



Date: May 19, 2015
To: THE TRUSTEES
From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER
Subject: Spare 345 kV Dual Usage Shunt Reactor Project –
Capital Expenditure Authorization Request

SUMMARY

The Trustees are requested to authorize capital expenditures in the amount of \$2.60 million for design, fabrication, delivery, assembly and testing a spare 150MVAR, 345 kV dual capability shunt reactor for use at the Y49's East Garden City Substation, South Transition Substation and Sprain Brook Substation (herein referred to as the "Project").

The total Capital Expenditure Authorization Request for this Project is \$3.39 million, which includes previously authorized funding in the amount of \$790,321 for preliminary engineering work.

BACKGROUND

In accordance with the Authority's Expenditure Authorization Procedures ("EAPs"), capital expenditures in excess of \$3 million require the Trustees' approval.

Due to service-age, failures from di-electric breakdown have already been observed within the insulated cable systems. Therefore, an extended period of time without the maximum number of voltage reducing elements (reactors) in service would add unacceptable risk to both cable systems, which under the best of circumstances are subject to decreasing di-electric strength with age.

DISCUSSION

The scope-of-work for this project includes the design, fabrication, delivery, assembly, and testing of one spare 150MVAR, 345 kV dual capability shunt reactor to be used for the Y49's East Garden City, South Transition and Sprain Brook Substations in the event of a failure.

After issuance of a Request for Proposal ("RFP") and a competitive bidding process, an equipment procurement contract for the new spare shunt reactor will be awarded to the most technically qualified bidder, pending Trustee approval of this capital expenditure authorization request. The proposals will be reviewed by the Evaluation Committee based on engineering, quality, terms and conditions, and cost. Upon completion of the evaluation, an award recommendation will be presented to Procurement and approved in accordance with Authority's Guidelines for Procurement Contracts and EAPs.

The work will be performed over a three-year period with design taking place in 2015 and fabrication, delivery, assemble and testing in 2016 through 2017.

The total project cost is estimated at \$3.390 million as follows:

	Previous Authorization (\$000)	Current Request (\$000)	Total Project Estimate (\$000)
Preliminary Engineering/Design (NYPA)	\$ 200.0	\$ 200.0	\$ 400.0
Procurement	\$ 590.3	\$ 2,123.6	\$ 2,713.9
Construction/Installation	\$ 0.0	\$ 115.5	\$ 115.5
Authority Direct & Indirect	\$ 0.0	\$ 160.9	\$ 160.9
Total	\$ 790.3	\$ 2,600.0	\$ 3,390.3

FISCAL INFORMATION

Payment associated with this project will be made from the Authority’s Capital Fund.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Transmission, the Vice President – Procurement and the Regional Manager-Southeast New York recommend that the Trustees authorize capital expenditures in the amount of \$2.60 million for the Spare 345 kV Dual Usage Shunt Reactor Project.

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 Authority’s Capital Expenditure Authorization Procedures, capital expenditures are hereby approved in the amount of \$2.60 million, for the procurement of Spare 345 kV Dual Usage Shunt Reactor as recommended in the foregoing memorandum of the President and Chief Executive Officer;

<u>Capital</u>	<u>Expenditure Authorization</u>
Spare 345 kV Dual Usage Shunt Reactor Project	
Previous Authorization	\$ 790,321
Current Request	<u>2,600,000</u>
Total Amount Authorized	<u>\$ 3,390,321</u>

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.