

March 25, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Procurement (Services) Contract –
St. Lawrence/FDR Power Project – Massena Substation –
Auto-Transformer Removal and Site Preparation –
Contract Extension**

SUMMARY

The Trustees are requested to approve a one-year extension until December 31, 2014 to Purchase Order #4500226992 (the “Contract”) for Northline Utilities LLC of Ausable Forks, New York for the Auto-Transformer Removal and Site Preparation for Installation of the new SMIT 765 kV Auto-Transformer at the Massena Substation.

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.

Northline Utilities was awarded the Contract for the removal of the failed spare 765kV/230kV auto-transformer; the removal of damaged power and control cables, conduits and grounding; removal of the squelching stone; inspection and repair of the containment; installation of a new liner; installation of new power and control cables, conduits and grounding; and preparation of the site for the delivery of the new auto-transformer from SMIT.

DISCUSSION

At the time of the Contract award, the new transformer from SMIT was expected to be delivered on site in October, 2013. Northline Utilities’ work on this Contract was expected to be completed by December 2013.

As a result of fabrication and transportation issues, the transformer shipment was delayed considerably. Assembly and testing of the transformer by SMIT is expected to be completed by late April, 2014. Once SMIT’s commissioning is complete, Northline Utilities must return to perform the balance of the required work. The Northline Contract, originally anticipated to be less than 12 months in duration, reached the one-year mark in January, 2014.

FISCAL INFORMATION

Payment associated with this project will be made from the Authority's Capital Fund. Any additional funding to support this contract extension will be handled in accordance with the Authority's Expenditure Authorization Procedures.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Acting Vice President – Project Management, the Vice President – Engineering, the Acting Vice President – Procurement, the Project Manager, and the Regional Manager – Northern New York recommend that the Trustees approve the contract extension to Northline Utilities LLC.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award a one-year contract extension to Northline Utilities LLC of Ausable Forks, New York to complete the scope-of-work in support of the installation of the spare auto-transformer for use at the Massena Substation, as recommended in the foregoing memorandum of the President and Chief Executive Officer.

Contractor

Northline Utilities
Ausable Forks, NY
PO# 4500226992

Contract Approval

One-Year Contract Extension
to December 31, 2014
Final Est. Cost: \$554,041

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