

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

**November 29, 2005
Video Conference – 11:00 a.m.**

New York Power Authority Offices:

*Charles Poletti Power Project, 31-03 20th Avenue, Astoria, NY
123 Main Street, 16th Floor, White Plains, NY*

*Niagara Power Project, 5777 Lewiston Road, Administration Building, Lewiston, NY
Harris Beach, PLLC, 99 Garnsey Road, Pittsford, NY*

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Minutes of the Regular Meeting of the Power Authority of the State of New York held via video conference at the following participating locations at 11:00 a.m.:

- 1) New York Power Authority, Charles Poletti Power Project, 31-03 20th Avenue, Astoria, NY
- 2) New York Power Authority, 123 Main Street, White Plains, NY
- 3) New York Power Authority, Niagara Power Project, 5777 Lewiston Road, Lewiston, NY
- 4) Harris Beach, PLLC, 99 Garnsey Road, Pittsford, NY

The following Members of the Board were present at the following locations:

Present: Joseph J. Seymour, Chairman (Astoria, NY)
Frank S. McCullough, Jr., Vice Chairman (White Plains, NY)
Elise M. Cusack, Trustee (Lewiston, NY)
Michael J. Townsend, Trustee (Pittsford, NY)

Eugene W. Zeltmann	President and Chief Executive Officer, NYPA
David E. Blabey	Executive Vice President, Secretary and General Counsel, NYPA
Robert A. Hiney	Executive Vice President – Power Generation, NYPA
Steven DeCarlo	Senior Vice President – Transmission, NYPA
Joseph Del Sindaco	Senior Vice President and Chief Financial Officer, NYPA
Angelo S. Esposito	Senior Vice President – Energy Services and Technology, NYPA
Louise M. Morman	Senior Vice President – Marketing, Economic Development and Supply Planning, NYPA
Brian Vattimo	Senior Vice President – Public and Governmental Affairs, NYPA
Carmine J. Clemente	Deputy Secretary and Deputy General Counsel, NYPA
Joseph J. Carline	Assistant General Counsel – Power and Transmission, NYPA
Thomas P. Antenucci	Vice President – Project Management, NYPA
Arnold M. Bellis	Vice President – Controller, NYPA
Robert J. Deasy	Vice President – Energy Resource Management, NYPA
Charles I. Lipsky	Vice President and Chief Engineer, NYPA
Donald A. Russak	Vice President – Finance, NYPA
Thomas A. Warmath	Vice President and Chief Risk Officer, NYPA
James H. Yates	Vice President – Major Accounts Marketing and Economic Development, NYPA
Michael E. Brady	Treasurer, NYPA
Dennis T. Eccleston	Chief Information Officer, NYPA
Angela D. Graves	Deputy Secretary, NYPA
John J. Suloway	Executive Director – Licensing, Implementation and Compliance, NYPA
Paul W. Belnick	Director – Energy Services, NYPA
Jordan Brandeis	Director – Supply Planning, Pricing and Power Contracts, NYPA
Paul F. Finnegan	Director – Upstate Public and Governmental Affairs, NYPA
Joseph Leary	Director – SENY Public and Governmental Affairs
Gerard R. Mullin	Director – Fuel Planning and Operations, NYPA
James F. Pasquale	Director – Business Power Allocation, Regulation and Billing, NYPA
Michael A. Saltzman	Director – Public Relations, NYPA
Joan Tursi	Director – Budgets, NYPA
Daniel Wiese	Director – Corporate Security and Inspector General, NYPA

Albert Swansen	Deputy Inspector General – Security, NYPA
Shalom Zelingher	Director – Research and Technology Development, NYPA
Randy D. Crissman	Regional Manager Western New York, NYPA
Paul Tartaglia	Regional Manager Southeastern New York, NYPA
Anthony C. Savino	Manager – Business Power Allocations & Compliance
Mary Jean Frank	Associate Secretary, NYPA
Lorna M. Johnson	Assistant Secretary, NYPA
Bonnie Fahey	Executive Administrative Assistant, NYPA
Lynnette J. Taylor	Senior Legal Secretary, NYPA
Joann M. Duffy	Strategic Change Consultant, NYPA
Niko P. Ladopoulos	Legislative Liaison, NYPA
Marsha Barker	Brooklyn News Service

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

1. **Approval of the Minutes**

The minutes of the Regular Meeting of October 19, 2005 were unanimously adopted, as amended.

2. **Financial Reports for the Ten Months Ended October 31, 2005**

Mr. Bellis presented an overview of the Financial Reports for the ten months ended October 31, 2005.

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

President Zeltmann said that following the Trustees' meeting anyone who was interested would be able to tour the 500 MW Plant, which is 99.5% complete and in the commissioning stage. He said that staff is in the process of certifying that less than two parts per million NOx are produced at the 100 MW level, but that there have been problems with the steam turbine chemistry, which is not unusual at this point in the commissioning. He singled out Mr. Hiney, Mr. Antenucci, and Mr. Grzan for the tremendous amount of work they had put into making the plant a reality.

President Zeltmann then called upon Mr. Vattimo, who said that the Authority's contract with the St. Lawrence Aquarium and Ecology Center ("SLAEC") group had ended, but that SLAEC still owed the Authority at least \$140,000 plus some equipment. On the advice of Senator Wright, the Authority is going to use these funds, after they have been returned, for a comprehensive study of tourism in St. Lawrence County to be conducted by the Industrial Development Agency. In response to a question from Chairman Seymour, Vice Chairman McCullough said that he was supportive of this plan.

4. Allocation of 3,300 kW of Hydro Power

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve two allocations of available Replacement Power (‘RP’) or Expansion Power (‘EP’), totaling 3,300 kW to two industrial companies.

BACKGROUND

“Under the RP Settlement Agreement, National Grid (‘Grid’), with the approval of the Authority, identifies and selects certain qualified industrial companies to receive delivery of RP. Qualified companies are current or future industrial customers of Grid that have or propose to have manufacturing facilities for the receipt of RP within 30 miles of the Authority’s Niagara Switchyard. RP is up to 445,000 kW of firm hydro power generated by the Authority at its Niagara Power Project that has been made available to Grid, pursuant to the Niagara Redevelopment Act (through December 2005) and Chapter 313 of the 2005 Laws of New York.

“Under Section 1005 (13) of the Power Authority Act, as amended by Chapter 313, the Authority may contract to allocate or reallocate directly, or by sale for resale, 250 MW of firm hydroelectric power as EP and up to 445 MW of RP to businesses in the State located within 30 miles of the Niagara Power Project, provided that the amount of power allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

DISCUSSION

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

“Based on the Advisory Group’s discussions, staff recommends that the available power be allocated among two companies, as set forth in Exhibits ‘4-A’ and ‘4-B.’ The Exhibits show, among other things, the amount of power requested by each company, the recommended allocation and additional employment and capital investment information. These projects will help maintain and diversify the industrial base of Western New York and provide new employment opportunities. They are projected to result in the creation of 85 jobs.

RECOMMENDATION

“The Director – Business Power Allocations, Regulation and Billing recommends that the Trustees approve the allocation of 3,300 kW of hydro power to the companies listed in Exhibits ‘4-A’ and ‘4-B.’

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

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

RESOLVED, That the allocation of 300 kW of Replacement Power and 3,000 kW of Expansion Power, as detailed in Exhibits “4-A” and “4-B,” be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

November 29, 2005

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

New York Power Authority
 Replacement Power
 Recommendation for Allocation

Exhibit "4-A"
 November 29, 2005

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage Benefits	Power Recommended (kW)	Contract Term (1)
A-1	Niagara Ceramic Corporation	Buffalo	Erie	700	10	\$100,000	\$25,000	300	Until 8/31/07
	Total RP Recommended				10			300	

(1) If the Niagara Project license is extended and delivery agreement finalized, the full term of this contract will be for five years.

APPLICATION SUMMARY

Replacement Power

Company: Niagara Ceramics Corporation

Location: Buffalo, New York

County: Erie

IOU: National Grid

Business Activity: Manufacturer of decorative dinnerware

Project Description: Proposed project is the purchase and installation of two Drayton-Beaumont electric kilns for firing decorated dinnerware products and other ceramic shapes.

Prior Application: Yes

Existing Allocation: 850 kW of RP and 250 kW of EP

Power Request: 700 kW

Power Recommended: 300 kW

Job Commitment:

Existing: 190 jobs

New: 10 jobs

New Jobs/Power Ratio: 33 jobs/MW

New Jobs - Avg. Wage and Benefits: \$25,000

Capital Investment: \$100,000

Capital Investment Per MW: \$333,333/MW

Summary: Located in Buffalo, Niagara Ceramics Corporation has been in business producing and decorating dinnerware since March 2004, after purchasing the manufacturing assets of Buffalo China, Inc. The company is attempting to enter certain other ceramic part markets to fully use other available technologies.

New York Power Authority
Expansion Power
Recommendation for Allocation

Exhibit "4-B"
November 29, 2005

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage Benefits	Power Recommended (kW)	Contract Term (1)
B-1	Steuben Foods Incorporated	Elma	Erie	3,000	75	\$50,000,000	\$40,000	3,000	8/31/2007
	Total EP Recommended				75	50,000,000		3,000	

(1) Expansion Power resale agreements with NYSEG and National Grid have automatic extension provisions until 2013 if the Niagara Project license is extended. Should the license be extended, the full term of these contracts will be for five years.

APPLICATION SUMMARY

Expansion Power

Company: Steuben Foods Incorporated

Location: Elma, New York

County: Erie

IOU: New York State Electric and Gas Corporation

Business Activity: Manufacturer of aseptic food products for major companies

Project Description: Project includes new building construction, including a 10,000-sq.- ft. raw milk processing facility and a 30,000-sq.-ft. expansion of present office and locker room space. In addition, 15,000 sq. ft. of warehouse space will be upgraded to manufacturing space. The building will be remodeled to house a raw soybean processing facility.

Prior Application: Yes

Existing Allocation: 5,000 kW EP and 750 kW EP allocations

Power Request: 3,000 kW

Power Recommended: 3,000 kW

Job Commitment:

Existing:	339 jobs
New:	75 jobs

New Jobs/Power Ratio: 25 jobs/MW

New Jobs - Avg. Wage and Benefits: \$40,000

Capital Investment: \$50,000,000

Capital Investment Per MW: \$16,666,666/MW

Summary: Steuben produces branded and private-label low-acid aseptic desserts, beverages and nutraceuticals. Some product examples include Kraft Jello Pudding, Nestlé Quik, private-label soups and refrigerated puddings. This project will keep Steuben on the leading edge of the aseptic processing/packaging industry, enabling Steuben to stay competitive. In addition, the Empire State Development Corporation is working on an incentive package for Steuben.

5. Power for Jobs Program – Extended Benefits

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve extended benefits for 60 Power for Jobs (‘PFJ’) customers as listed in Exhibits ‘5-A’ and ‘5-B.’ These customers have been recommended to receive such extended benefits by the Economic Development Power Allocation Board (‘EDPAB’).

BACKGROUND

“In July 1997, the New York State Legislature and Governor George E. Pataki approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants receive three-year contracts for PFJ electricity.

“The PFJ program originally made 400 megawatts (‘MW’) of power available. The program was to be phased in over three years, with approximately 133 MW made available each year. In July 1998, as a result of the initial success of the program, the Legislature and Governor Pataki amended the PFJ statute to accelerate the distribution of the power, making a total of 267 MW available in Year One. The 1998 amendments also increased the size of the program to 450 MW, with 50 MW to become available in Year Three.

“In May 2000, legislation was enacted that authorized another 300 MW of power to be allocated under the PFJ program. The additional MW were described in the statute as ‘phase four’ of the program. Customers that received allocations in Year One were authorized to apply for reallocations; more than 95% reapplied. The balance of the power was awarded to new applicants.

“In July 2002, legislation was signed into law by Governor Pataki that authorized another 183 MW of power to be allocated under the program. The additional MW were described in the statute as ‘phase five’ of the program. Customers that received allocations in Year Two or Year Three were given priority to reapply for the program. Any remaining power was made available to new applicants.

“In 2004, provisions of the approved State budget extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an ‘electricity savings reimbursement’ rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

“PFJ customers whose contracts expired on or prior to November 30, 2004 were eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005. As an alternative, such customers could choose to receive a rebate to the extent funded by the Authority from the date their contract expired as a bridge to a new contract extension, with the contract extension commencing December 1, 2004. The new contract would be in effect from a period no earlier than December 1, 2004 through the end of the PFJ program on December 31, 2005.

“PFJ customers whose contracts expired after November 30, 2004 were eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expired through December 31, 2005.

“Approved contract extensions entitled customers to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer’s local utility. Separate allocation contracts between customers and the Authority contained job commitments enforceable by the Authority.

“In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006, the program’s new sunset date.

DISCUSSION

“At its meeting on November 21, 2005, EDPAB recommended that the Authority’s Trustees approve the allocations and/or electricity savings reimbursement rebates to the 60 businesses listed in Exhibits ‘5-A’ and ‘5-B.’ Exhibit ‘5-A’ lists businesses that have requested and are being recommended for contract extensions, while Exhibit ‘5-B’ lists those businesses that have requested and are being recommended for electricity savings reimbursements. Collectively, these organizations have agreed to retain more than 79,000 jobs in New York State in exchange for the contract extensions or rebates. The contracts will be extended and the rebate program will be in effect until December 31, 2006, the program’s sunset. The power will be wheeled by the investor-owned utilities as indicated in the Exhibits.

“The Trustees are requested to approve contract extensions for the companies listed in Exhibit ‘5-A,’ and the payment and funding of rebates for the companies listed in Exhibit ‘5-B’ in a total amount currently not expected to exceed \$3,800,000. Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of such amount, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. Staff expects to present the Trustees with requests for additional funding for rebates for the companies listed in the Exhibits in the future.

FISCAL INFORMATION

“Funding of rebates for the companies listed on Exhibit ‘5-B’ is not expected to exceed \$3,800,000. Payments will be made from the Operating Fund. To date the Trustees have approved \$22.6 million dollars in rebates.

RECOMMENDATION

“The Senior Vice President and Chief Financial Officer and the Director – Business Power Allocations, Regulation and Billing recommend that the Trustees approve the contract extensions for, and the payment of electricity savings reimbursements to, the Power for Jobs customers listed in Exhibits ‘5-A’ and ‘5-B.’

“The Chief Operating Officer, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Account Marketing and Economic Development, the Senior Vice President, Public and Governmental Affairs and I concur in the recommendation.”

Mr. Pasquale presented the highlights of staff’s recommendations to the Trustees. In response to a question from Chairman Seymour, Vice Chairman McCullough said that the Economic Development Power Allocation Board had recommended that 14 companies have their allocations reduced and that these companies would be notified of the reconsideration process as well.

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

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve contract extensions and electricity savings reimbursements to the Power for Jobs customers listed in Exhibits “5-A” and “5-B,” respectively;

NOW THEREFORE BE IT RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves contract extensions for those companies listed in

Exhibit “5-A,” and the payment of electricity savings reimbursements to the companies listed in Exhibit “5-B,” as submitted to this meeting, and that the Authority finds that such extensions and payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the Power for Jobs program and in the public interest; and be it further

RESOLVED, That based on staff’s recommendation, it is hereby authorized that payments be made for electricity savings reimbursements as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to \$3,800,000, and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further

RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Vice President – Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503 (1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

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

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

New York Power Authority
Power for Jobs Extended Benefits

"Exhibit 5-A1"
November 29, 2005

Recommendation for Contract Extensions

Companies In Job Compliance

Line	Company	City	County	IOU							Recommended Allocation		Type	Service
					Original KW	Prior Jobs Committed	Jobs in Application 2005	Over (under)	% Over (under)	Compliance	KW	Jobs/MW		
1	A. L. Bazzini	Bronx	Bronx	Con Ed	125	70	77	7	10%	Yes	125	616	Small	Processes nuts and seeds and confectionary products
2	Asia Society	New York	New York	Con Ed	225	107	114	7	7%	Yes	225	507	NFP	Educational and Cultural Organization
3	Brooklyn Information and Culture	Brooklyn	Kings	Con Ed	50	22	37	15	68%	Yes	50	740	NFP	Community Service
4	Downtown Community TV	New York	New York	Con Ed	15	10	21	11	110%	Yes	15	1,400	NFP	Video Center- services to low income video artists
5	YM -YWCA of Washington Hghts	New York	New York	Con Ed	40	41	64	23	56%	Yes	40	1,600	NFP	Nursery school, senior center, low income housing
6	YMCA of Greater New York	New York	New York	Con Ed	2,000	1,695	2,637	942	56%	Yes	2,000	1,319	NFP	Offers youth programs
	Con Ed		Subtotal	6	2,455	1,945	2,950				2,455	1,202		
7	Automatic Data Processing	Edgewood	Suffolk	LIPA	1,000	1,298	1,298	0	0%	Yes	1,000	1,298	Large	Processing and mailing for the financial industry
8	Silver Lake Cookie Co.	Islip	Suffolk	LIPA	400	293	296	3	1%	Yes	400	740	Large	Manufacturer of specialty cookies
	LIPA		Subtotal	2	1,400	1,591	1,594				1,400	1,139		
9	Ethox Corp.	Rush	Monroe	Grid	175	55	52	-3	-5%	Yes	175	297	Small	Medical Laboratories
10	Syracuse Heat Treating Corp	Syracuse	Onondaga	Grid	200	19	20	1	5%	Yes	200	100	Small	Provides heat treating & brazing services to manufacturers
	NIMO		Subtotal	2	375	74	72				375	192		
11	Delaware Valley Hospital	Walton	Delaware	NYSEG	100	170	172	2	1%	Yes	100	1,722	NFP	Hospital
12	H & E Machinery, Inc.	Ithaca	Cayuga	NYSEG	350	116	112	-4	-3%	Yes	350	320	Small	Makes turbine blades for gas turbine compressor markets
13	World Warehouse & Distribution	Champlain	Clinton	NYSEG	150	133	162	29	22%	Yes	150	1,080	Small	Warehousing, storage and freight transportation.
	NYSEG		Subtotal	3	600	419	446				600	744		

Total	13	4,830	4,029	5,062
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4,830	3,276
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**New York Power Authority
Power for Jobs Extended Benefits
Recommendations for Contract Extensions**

**Exhibit "5-A2"
November 29, 2005**

Line	Company	City	County	IOU	Original KW	Prior Job Committed	Jobs in Application 2005	Over (under)	% Over (under)	Compliance	Recommended Allocation		Type	Service
											KW	Jobs/Mw		
1	E.G. Foods	Brooklyn	Kings	Con Ed	50	9	7	-2	-22%	No	40	175	Small	Food Distributor
2	J.J. Cassone Bakery, Inc.	Port Chester	Westchester	Con Ed	450	247	217	-30	-12%	No	400	543	Large	Commercial bakery
3	Losquadro Ice Company	Brooklyn	Kings	Con Ed	330	34	25	-9	-26%	No	250	100	Small	Ice Manufacturer
4	Reliable Poly Packaging	Brooklyn	Kings	Con Ed	300	100	78	-22	-22%	No	250	312	Small	Poly bag converters and printers
5	Ruby Freeman, Inc.	Brooklyn	Kings	Con Ed	20	9	5	-4	-44%	No	20	250	Small	Produce is stored, cut and distributed
	Con Ed		Subtotal		5	1,150	399				960	346		
6	Flag Poles, Inc.	East Setauket	Suffolk	LIPA	199	110	96	-14	-13%	No	175	549	Small	Manufacturers fabricated metal products
	LIPA		Subtotal		1	199	110				175	549		
7	AT&T	Syracuse	Onondaga	Grid	750	651	301	-350	-54%	No	350	860	Small	Telecommunications
8	International Fiber Corporation	North Tonawanda	Niagara	Grid	400	110	76	-34	-31%	No	300	253	Small	Produces powdered cellulose and fibers
9	Oberdorfer Pumps, Inc.	Syracuse	Onondaga	Grid	140	41	34	-7	-17%	No	115	296	Small	Manufacturers pumps
10	Samaritan Medical Center	Watertown	Jefferson	Grid	600	1305	1126	-179	-14%	No	500	2,252	NFP	Health Services
	NIMO		Subtotal		4	1,890	2,107				1,265	1,215		
11	Auburn Vacuum Forming Co., Inc.	Auburn	Onondaga	NYSEG	125	46	17	-29	-63%	No	50	340	Small	Manufacture thermoformed plastic component
12	Forsyth Industries	East Aurora	Erie	NYSEG	100	29	19	-10	-34%	No	60	317	Small	High volume metal stamping company
13	Hadco Corp.	Owego	Tioga	NYSEG	2,000	1156	898	-258	-22%	No	1,550	579	Large	Makes cathode ray television picture tubes
14	Quebecor World Buffalo, Inc.	Depew	Erie	NYSEG	650	1102	885	-217	-20%	No	520	1,702	Large	Printer and publisher
	NYSEG		Subtotal		4	2,875	2,333				2,180	834		
Total					14	6,114	4,949	3,784			4,580	826		

New York Power Authority
Power for Jobs Extended Benefits
Recommendations for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Jobs in Application	Jobs/Mw	Type	Service
1	92nd Street YM-YWHA	New York	New York	CONED	200	516	2,580	NFP	Community/cultural center
2	American Cancer Society	New York	New York	CONED	100	114	1,140	NFP	Social Service Provider
3	Charmer Industries, Inc.	Astoria	Queens	CONED	750	732	976	Large	Distributors of wines and spirits
4	Columbia University - Trustees	New York	New York	CONED	750	719	959	NFP	Educational and Student Services
5	Continental Food Products, Inc.	Flushing	Queens	CONED	300	88	293	Small	Frozen Pizza manufacturer and distributor.
6	Henry Street Settlement	New York	Bronx	CONED	300	688	2,293	NFP	Social Services
7	International Business Machines Cor	White Plains	Westchester	CONED	4,400	1,989	452	Large	Computer Manufacturer
8	Kingsbrook Jewish Medical Center	Brooklyn	Kings	CONED	1,200	2,091	1,743	NFP	Medical and Research Institution
9	Kinray, Inc.	Whitestone	Queens	CONED	450	420	933	Large	Wholesaler and distributor of pharmaceuticals
10	Leake and Watts Services, Inc.	Yonkers	Westchester	CONED	500	776	1,552	NFP	Child care agency
11	Lincoln Center for the Performing Arts	New York	New York	CONED	3,000	2,312	771	NFP	Performing Arts Center
12	Liz Claiborne, Inc.	New York	New York	CONED	1,500	1,075	717	Large	Clothing and Accessories Manufacturer.
13	Long Island Jewish Medical Center	Manhasset	Nassau	CONED	2,000	6,143	3,072	NFP	Medical Center
14	Montefiore Medical Center	Bronx	Bronx	CONED	1,100	10,984	9,985	NFP	Medical Center
15	Mount Sinai Medical Center	New York	New York	CONED	2,000	10,787	5,394	NFP	Medical Center
16	New Museum of Contemporary Art	New York	New York	CONED	50	41	820	NFP	Art Center
17	New York Presbyterian Hospital	New York	New York	CONED	5,000	6,958	1,392	NFP	Medical Care
18	New York University	New York	New York	CONED	1,700	9,817	5,775	NFP	Institution of Higher Education
19	NYU Medical Center	New York	New York	CONED	4,000	9,867	2,467	NFP	Medical Center
20	S. R. Guggenheim Museum	New York	New York	CONED	475	356	749	NFP	Art Museum
21	South Street Seaport Museum	New York	New York	CONED	175	95	543	NFP	Museum of historic ships, maritime & artifacts
22	The Educational Alliance	New York	New York	CONED	400	492	1,230	NFP	Educational and Cultural Organization
23	Westchester Chapter NYS ARC, Inc.	White Plains	Westchester	CONED	375	618	1,648	NFP	Support services to mentally disabled citizens
	Con Ed		Subtotal	23	30,725	67,678	2,203		
24	Standard Microsystems Corp.	Hauppauge	Suffolk	LIPA	1,050	361	344	Large	Maker computer circuits and components
	LIPA		Subtotal	1	1,050	361	344		

New York Power Authority
Power for Jobs Extended Benefits
Recommendations for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Jobs in Application	Jobs/Mw	Type	Service
25	Bristol-Myers Squibb Company	East Syracuse	Onondaga	Grid	5,000	936	187	Large	Manufacturer of bulk antibiotics
26	Brodock Press, Inc.	Utica	Oneida	Grid	400	107	268	Large	Commercial Printing
27	CoolBrands (Kraft Foods)	North Lawrence	St. Lawrence	Grid	1,000	161	161	Large	Food processor
28	Diemolding Corporation	Canastota	Madison	Grid	200	305	1,525	Small	Thermoset plastic forming
29	Fiber Glass Industries Inc.	Amsterdam	Herkimer	Grid	700	142	203	Large	Produces high strength woven fabrics
30	Mohawk Paper Mills	Cohoes	Albany	Grid	2,250	389	173	Large	Manufacturer of text and cover papers
31	Queensboro Farm Products, Inc.	Canastota	Madison	Grid	500	79	158	Large	Milk manufacturing and processing plant
	NIMO		Subtotal	7	10,050	2,119	211		
32	Flower City Printing, Inc.	Rochester	Monroe	RGE	1,150	245	213	Large	Commercial printer
	RGE		Subtotal	1	1,150	245	213		

Total	32	42,975	70,403	1,638
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6. Economic Development Power Programs – Extensions to Terms of Service and Energy Cost Savings Benefits

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve extensions to the terms of service to December 31, 2006 for two existing economic development power program customers, as listed in Exhibit ‘6-A,’ and Energy Cost Savings Benefits for six customers as listed in Exhibit ‘6-B.’ These customers have been recommended to receive such benefits by the Economic Development Power Allocation Board (‘EDPAB’).

Request to Approve Extensions to the Terms of Service for Two Existing Economic Development Power Program Customers

BACKGROUND

“The New York Power Authority (‘Authority’) sells electricity to businesses under several State-authorized economic development programs. These power sales are made through the Economic Development Power Program, High Load Factor Manufacturer Program, Municipal Distribution Agency Industrial Power Program and other power sales programs. The capacity and energy for these sales are provided by market purchases and supported by other Authority sources as needed. In some instances, these customers are served directly by the Authority and in other cases the customers receive Authority power through resale arrangements with municipal distribution agencies or investor-owned utilities. Contracts range in length from five to more than 20 years.

DISCUSSION

“The customers, detailed on Exhibit ‘6-A,’ have allocation contracts, previously approved by the Trustees, that expire prior to December 31, 2006. Staff is requesting that the Trustees extend those agreements until December 31, 2006 so the customers may receive the benefits associated with Chapter 313 of the Laws of 2005. The extensions will help maintain costs and enable the customers to compete more effectively. In addition, the customers will further secure employment levels in New York State.

“EDPAB recommended that the contracts be extended at its meeting on November 21, 2005.

Energy Cost Savings Benefits

BACKGROUND

“Chapter 313 of the Laws of 2005 was signed into law by Governor George E. Pataki on July 26, 2005. The new law allows certain Authority power program customers that would be exposed to bill increases as a result of higher market prices before December 31, 2006 to apply for an Energy Cost Savings Benefit. Under the new law, businesses eligible to receive Energy Cost Savings Benefits are limited to Authority customers currently supplied power under the Economic Development Power, Municipal Distribution Agency and High Load Factor programs. The Energy Cost Savings Benefit will be available for the period November 1, 2005 through December 31, 2006.

“Each application will be evaluated under criteria adopted by EDPAB in consultation with the Authority. The new law states that such criteria shall include:

- overall economic impact of the company in terms of jobs created or retained, payroll, capital investment and the use of in-state suppliers;
- the likelihood that absent approval a company would close, contract or relocate outside of New York State;
- the company’s compliance with prior contractual commitments to retain and/or create jobs and

- the extent to which a benefit would affect the overall productivity or competitiveness of the company and its existing in-State employment.

“EDPAB can recommend a partial or complete withdrawal of the Energy Cost Savings Benefit if the company fails to maintain mutually agreed-upon commitments, including jobs, capital investment and power utilization.

“The legislation also authorizes the sale of Authority power into the wholesale market with net earnings from such sales (and other funds deemed feasible and advisable by the Trustees) to be used for the Energy Cost Savings Benefit. Power available to fund the Energy Cost Savings Benefit includes:

- up to 70 MW of unallocated replacement power;
- up to 38.6 MW of preservation power relinquished or withdrawn after the effective date of the new legislation;
- up to 20 MW of power from the St. Lawrence/FDR project for the period ending December 31, 2006.

DISCUSSION

“As a result of its meeting, EDPAB recommended that the Authority’s Trustees approve Energy Cost Savings Benefits for the six businesses listed in Exhibit ‘6-B.’ Collectively, these organizations have agreed to retain more than 870 jobs in New York State in exchange for these benefits. The companies will be eligible to receive these benefits until December 31, 2006.

“The Trustees are requested to approve the payment and funding of Energy Cost Savings Benefits for the companies listed on Exhibit ‘6-B.’ Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of such amount, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. Staff expects to present the Trustees with requests for additional funding for rebates for the companies listed on the Exhibits in the future.

“Completed applications were reviewed by EDPAB and recommendations were made at its meeting on November 21, 2005.

FISCAL INFORMATION

“Funding of Energy Cost Savings Benefits for all the companies participating in the program is not expected to exceed \$7,500,000. Payments will be made from the Operating Fund.

RECOMMENDATION

“The Senior Vice President and Chief Financial Officer and the Director – Business Power Allocations, Regulation and Billing recommend that the Trustees approve extensions to the terms of service to December 31, 2006 for two existing economic development power program customers as listed in Exhibit ‘6-A.’ In addition, it is recommended that the Trustees approve the payment of Energy Cost Savings Benefits to the customers listed in Exhibit ‘6-B.’

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

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

RESOLVED, That the Trustees find that staff's review supports an extension of allocations from Authority economic development power programs for two existing customers until December 31, 2006 and that such extensions be, and hereby are, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve the payment of Energy Cost Savings Benefits to the customers listed in Exhibit "6-B";

NOW THEREFORE BE IT RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves the payment of Energy Cost Savings Benefits to the companies listed in Exhibit "6-B" as submitted to this meeting, and that the Authority finds that such payments for Energy Cost Savings Benefits are in all respects reasonable, consistent with the requirements of the Authority's economic development programs and in the public interest; and be it further

RESOLVED, That based on staff's recommendation, it is hereby authorized that payments be made for Energy Cost Savings Benefits as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to \$7,500,000 for all companies participating in the program, including those in Exhibit "6-B," and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further

RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Vice President – Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503 (1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

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

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

**New York Power Authority
 EDP Allocations - Economic Development Power Program
 Request to Extend Contracts Until December 31, 2006**

**Exhibit "6-A"
 November 29, 2005**

<u>Line</u>	<u>Company</u>	<u>City</u>	<u>County</u>	<u>Program</u>	<u>IOU</u>	<u>Current Allocation Contract End Date</u>	<u>kW Allocation</u>	<u>Service</u>
1	Fiber Conversion, Inc.	Broadalbin	Fulton	EDP	Grid	10/31/2005	1,000	Recycles textile waste
2	Precision Valve Corporation	Yonkers	Westchester	MDA	Con Ed	11/9/2006	1,000	Produces aerosol valves
							2,000	

Sorting Line	Company	City	County	Program	IOU	kW Allocation	Prior Job Commitments	Current Jobs in Application	Over/Under	Percentage Over/Under	Jobs/MW	Service
1	Columbia University Audubon	New York	New York	MDA	Con Ed	1,000	166	153	(13)	-4%	153	Biotech research & development
2	Precision Valve Corporation	Yonkers	Westchester	MDA	Con Ed	1,000	300	345	45	-4%	345	Produces aerosol valves
3	Sigmund Cohn Corporation	Mount Vernon	Westchester	MDA	Con Ed	375	68	64	(4)	-4%	24	Manufacturer of precious metal wire products
Total						2,375	534	562	28			

Sorting Line	Company	City	County	Program	IOU	kW Allocation	Prior Job Commitments	Current Jobs in Application	Over/ Under	Percentage Over/Under	Compliance	KW Reduction	Recomm. Allocation KW	Jobs/MW	Service
1	Fiber Conversion, Inc	Broadalbin	Fulton	EDP	Grid	1,000	47	30	(17)	-36%	No	-362	650	20	Recycles textile waste into fibers
2	Spellmen High Voltage Elect	Valhalla	Westchester	MDA	Con Ed	350	120	89	(31)	-26%	No	-90	250	22	Manufacturer of electronic sub-systems
3	Uniflex, Inc	Westbury	Nassau	MDA	LIPA	600	315	192	(123)	-39%	No	-234	350	67	Manufacturer and printer of plastic specialty bags
	Total					1,950	482	311	(171)			(686)	1,250	389	

7. **Village of Fairport – Increase in Retail Rates – Notice of Adoption**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Board of the Village of Fairport (‘Village Board’) has requested the Trustees to approve revisions in the Village of Fairport’s (‘Village’) retail rates for each customer service classification. These revisions will result in additional total annual revenues for the Village of about \$1,485,000, or 8.8% more than its current revenues. The rates have been in effect on a temporary basis subject to refund since October 1, 2005.

BACKGROUND

“The Village Board requested the proposed rate increase to meet the Fairport Municipal Lighting Department’s financial needs. These needs include forecasted increases in operation, maintenance and debt service expenses. Current rates have been in effect since 1993, when a redistribution of revenues within classes was implemented without changing the Village’s annual revenue. The last time the Village’s electric system revenues were increased was in 1988.

“The Village Board has planned additions to plant-in-service amounting to \$1,300,000 to upgrade its electric system. The capital program includes \$810,000 for upgrades to substation distribution equipments, \$135,000 to purchase line transformers to accommodate overall system growth and \$170,000 to purchase a new bucket truck. The Village plans to debt-finance \$955,000 of the additions by issuing a new serial bond.

“Under the new rates, an average residential customer who paid about 3.9 cents per kWh under the old rates will pay about 4.3 cents. A small commercial customer who paid 4.1 cents per kWh under the old rates will pay 4.5 cents after the increase. The large commercial class rate increases from 4.4 to 4.9 cents and the industrial rate from 2.8 to 2.9 cents per kWh.

“The proposed rate revisions are based on a cost-of-service study requested by the Village and prepared by Authority staff. Pursuant to the approved procedures, the Senior Vice President – Marketing, Economic Development and Supply Planning requested the Executive Vice President, Secretary and General Counsel to file a notice for publication in the New York State Register of the Village’s proposed revisions in retail rates. Such notice was published on October 5, 2005. A public hearing was held by the Village of Fairport on July 20, 2005.

DISCUSSION

“No comments from the public were received at the public hearing held by the Village of Fairport on July 20, 2005 and the Village Board has requested that the proposed rates be approved. On September 29, 2005, the Village formally requested that the proposed rates be put into effect on October 1, 2005 on a temporary basis, subject to refund, pending final formal adoption by the Trustees, following the State Administrative Procedures Act public comment period. The Village stated that the rate increase needed to be implemented by October 1, 2005 in order to ensure the Village’s ability to recover its costs and well in advance of the winter heating season in order to avoid rate shock. Staff concurred and authorized temporary implementation of the rates on October 1, 2005, subject to refund, pending final action by the Trustees after consideration of any public comments. No comments concerning the proposed action have been received by the Authority. The proposed rate increase is not the result of a Power Authority rate increase to the Village.

“An expense and revenue summary, comparisons of present and proposed total annual revenues and their corresponding rates by service classification are attached as Exhibits ‘7A,’ ‘7B’ and ‘7C,’ respectively.

RECOMMENDATION

“The Director – Business Power Allocations, Regulation and Billing recommends that the attached schedule of rates for the Village of Fairport be approved as requested by the Board of the Village of Fairport, to take effect beginning with the first full billing period of October 2005.

“It is also recommended that the Trustees authorize the Executive Vice President, Secretary and General Counsel to file a Notice of Adoption with the Secretary of State for publication in the New York State Register and to file such other notice as may be required by statute or regulation.

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

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

RESOLVED, That the proposed rates for electric service for the Village of Fairport, New York, as requested by such Village Board, be approved, to take effect with the first full billing period of October 2005, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Secretary of the Authority be, and hereby is, authorized to file a Notice of Adoption with the Secretary of State for publication in the New York State Register because no comments opposing such action were received by the Authority within the public comment period mandated by the State Administrative Procedures Act and to file any other notice required by statute or regulation; and be it further

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

Village of Fairport
Expense and Revenue Summary

	<u>Five-Year Average</u>	<u>Proposed¹</u>
Purchased-Power Expense (Authority hydro and incremental)	\$ 8,150,977	\$12,009,355
Distribution Expense (Village-owned facilities)	2,430,128	2,268,000
Transmission Expenses	91,823	80,000
Depreciation Expense (on all capital facilities and equipment)	942,781	1,454,498
General and Administrative (salaries, insurance, management services and administrative expenses)	1,247,800	1,259,998
Net Rate of Return (average 2%, proposed 6%) (includes debt service on current and planned debt and cash reserves for contingencies)	<u>319,659</u>	<u>1,200,685</u>
Total Cost of Service	\$13,183,168	\$18,272,536
Revenue at Present Rates		<u>16,787,716</u>
Deficiency at Current Rates		1,484,820
Revenue at Proposed Rates		\$18,272,536
Increase % at Proposed Rates		8.8%

¹Based on five years of historical and projected data.

Village of Fairport
Comparison of Present and Proposed Annual Total Revenues

<u>SERVICE CLASSIFICATION</u>	<u>PRESENT REVENUE</u>	<u>PROPOSED REVENUE</u>	<u>% INCREASE</u>
<u>Residential SC1</u>	<u>\$10,125,650</u>	<u>\$11,068,237</u>	<u>9.3</u>
Small Commercial SC2	\$1,244,775	\$1,368,695	10.0
<u>Large Commercial SC3</u>	<u>\$3,159,681</u>	<u>\$3,490,733</u>	<u>10.5</u>
<u>Industrial SC4</u>	<u>\$2,073,203</u>	<u>\$2,145,299</u>	<u>3.5</u>
<u>Security Outdoor Lighting SC5</u>	<u>\$17,765</u>	<u>\$19,798</u>	<u>11.4</u>
Street Lighting SC6	\$ 166,642	\$ 179,775	7.9
Total	<u>\$16,787,716</u>	<u>\$18,272,536</u>	<u>8.8%</u>

Village of Fairport
Comparison of Present and Proposed Net Monthly Rates

<u>Present¹</u> <u>Rates</u>	<u>Residential SC1</u>	<u>Proposed¹</u> <u>Rates</u>
\$ 2.50	Customer Charge	\$ 4.00
<u>Non-Winter Rate</u> (April-November)	Energy Charge, per kWh	<u>Non-Winter Rate</u> (April-November)
\$.03336		\$.03500
<u>Winter Rate</u> (December-March)	Energy Charge, per kWh	<u>Winter Rate</u> (December-March)
\$.03336	First 1,000 kWh	\$.03500
\$.04736	Over 1,000 kWh	\$.05250

¹Average annual purchased-power adjustment (PPA) reflected in present and proposed rates.

8. Authorization to Execute Long-Term Supply Agreements to Provide Wind Energy and Purchase of Renewable Energy Attributes – LIMITED DISTRIBUTION

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize the purchases of up to an additional 21.05 megawatts (‘MW’) from Horizon Wind Energy, LLC (‘Horizon’) and, if needed, the execution of a long-term agreement with PPM Energy, Inc. (‘PPM’) to provide the Authority with renewable energy in the form of wind power. These energy supplies are in addition to the purchases previously authorized by the Trustees for the Authority’s Governmental Customers. The additional quantities now requested are intended primarily to serve the long-term needs of the Port Authority of New York and New Jersey (‘Port Authority’).

“In addition, as part of its implementation of Executive Order 111 (‘EO 111’) the Authority seeks to purchase renewable energy attributes for itself and on behalf of its customers, the City University of New York and the Metropolitan Transportation Authority. These customers have specifically requested that the Authority make these purchases on their behalf. The agreements will be for delivery in 2005, 2006 and 2007 to cover their needs until the Horizon Wind Contract becomes effective in 2008.

BACKGROUND

“At their meeting of February 23, 2005, the Trustees authorized the purchase of 35.5 MW of wind power from Zilkha Renewable Energy, LLC (now Horizon), over the 10-year period from 2008 through 2017 for use in serving the renewable energy needs of the Authority’s Governmental Customers. This quantity reflected the aggregate amount identified and approved by those Customers as of that date. The Port Authority has since requested that the Authority purchase on its behalf an additional amount of approximately 37 MW over the same term, commencing in 2010 and continuing through 2017, to accommodate renewable energy requirements for the Freedom Tower and other facilities to be constructed at the World Trade Center site.

“Horizon is able to provide 56.55 MW of wind energy from its planned inventory of wind generating facilities. The remaining supply is available from PPM. PPM also submitted a bid in response to the Request for Proposals (‘RFP’) issued on June 4, 2004 that resulted in the selection of Zilkha (Horizon) to provide the initial quantities. PPM was evaluated the next best candidate to Zilkha in the selection process, based on economic criteria.

“The wind farms identified by Horizon and PPM in the proposed contracts (Madison and Maple Ridge II) are already operational or under construction, thus eliminating a significant risk of non-development/failure to provide supply. The Horizon contract will provide the Authority with 100% of the output of Madison, which has the capacity to provide 11.55 MW, and is currently in operation. Maple Ridge Phase II can provide 90 MW in total. Horizon will provide the Authority with 50% of the output of the Maple Ridge II facility; the other 50% is owned by PPM. Maple Ridge II’s commercial operation date is projected to be December 2006.

“The renewable energy attributes purchased will be those environmental attribute benefits resulting from the generation of electricity by EO 111-qualified renewable energy resources, which may include sustainable managed biomass and methane waste (from landfills and anaerobic digesters). Authority and customer needs to be purchased are the attributes associated with varying amounts of energy from 2005 through 2007.

DISCUSSION

“Negotiation of a Contract for Differences (‘CFD’) with Horizon for the 35.5 MW of wind power (including environmental attributes) authorized by the Trustees on February 22, 2005 is complete. Horizon is able and willing to provide up to an additional 21.05 MW under the same terms and conditions as the completed CFD. With the Trustees’ approval, staff would adjust the CFD to accommodate the additional purchase to bring the total number of MW purchased from Horizon over the 10-year period (2008 through 2017) to 56.55 MW.

“Recent negotiations with PPM are for up to an additional 20 MW, to commence in 2010 and terminate in 2017. The amount is intended to cover the Port Authority’s request and additional requirements that may be identified by the Governmental Customers prior to execution of an agreement with PPM.

“The two wind suppliers, Horizon and PPM, were evaluated first and second, respectively, among the bidders that responded to the Authority’s June 2004 RFP and that could offer sufficient quantities. Staff continues to consider them to be the most economically and commercially viable providers of wind power among those existing or proposed in New York State.

“The agreement with Horizon also provides options for extension of the term for some or all of the supplies for five additional years, through 2022, in the event the Governmental Customers wish to enter into corresponding extensions of their Long-Term Agreements with the Authority. Also included are options to commence supply as early as 2007, also dependent on the Customers’ stated desires with respect to their renewable energy portfolio requirements. All purchases under the proposed agreements will be for supplies that the Governmental Customers explicitly request that the Authority purchase on their behalf and at their expense, and be subject to their concurrence as to price, quantity and term.

“The attached Term Sheet details the terms, prices and quantities of the wind supplies currently requested.

“In pursuing the purchase of renewable energy attributes, the Authority worked with the New York State Office of General Services (‘OGS’) and the New York State Energy Research and Development Authority (‘NYSERDA’) regarding appropriate suppliers and contract terms. Following a competitive search process in which a number of suppliers were contacted, New York Energy Inc. was chosen as the most economic bid. In the event that the Authority does not enter a final agreement with this supplier for a qualifying purchase, or if the need to purchase more renewable energy attributes for customers should arise, the Authority will proceed to negotiate with the next most economic bidder or bidders.

FISCAL INFORMATION

“The total financial obligation on the part of the Authority is estimated to be approximately \$52.4 million over the term of the proposed wind agreements. The amount could increase if the Governmental Customers request additional quantities or extended terms prior to execution of the agreements. The attached Term Sheet identifies the suppliers, quantities, unit costs and total costs on both an annual and aggregate basis. Under the terms of the Long-Term Agreements with the Governmental Customers, all costs associated with these purchases will be passed on to the Customers.

“The financial obligation on the part of the Authority for renewable energy attributes will be between \$500,000 and \$600,000 over the term of the agreements. The costs incurred by the Authority on the Customers’ behalf will be directly recovered from the Customers.

RECOMMENDATION

“The Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Account Marketing and Economic Development and the Director – Supply Planning, Pricing and Power Contracts recommend that the President and Chief Executive Officer be authorized to enter into agreements with Horizon Wind Energy and PPM Energy, Inc. having such terms and conditions as he deems necessary or advisable and as are consistent with the Term Sheet, based on the Long-Term Agreements with the Governmental Customers and those customers’ concurrence with those purchases.

“The Director – Supply Planning, Pricing and Power Contracts recommends that the Senior Vice President – Marketing, Economic Development and Supply Planning be authorized to enter into agreements with New York Energy Inc. having such terms and conditions as she deems necessary or advisable to ensure those purchases meet the requirements of Executive Order 111 for itself and those customers on behalf of which it makes purchases.

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

Mr. Brandeis presented the highlights of staff’s recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Brandeis said that the bidders’ invoices under these agreements would be passed along from the Authority to the customers on a monthly basis.

The following resolution, as submitted by the President and Chief Executive Officer, was adopted by a vote of 4 to 1 with Chairman Seymour abstaining.

WHEREAS, the Authority has contractual obligations to serve various Governmental Customers in New York City; and

WHEREAS, these Customers are required to fulfill a portion of their electric energy requirements using renewable resources;

NOW THEREFORE BE IT RESOLVED, That the President and Chief Executive Officer is hereby authorized on behalf of the Authority to negotiate and execute agreements between the Authority and Horizon Wind Energy and PPM Energy, Inc. as described in the foregoing report of the President and Chief Executive Officer, including, but not limited to: (a) Master Power Purchase and Sale Agreements (“MPPSAs”), ISDA Master Agreements and any transactions, schedules or confirmations related to such MPPSAs or ISDA Master Agreements, (b) any transactions, schedules, amendments or confirmations related to any existing MPPSAs or ISDA Master Agreements between the Authority and any of the above-described entities, (c) as required, memoranda of understanding relating to SEQRA or (d) any other alternative form of agreement (“Other Alternative Agreements”) with any of the above-described entities, having such terms and conditions as are consistent with the Term Sheet, discussed in the foregoing report of the President and Chief Executive Officer, and as are deemed necessary or advisable by the President and Chief Executive Officer to effectuate the long-term arrangements to provide energy or capacity supplies for the Authority as discussed in the foregoing report of the President and Chief Executive Officer, with the execution of such MPPSAs, ISDA Master Agreements, agreements, transactions, amendments, schedules, memoranda of understanding and confirmations and Other Alternative Agreements being subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, and provided that the Treasurer and the Vice President, Chief Risk Officer – Energy Risk Assessment and Control have given their approval as to the credit arrangements set forth in such agreements, amendments, transactions, confirmations and schedules; and be it further

RESOLVED, That the Senior Vice President, Marketing Economic Development and Supply Planning, is hereby authorized to purchase renewable energy attributes on behalf of the Authority and its Governmental Customers that request such purchases on their behalf for compliance with Executive Order 111 or similar requirements as may emerge; and be it further

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

9. Customer Facility Upgrades in Support of the Peak Load Management Program

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize additional funding of \$25,000,000 to enhance New York City (‘NYC’) Governmental Customer participation in the Peak Load Management (‘PLM’) program by assisting these customers in the upgrade of generation equipment and related systems at their facilities. These upgrades would help the customers realize peak load demand reductions during the critical summer period. In addition, the Trustees are requested to authorize the Energy Services and Technology Business Unit to perform such work as may be necessary to assist the Marketing, Economic Development and Supply Planning Business Unit in the implementation of projects furthering the goals of the PLM program through the existing Governmental Customer Energy Services Program (‘GCESP’). All costs of work performed by Energy Services and Technology will be recovered directly from PLM program participants.

BACKGROUND

“At their meeting of May 28, 2002, in an effort to contribute to the larger effort initiated by the Governor’s office to reduce electric loads at critical times, the Trustees approved the expansion of the PLM program by 50 MW to 100MW. At their meeting of April 29, 2003, the Trustees approved funding of \$10,000,000 for customer facility upgrades for PLM participants.

“During the past year, several of the Authority’s NYC Governmental Customers, including the New York City Department of Environmental Protection (‘DEP’) and the Metropolitan Transportation Authority (‘MTA’), have requested assistance in performing upgrade work to their existing generator systems at various facilities so that these facilities can participate in the PLM Program. Authority staff has identified projects, several of which are currently being developed, which, if fully implemented, would result in peak load demand reductions during the critical summer period. These customer projects would also help the Authority to meet its ‘In-City’ capacity requirements, a benefit that is an essential part of the PLM program. It is currently envisioned that a total of \$35,000,000 will be needed for such projects. Authority customers have requested the Authority to implement these projects using the very successful energy services program model.

DISCUSSION

“Some of the facilities identified for upgrades include DEP wastewater treatment plants and MTA facilities. The nature of the work to be implemented includes upgrades to existing generation equipment, replacement of key interlock systems, electric service modifications, required corrective work for electrical switches, implementation of dual fuel capability and other related work required.

“The Authority is uniquely qualified to perform the necessary work. Energy Services and Technology staff has visited and evaluated the Red Hook Wastewater Treatment Plant for the DEP and the Two Broadway facility for the MTA. Authority staff is prepared to move quickly into construction at these sites.

“If approved by the Trustees, the funding will also be used for other projects needed for customers participating in the PLM program. Authority staff is prepared to perform engineering and design evaluations as needed for additional identified PLM-related projects.

FISCAL INFORMATION

“Funding for the upgrade of facilities participating in the PLM program will be provided from the proceeds of the Authority’s Commercial Paper Notes and/or the Operating Fund. The total cost to the Authority for the program is not to exceed \$35,000,000. This amount consists of the previously approved \$10,000,000 and the current request for an additional \$25,000,000. The cost of implementing these projects, including financing costs and Authority overheads, will be recovered directly from the customer participants and the Authority will be fully

reimbursed. Such funding and the implementation of projects for the customers are not within the requirements of the supplemental Long-Term Agreements for energy supply recently executed by the Authority and its NYC Governmental Customers.

RECOMMENDATION

“The Senior Vice President – Energy Services and Technology recommends that the Trustees authorize the funding for the upgrade of customer facilities participating under the Peak Load Management program in the amount of \$25,000,000 in addition to the previously approved \$10,000,000.

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

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

RESOLVED, That the Trustees having earlier authorized \$10,000,000 hereby authorize additional funding for the upgrade of generation equipment and related systems at customer facilities participating in the Peak Load Management Program, as set forth in the foregoing report of the President and Chief Executive Officer, in the amount of \$25,000,000 for a total Program cost not to exceed \$35,000,000; and be it further

RESOLVED, That the Authority’s Commercial Paper Notes, Series 1, Series 2 and Series 3, may be issued to finance Program costs and Operating Fund monies may be used to finance Program costs, provided that the aggregate amount of Commercial Paper Notes proceeds and Operating Fund monies utilized for such costs shall not exceed \$35 million; and be it further

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

**10. Procurement (Services) Contract – Niagara Power Project –
Supervisory Control and Data Acquisition Computer System Replacement –
Siemens Power Transmission and Distribution, Inc. – Award**

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

SUMMARY

“The Trustees are requested to approve the award of a multiyear personal services contract to Siemens Power Transmission and Distribution, Inc. (‘Siemens’) of San Jose, California, in an amount not to exceed \$950,000, for a replacement Supervisory Control and Data Acquisition (‘SCADA’) Computer System for the Niagara Power Project (‘Niagara’). Delivery of the new system would occur in 2007.

BACKGROUND

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

“The Niagara operators use the SCADA System to monitor and control the Robert Moses-Niagara Power Plant main units, as well as the Lewiston Pump Generator Units and the local 115kV, 230kV and 345kV switchyard. Data is collected for, and control signals received from, the New York Independent System Operator via the SCADA System.

“The SCADA System also provides water management and control capability required by the Federal Energy Regulatory Commission and the International Joint Commission.

DISCUSSION

“The existing Niagara SCADA is in need of replacement due to the obsolescence of critical hardware components and decreasing vendor support in the area of future modifications and expansions.

“The Trustees, therefore, approved a capital expenditure in the amount of \$4.6 million at their meeting of September 27, 2004. Funds allocated for new SCADA procurement totaled \$3.1 million. A Request for Proposals (‘RFP’), including detailed technical specifications, was released in April 2005. Competitive bids, exclusive of options, were received from three vendors in May 2005, as follows:

Siemens	\$ 564,600
Emerson Process Management (‘Emerson’)	\$1,299,976
GE Energy Management Services (‘GE’)	\$2,292,915

“The Siemens proposal, which was responsive to the RFP, was much less than the original allocation for the SCADA procurement because the Siemens system has been made into a standard off-the-shelf product. This results in a greatly reduced purchase price for a standard system. Provisions have also been incorporated into the Siemens design to implement customization in a cost-effective manner. Many other SCADA vendors still supply unique, custom systems, thereby increasing the purchase price. As a result of the lower cost, the capital expenditure authorization request (‘CEAR’) can be reduced by \$1.5 million.

“Emerson and GE did not bid any of the requested options, except for three-year software maintenance. Because of the significant difference between Siemens’ price and Emerson’s and GE’s prices, technical and commercial questions were submitted only to Siemens in order to fully evaluate its bid. Siemens was encouraged to offer additional options to correct weaknesses with its proposed standard systems. Engineering, Niagara Technical and Niagara Operations personnel met with Siemens at Niagara and participated in the technical evaluations of the proposed systems. As a result, Siemens’ total evaluated cost increased to \$873,810, still substantially lower than the

other two bids. Due to the nature of the adjustments, it was decided to purchase only a few of the items identified as adjustments, thus lowering the contract price from \$873,810 to \$832,960, rounded up to \$850,000.

“An additional \$100,000 is being added for the requested Trustee authorization to account for unforeseen changes and new requirements that may arise during the course of the contract period. This is typical during the design phase of SCADA purchases. It is therefore requested that approval be granted for a total award of up to \$950,000.

FISCAL INFORMATION

“Payments will be made from the Capital Fund.

RECOMMENDATION

“The Vice President and Chief Engineer – Power Generation and the Regional Manager – Western New York recommend that the Trustees authorize award of a contract in the amount of up to \$950,000 to Siemens Power Transmission and Distribution, Inc. of San Jose, California to replace the Niagara Power Project’s Supervisory Control and Data Acquisition Computer System. This multiyear personal services contract is expected to be completed by 2008.

“It is further recommended that the expenditure authorization be reduced by \$1,500,000 from \$4,600,000 to \$3,100,000.

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

Mr. Lipsky presented the highlights of staff’s recommendations to the Trustees. In response to a question from Chairman Seymour, Mr. Lipsky said that the money allocated to engineering and design had increased because Authority staff was going to do more work themselves to customize the system.

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

RESOLVED, That pursuant to the Authority’s Guidelines for Procurement Contracts, the award of a multiyear personal services contract to Siemens Power Transmission and Distribution, Inc. is approved as recommended in the foregoing report of the Executive Vice President – Power Generation, for an amount not to exceed \$950,000 for hardware, software licenses and development associated with the Niagara Power Project’s Supervisory Control and Data Acquisition Computer System replacement;

RESOLVED, That in accordance with the Authority’s Guidelines for Procurement Contracts adopted by the Authority and Expenditure Authorization Procedures, the capital expenditures for the Niagara Power Project Supervisory Control and Data Acquisition (“SCADA”) Computer System Replacement previously approved on September 27, 2004 are hereby modified and approved in the amounts and for the purposes listed below:

<u>Description</u>	<u>Original Request</u>	<u>Current Request</u>
Engineering and Design	\$ 440,000	\$ 560,000
Procurement	\$3,720,000	\$2,160,000
Construction	\$ 220,000	\$ 230,000
Authority Direct/Indirect	\$ 220,000	\$ 150,000
Total	<u>\$4,600,000</u>	<u>\$3,100,000</u>

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

11. Procurement (Services) Contract – 500 MW Combined Cycle Power Plant – Term Natural Gas Supply Contracts – BP Energy Company and Virginia Power Energy Marketing, Inc. – Awards

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of two contracts for the supply of natural gas for the 500 MW Power Project (‘Project’) to BP Energy Company (‘BPEC’) and Virginia Power Energy Marketing, Inc. (‘VPEM’) at an estimated cost of \$150 million per contract over a two-year term for a total estimated cost of up to \$300 million.

BACKGROUND

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

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

“The Project is currently undergoing testing in anticipation of commercial start-up in January 2006. In conjunction with the Authority’s consultant, Pace Global Energy Services, staff has finalized development of a fuel supply plan that utilizes a balanced portfolio approach. The plan includes the purchase of approximately half the Project’s base-load natural gas supply requirements divided equally between the two suppliers, BPEC and VPEM, under two-year term contracts commencing on January 1, 2006. Firm, term supply contracts provide for reliability of supply by ensuring that a portion of the Authority’s fuel is secured regardless of market conditions. In addition to term contract supplies covering base-load requirements, remaining ‘swing’ or incremental gas requirements up to the full output of the plant will be satisfied using spot market (or short term) purchases, which will result in enhanced supply flexibility.

DISCUSSION

“In accordance with the Authority’s competitive bidding requirement, bids were solicited from 20 potential suppliers for the supply and delivery of natural gas to the New York city-gate on a firm basis. Seven bids were received and evaluated by staff. The two lowest-cost evaluated bidders were BPEC and VPEM, both of whom have access to firm transportation capacity, which is critical to ensuring the reliable supply of natural gas to the New York city-gate on a year-round basis. The pricing structure under the BPEC and VPEM term contracts will consist of indexed prices that will be fixed monthly based on first-of-the-month published postings and will include a fixed contract adder (or premium). The contract adder represents the additional cost to the seller of securing physical, term gas supplies delivered on a firm basis to the New York city-gate at an indexed price. The quantities, prices and other relevant details are set forth in the two Term Sheets provided to the Trustees at this meeting.

FISCAL INFORMATION

“Payment will be made from the Fuel Reserve Account (Operating Fund). The cost of fuel purchased under these term agreements will be recovered from the Governmental customers.

RECOMMENDATION

“The Vice President – Energy Resource Management and the Director – Fuel Planning and Operations recommend that the Trustees approve the award of term natural gas supply contracts to BP Energy Company and

Virginia Power Energy Marketing, Inc. having terms and conditions substantially consistent with those set forth in the two Term Sheets provided to the Trustees.

“The Chief Operating Officer, the Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel and I concur in the recommendation.”

Mr. Mullin presented the highlights of staff’s recommendations to the Trustees. Chairman Seymour noted that these were low-bid contracts.

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and Authority’s Expenditure Authorization Procedures, approval is hereby granted for fuel purchases in the estimated amount of up to \$300,000,000 from BP Energy Company (“BPEC”) and Virginia Power Energy Marketing, Inc. (“VPEM”), to be divided equally, under two-year term contracts, as recommended in the foregoing report of the President and Chief Executive Officer, in the amounts listed below:

<u>Fuel Reserve Account (Operating Fund)</u>	<u>Contract Approval</u>	<u>Projected Closing Date</u>
Furnishing & Delivery of Natural Gas Supplies		
BP Energy Company	\$150,000,000	12/31/07
Virginia Power Energy Marketing, Inc.	<u>\$150,000,000</u>	12/31/07
Total (estimated)	<u>\$300,000,000</u>	

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

**12. Procurement (Services) Contract – Transmission Project –
Licensing Services – Increase in Compensation Ceiling**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve an increase in the compensation value of the contract with Tetra Tech EC, Inc. (‘Tetra Tech’) from \$1,553,700 to \$2,192,533. This contract is for preliminary engineering and licensing services to obtain required regulatory approvals for the construction of a new transmission line (‘Transmission Project’) to alleviate serious transmission capacity deficiencies in the Lake Placid, Tupper Lake and Saranac Lake region of the Adirondacks. The increase is needed for additional work to complete the licensing of the Transmission Project.

BACKGROUND

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

“In accordance with the Authority’s Expenditure Authorization Procedures, an increase in the cumulative change order value of personal services contracts that exceeds the greater of \$250,000 or 35% of the originally approved contract amount not to exceed \$500,000 requires the Trustees’ approval.

DISCUSSION

“At their meeting of October 26, 2004, the Trustees authorized a settlement agreement (‘Agreement’) that, in part, provides for two independent projects, the construction of substation equipment (the Static Var Compensator ‘SVC’ Project) to provide the Adirondack transmission system with better voltage regulation and a new transmission line to alleviate serious transmission capacity deficiencies in the Lake Placid, Tupper Lake and Saranac Lake area of the Adirondacks.

“On February 10, 2005, the President and Chief Executive Officer authorized the award of a contract to Tetra Tech with a compensation ceiling of \$871,000 in accordance with the Authority’s Expenditure Authorization Procedures and as a result of competitive bidding. Tetra Tech proceeded to initiate the necessary studies and prepare the documents required to obtain the necessary regulatory approvals to construct the project.

“At their meeting of June 28, 2005, the Trustees authorized interim financing for the Transmission Project and the SVC Project at the estimated aggregate cost of \$21.2 million through the issuance of Commercial Paper and the use of Capital Fund monies. The execution of the Agreement in which the Authority agreed to finance and license the Transmission Project and which provides for the construction of the SVC Project was approved by the Trustees at their meeting of October 26, 2004.

“There has been no precedent for this type of work in this region for decades. The regulatory and statutory requirements of the Adirondack Park Agency, the New York State Department of Environmental Conservation and other regulatory agencies have proven to be unique, stringent and somewhat onerous for work performed within the Adirondack Park. The demands of these requirements have necessitated fast tracking the consultant while reacting to emerging and sometimes unanticipated regulatory issues.

“Supplemental funding was requested for the additional studies and analyses necessary to prepare applications and documents to obtain required regulatory approvals for the Transmission Project through the anticipated submission of the Draft Environmental Impact Statement (‘DEIS’). At their meeting of July 26, 2005, the Trustees authorized an increase in the value of the contract in the amount of \$682,700, from \$871,000 to \$1,553,700. At that time, the Trustees were informed that additional funding may be required in the event further studies or expanded work scopes of existing studies continued to be required to finalize licensing of the project.

“Approximately \$1,435,215 has been expended through November 4, 2005. These funds were used to complete the environmental and engineering studies as well as the public outreach necessary to support the preparation of the applications for regulatory approvals and the DEIS. The applications and the DEIS are being filed in November 2005.

“It is anticipated that an additional \$638,833 will be required to complete the licensing of the project. These funds will be used to respond to comments from the agencies on preliminary drafts of the DEIS and applications, as well as for the preparation of the Final Environmental Impact Statement (‘FEIS’). Specifically, this work will include supporting the Authority during a hearing, responding to comments on the DEIS, preparing the FEIS and any additional licensing tasks that need to be completed prior to initiating detailed engineering and design.

FISCAL INFORMATION

“Funding of this work will be done through the issuance of Commercial Paper and/or the use of Capital Fund monies, as previously approved by the Trustees at their meeting of June 28, 2005.

RECOMMENDATION

“The Deputy Secretary and Deputy General Counsel, the Senior Vice President – Public and Governmental Affairs, the Vice President – Procurement and Real Estate and the Executive Director – Licensing, Implementation and Compliance recommend that the Trustees authorize an additional \$638,833 for support of the construction of a new transmission line, resulting in a revised compensation ceiling of \$2,192,533 through the life of the project, currently estimated to be June 2006.

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

Mr. Suloway presented the highlights of staff’s recommendations to the Trustees and noted that the licensing applications would be filed tomorrow. In response to a request from Chairman Seymour, Mr. Suloway said that the two biggest issues that had to be dealt with were visual impacts and wetlands, and that not only Adirondack Park Agency (“APA”) staff but also APA Board members would be participating in the decision-making process. Responding to a question from Vice Chairman McCullough, Mr. Suloway said that the amount approved today should be enough to cover the licensing and State Environmental Quality Review Act processes.

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, authorization for an additional commitment in the amount of \$638,833 to Tetra Tech EC, Inc., thereby increasing the compensation ceiling to \$2,192,533, is hereby approved as recommended in the foregoing report of the President and Chief Executive Officer, in the amount and for the purpose listed below:

	<u>Initial Expenditure Authorization</u>	<u>Total Project Authorization</u>	<u>Contract Completion</u>
Tetra Tech EC, Inc. (4500102769) Engineering and Licensing services for the Transmission Project	\$871,000	<u>\$2,192,533</u>	06/30/06

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

13. Procurement (Services) Contract – 500 MW Combined Cycle Plant – Commissioning and Start-Up Craft Labor Support – Day & Zimmermann NPS, Inc. – Increase in Compensation Ceiling

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve a \$2,500,000 increase in the compensation ceiling of the Commissioning and Start-Up Craft Labor Support Contract with Day & Zimmermann NPS, Inc. (‘D&Z’) for the 500 MW Combined Cycle Plant. With this increase, the compensation ceiling will be revised to a total amount of \$8,500,000. This increase is for D&Z’s efforts through year-end 2005, to provide additional start-up and commissioning support needed to meet the December 31, 2005 Commercial Operation Date. The additional work resulted principally from equipment deficiencies and design modifications that have occurred during Plant commissioning.

“The requested contract amount is within the approved 500 MW Capital Expenditure Approval Request (‘CEAR’) amount for construction services. Recovery of a substantial portion of these additional costs will be pursued with the vendors to the Authority.

BACKGROUND

“Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year. Also, in accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services or equipment purchase contracts in excess of \$3,000,000, as well as personal services contracts in excess of \$1,000,000, if low bidder, or \$500,000 if sole source or non-low bidder, require Trustee approval.

“In accordance with the Authority’s recently revised Expenditure Authorization Procedures, the Trustees’ approval is required for additional funding in excess of \$1,000,000 for non-personal services, construction and equipment contracts, where it is impractical to rebid.

“At their meeting of March 29, 2005, the Trustees approved \$5,000,000 for the initial award of D&Z’s contract to provide craft labor support for plant commissioning services, including testing activities and maintenance work. Subsequently, the compensation ceiling was increased by \$1,000,000 via the Expenditure Authorization Procedures, bringing the current contract authorization to \$6,000,000. While the level of effort for basic start-up and commissioning support provided by D&Z has been consistent with the initial 30,000 man-hour budget for this work, the extent of support needed due to design changes and equipment deficiencies has been significantly greater than anticipated. Upon reviewing the level of effort already expended by D&Z, and the anticipated expenditures for upcoming work items through year-end 2005, it is recommended that the compensation ceiling be increased to a total amount of \$8,500,000.

DISCUSSION

“As the Project progressed to the start-up/commissioning phase, additional work items emerged requiring the services of D&Z. The added work principally springs from numerous vendor-initiated design modifications in several plant systems; deficiencies in vendor-supplied equipment (most significantly the mechanical failure, control wiring and software design errors associated with the three gas compressors); rescheduling of and duration of start-up/ commissioning activities (including the plant fire alarm and protection systems; steam cleaning of equipment) and maintenance activities.

“A substantial portion of the D&Z added costs for support services is attributable to Authority contractors. As such, reimbursement will be pursued through the contract back-charge process.

FISCAL INFORMATION

“Payment will be made from the Capital Fund. The requested contract amount is within the fund allocation in the approved 500 MW CEAR for construction services.

RECOMMENDATION

“The Deputy Secretary and Deputy General Counsel, the Vice President – Procurement and Real Estate and the Vice President – Project Management recommend that pursuant to the Guidelines for Procurement Contracts and the Expenditure Authorization Procedures adopted by the Authority, the Trustees approve an increase of \$2,500,000 in the Commissioning and Start-Up Craft Labor Support Contract with Day & Zimmerman, NPS, Inc., resulting in a revised maximum contract price of \$8,500,000.

“The Chief Operating Officer, the Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President and Chief Financial Officer, the Vice President – Controller and I concur in the recommendation.”

Mr. Antenucci presented the highlights of staff’s recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Antenucci said that claims would be pursued by having the Authority’s claims consultant meet with senior managers in early January, after which a meeting would be scheduled with senior management of the vendors to attempt to work out a “business solution.” Responding to a question from Chairman Seymour, Mr. Antenucci said that this increase in compensation ceiling was within the project’s approved Capital Expenditure Authorization Request.

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts and the Expenditure Authorization procedures adopted by the Authority, an increase of \$2,500,000 in the contract with Day & Zimmermann NPS, Inc. for the changes described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved, resulting in an increase in the contract amount to \$8,500,000 for Commissioning and Start-Up Craft Labor Support work for the 500 MW Combined Cycle Power Plant at the Charles A. Poletti Plant site as listed below:

<u>Capital</u>	<u>Contract Award</u>
Day & Zimmermann NPS, Inc.	
Original Contract Authorization	\$5,000,000
Approved Under EAP	\$1,000,000
Current Request	<u>\$2,500,000</u>
TOTAL AMOUNT AUTHORIZED	<u>\$8,500,000</u>

AND BE IT FURTHER RESOLVED, That the Chairman, the President and Chief Executive Officer or the Chief Operating Officer be, and hereby are, authorized and directed to execute on behalf of the Authority the necessary contract change documents subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel; and be it further

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

14. Other

Chairman Seymour said that President Zeltmann had informed him of his intention to retire on February 3, 2006. He added that while everyone at the Authority would be sad to see President Zeltmann go, he knew that he would enjoy his retirement.

15. **Next Meeting**

The next Regular Meeting of the Trustees will be held on **Tuesday, December 13, 2005, at 11:00 a.m., at the Albany Office**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 11:37 p.m.

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

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