligibility or qualification requirement or preference; (7) a statement as to whether the contract requirements may be fulfilled by a subcontracting, joint venture, or co-production arrangement; (8) any other information deemed useful to potential contractors; (9) the name, address, and telephone number of the person to be contacted for additional information; and (10) a statement as to whether the goods or services sought had, in the immediately preceding three year period, been supplied by a foreign business enterprise. Such information shall be submitted to the Commissioner of Economic Development in accordance with the schedule set forth by the Department of Economic Development, in order that the pertinent information may be published in the Procurement Opportunities Newsletter (also referred to as the "New York State Contract Reporter"). A minimum of fifteen business days shall be allowed between the publication of such notice by the Commissioner of Economic Development and the due date of the bid or proposal.

This provision shall not apply to Procurement Contracts awarded on an emergency basis as described below in section 3. L; Procurement Contracts being re-bid or re-solicited for substantially the same goods or services, within 45 business days after the date bids or proposals were originally due; Procurement Contracts awarded to not-for-profit providers of human services.

- J. Proposals for certain Services Contracts may also be solicited by competitive search, as follows:

For contracts where the scope of work cannot be well defined or quantified, or where selection requires evaluation of factors such as breadth and depth of experience in a unique or highly specialized field and suitability as an Authority representative, a "competitive search" shall be conducted to determine which consultants are most qualified, for reasonable compensation terms, to perform the work. Depending upon market conditions, at least five (5) potential sources should be evaluated. If there are less than five sources, all sources shall be evaluated. The Procurement Division shall interface with the initiating unit to gather information from potential sources, which should include a description of the qualifications of the consultant or firm, resumes of key personnel, past experience and proposed billing rates.

- K. A Procurement Contract may be awarded on a sole source basis where:

1. The compatibility of equipment, accessories, or spare or replacement parts is the paramount consideration.
2. Services are required to extend or complement a prior procurement and it is impracticable or uneconomic to have a source other than the original source continue the work.
3. A sole supplier's item is needed for trial use or testing, or a proprietary item is sought for which there is only one source.
4. Other circumstances or work requirements exist that cause only one source to be available to supply the required goods or services.
5. Award to certified M/WBE firms for purchases not exceeding \$5,000, pursuant to section 3. .D.

- L. A Procurement Contract may be awarded without following the solicitation requirements that would ordinarily apply (but using such competitive selection procedures as are practicable under the circumstances) where emergency conditions exist, such as:

1. A threat to the health or safety of the public or Authority employees or workers.
2. The proper functioning of the Authority's offices or construction or operating projects require adherence to a schedule that does not permit the time for ordinary procurement solicitation.

- M. Whenever an initiating unit determines that a Procurement Contract should be awarded on either a sole source or emergency basis, the head of the unit shall provide to the Procurement Division at Headquarters or Procurement Departments at the Facilities, a written statement explaining the reasons therefor.

4. EVALUATION OF PROPOSALS

A. Evaluation of proposals shall be made by a fair and equitable comparison of all aspects of the proposals against the specifics of the RFP and against each other, including an analytic study of each offer considering: the quality of the goods and/or the competence of the bidder, the technical merit of the proposals, and the price for which the goods and/or services are to be supplied.

B. In the event that the price submitted by the bidder recommended to be awarded a contract exceeds the cost estimated on the contract requisition at the time of bidding, the initiating department shall prepare an explanation of any reasons why the initial cost estimate was incorrect or should be revised.

This will be reviewed by the Procurement Division at Headquarters and/or Procurement staffs at the Facilities and appropriate management levels for approval as stipulated in the Expenditure Authorization Procedures. Consideration will be given at that time for: 1) rejecting bids, re-soliciting proposals, and/or possibly modifying the scope of work; or 2) revising the cost estimate, and proceeding with the award of contract; or 3) negotiating with the low bidder(s), as determined by the Vice President - Procurement and Real Estate, to reduce the price quoted. Factors to be considered in reaching the proper course of action will include, but not be limited to, the effects (both schedule and cost) of a delay to the specific capital construction project or outage at an operating facility, the magnitude of the contract, available bidders, the ability to attract additional competition if proposals are re-solicited, and the accuracy of the original cost estimate. The recommended course of action and the reasons therefor will be fully documented in a memorandum for consideration by the appropriate level of management prior to approval.

C. Important items to be considered in evaluating the goods to be supplied and/or competence of the bidder are: previous experience (including applicable experience within New York State and evaluations from other clients to whom the bidder has provided goods and/or services); the abilities and experience of the personnel to be assigned to the Authority's work; and the ability to provide any needed advanced techniques such as simulation and modeling. The approach proposed in meeting the exact requirements of the scope of work will be given consideration in evaluating the technical merit of proposals, together with a well-organized task structure, the ability to timely supply the goods and/or perform the proposed services, and the ability to meet M/WBE goals, if any. The need to purchase the goods from and the need to subcontract performance of services to others will be evaluated as to effect on cost, as well as quality, schedule, and overall performance.

D. For Services Contracts, the technical merits of the proposals and the experience and capabilities of the bidders will be the primary factors in determining the individual or firm to be awarded the contract, provided that the price for performing such work is reasonable and competitive.

E. For Procurement Contracts other than Personal Services (as defined in section 2. B of these Guidelines), award should usually be made to the bidder which is the lowest priced firm submitting a proposal which meets the commercial and technical requirements of the bid documents.

- F. Award to "other than low bidder" can be made only with the approval of the appropriate management level as stipulated in the Authority's Expenditure Authorization Procedures, and should be based upon such a proposal providing a clear advantage to the Authority over that of the lower-priced proposal. Such factors justifying an "other than low bidder" award may include, but are not necessarily limited to, improved delivery schedules which will reduce outages, longer warranty periods, improved efficiency over life of equipment use, reduced maintenance costs, financial resources of the bidders, or ability to meet or exceed M/WBE goals.

5. **RECOMMENDATION OF AWARD**

- A. A recommendation for approval of a proposed award of a Procurement Contract will usually be prepared by the unit requiring the goods and/or services in the form of a memorandum. The recommendation will include an evaluation of proposals as specified in section 4, above, as well as proposed compensation terms which are specific and provide a clear breakdown of cost factors and methods of calculation including, as applicable:
 - 1. Lump sum and/or unit prices for equipment and construction work.
 - 2. Hourly or daily rates for personnel.
 - 3. Markups for payroll taxes, fringe benefits, overhead and fees if the proposal is based on reimbursement of actual payroll costs.
 - 4. Terms for reimbursement of direct out-of-pocket expenses, such as travel and living costs, telephone charges, services of others and computer services.
 - 5. Provisions, if any, for bonus/penalty arrangements based on target man-hours and/or target schedule.
- B. The recommendation shall also review any substantive exceptions to commercial and technical requirements of a price inquiry, RFP, or bidding documents, including, but not limited to payment terms, warranties, and bonds (if any) requirements.

6. **AWARD OF CONTRACT**

- A. Services Contracts to be performed over a period in excess of 12 months shall be approved and reviewed annually by the Trustees. Services Contracts covering less than a 12-month period shall be approved by authorized designees in accordance with existing Expenditure Authorization Procedures. The extension beyond 12 months of a contract for services with an initial duration of less than 12 months shall be approved by the Trustees at the request of the initiating department and shall be reviewed by the Trustees annually. The extension for a cumulative term exceeding 12 months of a contract for services, which has previously been approved by the Trustees requires further Trustees' approval.
- B. A contract or contract task shall be deemed to be for services in excess of 12 months where it does not specify a definite term and the work will not be completed within 12 months, and any "continuing services" type contract with no fixed term which provides for the periodic assignment of specific tasks or particular requests for services. This would include contracts for architect/ engineering services with the original engineers of operating facilities, as well as the original supplier of Nuclear Steam Supply Systems or Boilers and Turbine Generating equipment, which have been approved by the Trustees. Each task

authorized under such contracts (which may be referred to as a "Change Order", "Purchase Order" or Task Number) will be considered a separate commitment and will be separately approved in accordance with the Expenditure Authorization Procedures.

- C. Where time constraints or emergency conditions require immediate commencement of services to be performed over a period in excess of one year, and if the total estimated contract value does not exceed \$250,000, the Business unit Head, with the prior concurrence of the Vice President - Procurement and Real Estate, may authorize the commencement/performance of such services, subject to Trustees' ratification of such as soon as practicable.
- D. Where time constraints or emergency conditions require the extension beyond a year of an existing contract with an initial duration of less than a year, and if the incremental value of the short-term extension does not exceed \$100,000, the Business Unit Head, with the prior concurrence of the Vice President - Procurement and Real Estate, may authorize the extension of such contracts, subject to Trustees' ratification of such action as soon as practicable.
- E. In cases where the total estimated contract value or the value of the extension exceeds the aforementioned amounts, the President's interim approval will be required subject to Trustees' ratification of such as soon as practicable.
- F. The Procurement Division at the Headquarters offices, or the Procurement Departments at the project sites, will prepare the contract for execution by the Authority and the successful bidder to be awarded the purchase order/contract. No work shall commence by the selected contractor until the contract is executed by both parties, except that mutually signed letters of award or intent may initiate work prior to formal execution. The Authority signatories of such letters must be authorized to approve contract awards pursuant to existing Expenditure Authorization Procedures.
- G. Pursuant to Public Authorities Law § 2879, the Authority shall notify the Commissioner of Economic Development of the award of any Procurement Contract for the purchase of goods or services from a foreign business enterprise (as defined in section 3 .E. 3 of these Guidelines) in an amount equal to or greater than one million dollars (\$1,000,000) simultaneously with notifying the successful bidder therefor. The Authority shall not enter into the Procurement Contract for said goods until at least fifteen (15) days have elapsed, except for a Procurement Contract awarded on an emergency or critical basis. The notification to the Commissioner shall include the name, address, telephone and facsimile number of the foreign business enterprise, the amount of the proposed Procurement Contract, and the name of the individual at the foreign business enterprise or acting on behalf of the same who is principally responsible for the proposed Procurement Contract.

7. CONTRACT PROVISIONS

- A. Standard forms of contracts currently in use are available from the Procurement Division. They generally include: purchase order format for standard procurements of goods or services; furnish and deliver format for major equipment purchases; Letter Agreements and Agreement formats for consulting work; and contract work orders (for construction work of small magnitude), construction contracts (for major construction work), and furnish, deliver, and install contracts (for specialized major procurements where single responsibility is required for procurement and installation). These contract forms are intended to govern the purchase of goods and/or performance of the services. Authority units proposing to initiate a Procurement Contract should review these forms to suggest any modifications and additions, which may be required for the particular goods and/or services. Under no circumstances should contract forms be shown to proposed bidders without prior approval of the Procurement Division, which, along with Procurement Departments at operating facilities, is solely responsible for requesting proposals.
- B. The following types of provisions setting forth the responsibilities of contractors are to be contained in the standard forms of Procurement Contracts except that any of the provisions listed below which are inapplicable or unnecessary because of the nature or duration of the work to be performed, the location or locations where they are to be performed or the type of compensation being paid therefore need not be included. Other provisions may be added as the particular needs of the Authority may require.
1. Schedule of Services or Specifications
 2. Time of Completion
 3. Compensation or Itemized Proposals
 4. Relationship of Parties
 5. Delays
 6. Termination
 7. Changes in the Work
 8. Claims and Disputes
 9. Warranty
 10. Insurance
 11. Records, Accounts, Inspection and Audit
 12. Assignment
 13. Notices
 14. Indemnification
 15. Governing Law
 16. Proprietary Nature of Work
 17. Testimony
 18. Entire Agreement
 19. Minority and Women-Owned Business Enterprise Program Requirements
 20. Omnibus Procurement Act of 1992 Requirements

Contract Attachments

1. Compensation Schedule
2. Schedule of Services or Specifications
3. Appendix "A" (miscellaneous statutory provisions)
4. Appendix "B" (Prompt Payment Provisions)
5. Appendix "C" (Minority and Women-Owned Business Enterprises provisions)
6. Appendix "D" (Personnel Requirements for New York Power Authority Indian Point 3 (IP-3) and James A. Fitzpatrick (JAF) Nuclear Power Plants)
7. Appendix "E" (Omnibus Procurement Act of 1992 Requirements)

8. Appendix "F" (CADD Design Drawing Requirements for New York Power Authority Indian Point 3 (IP3) and James A. Fitzpatrick (JAF) Nuclear Power Plants.
9. Appendix "G" (EEO Requirements)
10. Appendix "P" (New York State Year 2000 Warranty Standard)

8. CHANGE ORDERS

- A. Change Orders to existing contracts are justified in the following cases:
 1. To incorporate additional work related to the original scope, to delete work or otherwise modify original work scope
 2. To exercise options previously included in the original contract to perform additional work or to extend the contract term
 3. Emergency conditions, defined in section 3. L which requires the immediate performance of work by a firm already under contract;
 4. Re-bidding would not be practical or in the best interests of the Authority's customers; and
 5. Meet the Authority's M/WBE goals in accordance with Executive Law Article 15-A.
- B. All Change Orders must be approved in accordance with the Authority's Expenditure Authorization Procedures, and should include specific schedules for completion of work at the earliest possible time.

9. EMPLOYMENT OF FORMER OFFICERS AND EMPLOYEES

- A. Former Authority officers and employees are eligible to be considered for employment as contractors and/or consultants, provided that: they meet all criteria for contractors and/or consultants generally as specified in these Guidelines; their employment is not barred by N.Y. Public Officers Law § 73 (8); if requested, they obtain an opinion by the state Ethics Commission that such employment is permissible; and upon the approval of the President.
- B. Pursuant to the provisions of N.Y. Public Officers Law § 73 (8):
 1. No Authority officer or employee is eligible, within a period of two years after the termination of Authority service, to appear or practice before the Authority or receive compensation for any services rendered on behalf of any person, firm, corporation or association, in relation to any case, proceeding or application or other matter before the Authority.
 2. No Authority officer or employee is eligible, at any time after the termination of Authority service to appear, practice, communicate or otherwise render services before the Authority or any other state agency or receive compensation for any such services rendered on behalf of any person, firm, corporation or other entity in relation to any case, proceeding, application or transaction with respect to which such person was directly concerned and personally participated in during the period of service, or which was under his or her active consideration.

10. MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE (M/WBE) REQUIREMENTS

It is the objective of the Authority to continue to foster the development of business opportunities on Authority contracts for M/WBE firms. Article 15-A of the Executive Law established a state-wide office of M/WBE development which is responsible for developing rules and regulations for implementation of this new statute, certification of M/WBE firms, reviewing and monitoring goal plans, compliance reports, as well as contract provisions to be included in all non-construction contracts over \$25,000 and construction contracts over \$100,000. The definition of an M/WBE firm is included in section 3. C of these Guidelines. It is the Authority's objective to solicit proposals from certified M/WBE firms, which are qualified to perform the required work. In addition, specific goals may be included in certain contracts for consulting work, construction and procurement of goods and other services requiring the contractor/vendor to sub-contract a portion of the work to certified M/WBE firms, as required by law. Bidders' proposals shall include Preliminary Subcontracting Plans as part of their proposal, where required, for M/WBE firms and failure of such bidders to meet these requirements may be grounds for rejection of the proposal, or cancellation of the contract if a contractor did not make a good faith effort to meet its goals after contract award.

11. REPORTING REQUIREMENTS

- A. At the Headquarters offices, the Procurement Division shall maintain records of such Procurement Contracts including bidder's names, the selection processes used, and the status of existing contracts including goods provided and/or services performed and fees earned, billed and paid. At the project sites, such records shall be kept by the Procurement Departments. After the end of each calendar year, the Vice President - Procurement and Real Estate shall prepare and submit to the Trustees for their approval an annual report which shall include: 1. a copy of the Guidelines, 2. an explanation of the Guidelines and any amendments thereto since the last annual report, 3. a list of all Procurement Contracts entered into since the last annual report, including all contracts entered into with New York State business enterprises and the subject matter and value thereof and all contracts entered into with foreign business enterprises, and the subject matter and value thereof, 4. a list of fees, commissions or other charges paid and 5. a description of work performed, the date of the contract and its duration, the total amount of the contract, the amount spent on the contract during the reporting period and for the term of the contract to date and the status of the existing Procurement Contracts, 6. method of awarding the contract (e.g., competitive bidding, sole source or competitive search), and 7. reasons why any procurements over \$5,000 were not noticed in the Contract Reporter.
- B. Such annual report, as approved by the Trustees, shall be submitted to the Division of Budget within one hundred twenty (120) days after the end of such calendar year and copies shall be distributed to the Department of Audit and Control, the Department of Economic Development, the Senate Finance Committee, and the Assembly Ways and Means Committee. Copies shall be made available to the public upon reasonable written request therefor.

12 . THIRD PARTY RIGHTS: VALIDITY OF CONTRACTS

- A. These Guidelines are intended for the guidance of officers and employees of the Authority only, and nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason, of any requirement or provision hereof.
- B. Nothing contained in these Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, the provisions of these Guidelines.

7. Transportation Coordination Study - Headquarters Office

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the President to study the need for, and possibly acquire, an additional aircraft to replace and or supplement the Authority's current aircraft, a 1988 Beechcraft King Air B-200. If the study concludes that a new aircraft would be an efficient and prudent decision, such purchase is authorized on a not to exceed \$10 million basis.

BACKGROUND

"In January 1989, the Authority purchased a Beechcraft King Air B-200. Since that time, almost eleven years ago, the aircraft has accumulated approximately 5,600 hours of operation in completing substantial travel assignments to the operating sites, construction projects, public hearings, trustee's meetings, regulatory and relicensing meetings, as well as various litigation locations, etc. It is in need of a significant upgrade.

"Most Authority flights are composed of one-day, round-trip visits, basically between the headquarters offices and the operating projects or other New York State locations, and have also included Authority business trips to among other places, Washington, D.C., Vermont, Pennsylvania, Kentucky, Tennessee, Illinois, Georgia, South Carolina, and Canadian locations such as Toronto, Montreal, and New Brunswick, Nova Scotia. Many of these flights would normally have been commercial flights taking a minimum of two days; however, as a result of using the Authority plane, they are accomplished as one-day trips, with significant ancillary cost savings.

DISCUSSION

"With the expanded relicensing efforts as well as the replacement and upgrading of projects at several operating sites, Congressional activities targeted at creating competition in electric markets, and the recent addition of new space and requirements in Albany, the Authority's aircraft usage is increasing. The aircraft is a significant business and management tool, providing greater flexibility and productivity, and permitting senior management to attend meetings at the Authority's operating sites and elsewhere without being away from the office for more than one day and without having to curtail meetings in order to meet commercial or charter airplane schedules. This allows senior management personnel to maximize the use of their time away from the headquarters offices, eliminates many overnight hotels stays with a direct savings in travel costs that would otherwise be spent on lodging and meals, and minimizes nonproductive time spent traveling over indirect routes and wasted time meeting travel connections at commercial terminals.

"It should be noted that commercial airline deregulation over the last decade has had the effect of reducing both the number and frequency of available flights to many upstate destinations (such as Niagara Falls, Massena and Oswego) frequented by Authority executive staff. Additionally, the Authority must be in a position to immediately respond to a potential emergency at an operating facility and it would be imprudent and potentially dangerous to depend upon commercial, charter or other makeshift travel arrangements in such an event. The use of the Authority aircraft also allows work to be done, conferences to be held, and decisions to be made while traveling, which is not possible on commercial transportation.

"Even with the continued high use of our corporate aircraft, the Authority spent \$1.8M on commercial airfares last year. In addition, charter flights necessary to supplement our aircraft operations amounted to almost \$90,000 in the same period.

"Due to the age of the Authority's current aircraft and the complex travel patterns and demands by the Authority's staff in general, it is timely to replace and or supplement the Authority's 1988 Beechcraft with a more

modern aircraft having a longer range, a higher ceiling, and the capability to quickly skirt turbulent weather and storms, thereby increasing passenger productivity.

“Staff has reviewed statistics on the use of our current aircraft through September, 1999. The result of this review indicates that the aircraft was utilized (on the average) more than one-half of the days in each month. Usage on an annual basis amounts to approximately 750 flight hours, more than twice the average use of similar corporate aircraft. The average number of passengers per month was 214, and the number of passengers per active leg was 4.4. In addition, these statistics also reflect a high level of use that may still not serve business needs, particularly when groups are leaving/returning to separate locations at similar times.

“Based upon the foregoing, the staff recommends that the Authority undertake a study to consider replacing and or supplementing the current Beechcraft King Air B-200. The Authority’s B-200 is still considered a superior aircraft, and has undergone constant improvements in engine, airframe and avionics to enhance its capabilities. However, its continued high level of usage, its age and high usage history, combined with expanded operational requirements and the inherent limitations and scheduling difficulties of single plane operations, and the loss of availability of an aircraft during extended maintenance, argue for a new aircraft to provide the continuity and flexibility needed in our current environment.

FISCAL INFORMATION

“Payment will be made from the Operating Fund for the study of acquiring an additional aircraft. If the study concludes that a new aircraft is an efficient and prudent decision, payment will be made from the Capital Fund.

RECOMMENDATION

“The Director – Corporate Support Services, the Executive Vice President – Human Resources and Corporate Services, and I recommend that the Trustees Authorize the study, and possible acquisition of an additional aircraft.

“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 this recommendation.”

In response to questions from Trustee Ciminelli, Mr. Vesce explained that assuming the sale of the nuclear assets, there would be no need for Authority staff to travel to destinations such as Oswego. However, he noted that relicensing activities were increasing travel to other destinations in upstate New York. Thus, deletions, as well as additions, would be factored into the transportation study process and would figure in the ultimate recommendations to management .

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

RESOLVED, That the expenditure hereby is approved, if study so warrants, to acquire an additional aircraft at a cost not to exceed \$10,000,000, pursuant to the Authority’s expenditure Authorization Procedures, and as directed and recommended in the foregoing report of the President; and be it further

April 18, 2000

RESOLVED, That the President be, and hereby is, authorized to make and modify such agreements, subject to approval as to the form thereof by the Executive Vice President, Secretary and General Counsel, as necessary or desirable to cover the operation and maintenance of any new aircraft.

8. **St. Lawrence/FDR Power Project -
Barnhart-Plattsburgh Transmission Line -
Acquisition of Real Property -
Map No. CL-1500, Parcel No. 1500**

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the acquisition in fee of approximately .4 of an acre of property as shown and described as parcel no.1500 on Barnhart-Plattsburgh Transmission Line Map No. CL-1500 (and shown on the attached map). This parcel is located at the foot of Lake Champlain, in the town of Plattsburgh, Clinton County. It will be used to support the operation and maintenance of the Plattsburgh-Vermont ('PV') 20 Transmission Line, as well as to support any future upgrades.

BACKGROUND

"Several years ago, as part of an expansion of the Authority's Plattsburgh Substation to accommodate reinforcement of the 115kV system from the Plattsburgh Substation to and across Lake Champlain, design planning was completed for eventually developing a 230kV substation and a new 230kV interconnection to Vermont. Acquisition of the subject real property will facilitate any maintenance, repair, and reinforcement work that will be required for the existing submarine cable and the existing transition station equipment. It will further facilitate the upgrade, if and when performed, of the submarine cable portion of the PV-20 interconnection to a 230 kV transmission facility. In addition to supporting the reinforcement of the 115 kV system, the Vermont Electric Company ('VELCO') has proposed a major interconnection project from Plattsburgh, New York to West Rutland, Vermont which includes replacing the existing PV-20 115 kV interconnection with a new 230 kV interconnection. This project, if realized, would include constructing a new 230 kV substation at Plattsburgh adjacent to the existing 115 kV substation, constructing 8.2 miles of overhead 230 kV circuit from the Plattsburgh substation to Cumberland Head along the existing right-of-way, and installing a system of self-contained, liquid filled 230 kV submarine cables in Lake Champlain from Cumberland Head to Grand Island, adjacent to the existing 115 kV oil-filled cables. Velco has not yet determined if it will proceed with this project and there is presently no agreement between VELCO and the Authority to do so.

DISCUSSION

"Charles A. and Jane Barber are the owners of a parcel approximately .4 of an acre, located southerly of and adjacent to the Authority's existing PV 115 kV interconnection in the Town of Plattsburgh. This property, which is immediately adjacent to Lake Champlain, has been actively marketed. The lot has limited value for residential development because it is undersized under current zoning rules (although the lot has been grandfathered), and it is encumbered by the Authority underground 115 kV transmission easement. In order to protect our existing facilities as well as to prepare for future expansion, the Authority entered into an option agreement with the Barbers giving the Authority the right to purchase this .4 acre parcel at a price of \$53,000, which price is consistent with land values in the area. That option expires on May 1, 2000. To date, the Authority has compensated the Barbers \$10,300 for the option, which amount will be credited against the purchase. By acquiring the Barber property, the Authority will protect its facility from encroachments, avoid complaints that the existence of the Authority's easement has diminished the market value of this property, give the Authority additional work and laydown area for upgrade of the PV-20 line and give the Authority an entry point for a new 230 kV transmission line should the agreement with VELCO be completed.

FISCAL INFORMATION

"Payment will be made from the Capital Fund.

RECOMMENDATION

April 18, 2000

"The Director of Real Estate, the Regional Manager - Northern New York, the Vice President - Procurement and Real Estate, recommend that the Trustees approve the acquisition of this real property in fee.

"The Vice President and Chief Engineer - Power Generation, the Executive 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."

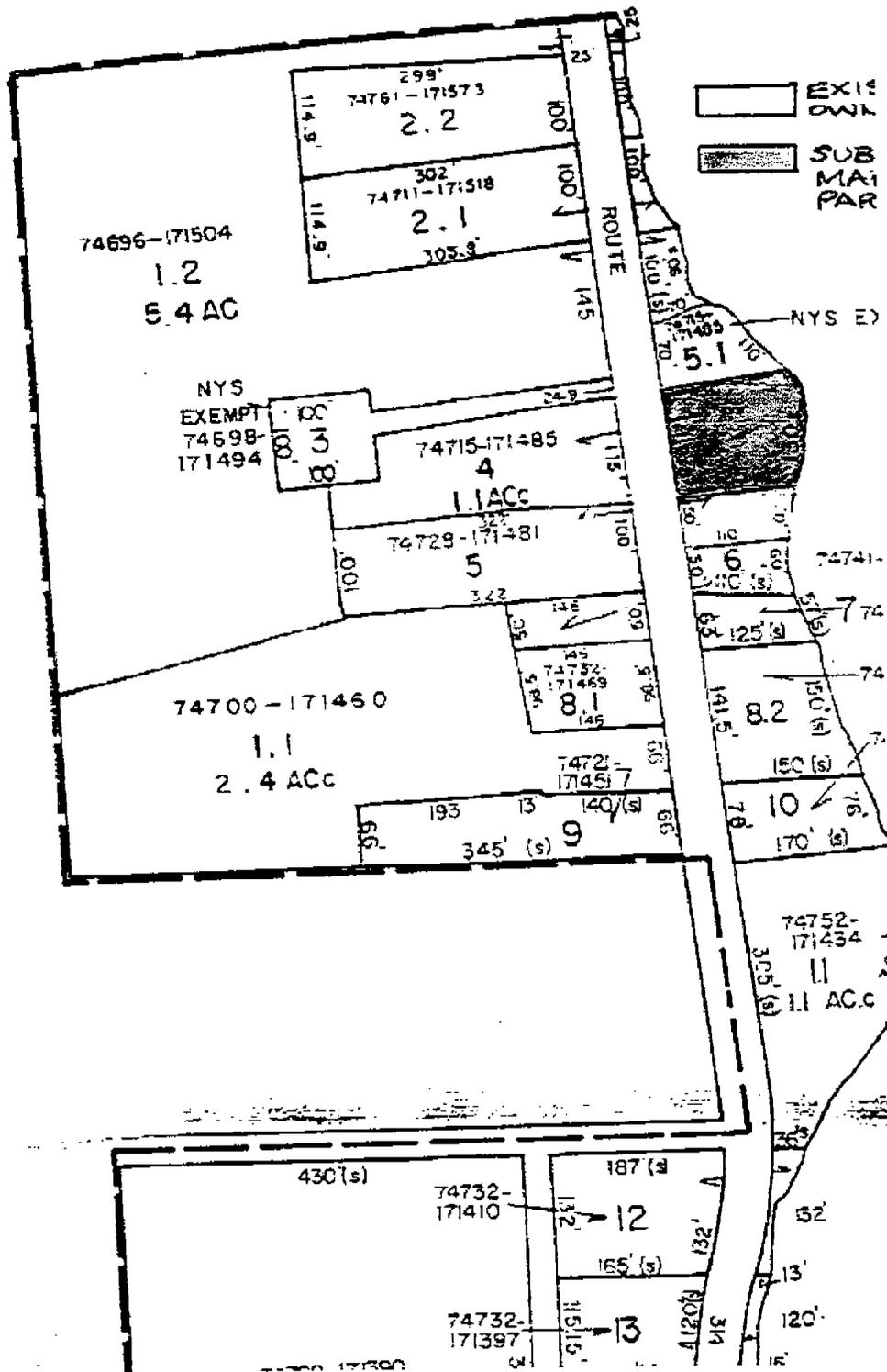
The attached resolution, as recommended by the President, was unanimously adopted.

RESOLVED, That pursuant to the provisions of Article 5, Title 1 of the Public Authorities Law, the Authority hereby finds it necessary to acquire the real property shown and described as parcel no. 1500 on Barnhart-Plattsburgh Transmission Line Map No. CL-1500 from Charles and Jane Barber, and determines that the acquisition of such property is reasonably necessary and desirable for the operation and maintenance of the St. Lawrence/FDR Power Project and its appurtenant facilities; and be it further

RESOLVED, That the President and Chief Operating Officer, the Executive Vice President and Chief Financial Officer, or the Director of Real Estate be, and is hereby authorized to execute on behalf of the Authority such agreements, certificates, requests, and directions on terms and conditions substantially in accord with the foregoing report, as are necessary or desirable for the acquisition of such real property; and be it further

RESOLVED, That the Director of Real Estate of the Authority 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 the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

BARBER EXHIBIT



9. **James A. FitzPatrick Nuclear Power Plant -
Spent Fuel Facilities - Expenditure Authorization**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve a capital expenditure of \$8.2 million out of an estimated project cost of \$29.2 million for the engineering, design, procurement and installation of Spent Fuel Handling Upgrades at the James A. FitzPatrick Nuclear Power Plant ('JAF'). This expenditure request represents the balance of the funding identified in the Resolution approved April 28, 1998 for Spent Fuel Facilities. These funds will be used to build the on-site infrastructure consisting of roadways, storage and assembly pads, Reactor Building modifications and security accoutrements to support the movement and storage of spent fuel multipurpose casks.

"The project is scheduled for completion in September 2001, at which time the system will accommodate future refueling requirements and maintain full core offload capability. This upgrade will ready JAF spent nuclear fuel for eventual storage at a government or other repository.

BACKGROUND

"The spent fuel pool at JAF was designed to store only a fraction of the spent fuel that would be generated over its 40 years of licensed operation. At the time of plant construction, the spent fuel pool could accommodate 760 bundles. The expectation was to contract with a private firm to reprocess spent fuel into usable fuel for the next refueling. In the mid-1970's the federal government banned reprocessing of spent fuel and required commercial nuclear facilities to store spent fuel on site. The Nuclear Waste Policy Act of 1982 was enacted and directed the U.S. Department of Energy ('DOE') to begin accepting spent fuel for permanent storage by January 31, 1998. The DOE has defaulted on its obligation to begin moving used fuel and at this time DOE's schedule is to begin accepting fuel sometime in the year 2010. These delays by DOE have required the Authority to retrofit the JAF spent fuel pool with additional racks that increase its fuel storage capacity to 3,061 bundles.

"It is the opinion of the senior management of Nuclear Generation Department that maintaining the plant's full core offload capability is the most prudent course for continued operation. If secondary spent fuel storage capacity is not developed the JAF plant will now lose full core offload capability following the refueling outage planned for 2002. At this time, dry storage of spent fuel is the most cost effective and, feasible option available to address spent fuel management and allow continued operation of the facility.

DISCUSSION

"Upgrades for the spent fuel handling include a designated area with security, radiological monitoring, road access and storage casks. The cask system includes the dry storage multipurpose canister ('MPC'), a concrete overpack for storage, transfer cask, upgrading the reactor building crane, handling and rigging equipment and portable lifting equipment.

"The project is being actively worked with a scheduled completion date of September, 2001. The upgrade of the reactor building crane to 125-ton single failure proof capacity was completed in January, 2000. A contract has been awarded to Holtec International to design, fabricate and deliver three spent fuel multipurpose casks with their concrete overpack.

"This request will fund the construction phase of the project scheduled for the summer of 2000. The funds will be used to construct the concrete storage pad and assembly pad, the interconnecting roadway from the reactor building to the storage pad, plus the security and surveillance systems. Also included is the relocation of underground utilities and increasing the height of the track bay door to accommodate the concrete overpack.

"The President and Chief Operating Officer approved preliminary funding in two stages; \$196,000 in 1992, and an additional \$800,000 in 1997, to begin the development of the design criteria, procurement specifications and staff support for the project. Subsequently, the Trustees approved the funding of an additional \$20,000,000 at their meeting of April 28, 1998 for engineering, procurement of multipurpose storage casks, and upgrading the reactor building crane to meet single failure proof criteria.

FISCAL INFORMATION

"Payments for expenses associated with this project will be made from the Authority's Capital Fund.

RECOMMENDATION

"The Site Executive Officer - James A. FitzPatrick Nuclear Power Plant, and the Vice President - Nuclear Engineering and Project Controls recommend that the Trustees approve capital expenditures in the amount of \$8.2 million for the Spent Fuel Handling Upgrades Project.

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

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

RESOLVED, That expenditures are hereby approved in accordance with the Authority's Expenditure Authorization Procedures, as recommended in the foregoing report of the President, in the amount and for the purposes listed below:

<u>Capital</u>	<u>Expenditure Authorization</u>
James A. FitzPatrick Nuclear Power Plant	
Previous Authorizations	\$20,996,000
Spent Fuel Handling Upgrades	<u>\$8,200,000</u>
	<u>\$29,196,000</u>

April 18, 2000

Next Meeting

The regular meeting of the Trustees will be held on **Tuesday, May 23, 2000, at the Albany Office at 11:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

April 18, 2000

Closing

Upon motion made and seconded, the meeting closed at 12:30 pm.

David E. Blabey
Executive Vice President
Secretary and General Counsel

APRMINS.00