

May 22, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: STL-CEC Microwave System Upgrade Project
Capital Expenditure Authorization Request –
Increase in Authorized Funding**

SUMMARY

The Trustees are requested to authorize an increase to the Capital Expenditure Authorization Request (“CEAR”) in the amount of \$701,000 to complete the upgrade of the Microwave Communication System, from analog to digital, from the St. Lawrence/FDR Power Project (“STL”) to the Frederick R. Clark Energy Center (“CEC”), (the “Project”). The Project completion is expected during the summer of 2014.

In March 2013, based on increased Project scope-of-work, additional funding in the amount of \$866,000 was authorized by the President and Chief Executive. This additional authorization was within the \$1.0 million limit that the President and Chief Executive Officer can authorized for projects previously authorized by the Trustees. This request will result in a total increase of \$1,567,000.

BACKGROUND

In accordance with the Authority’s Expenditure Authorization Procedures, requests for an increase in expenditure authorization that exceed \$1 million require the Trustees’ approval.

At their meeting of March 29, 2011, the Trustees approved the Project CEAR in the amount of \$5.8 million and the award of a competitively bid contract to Aviat U.S., Inc. to upgrade the STL-CEC Microwave Communication System. The Project includes the replacement of all existing electronic equipment with “state-of-the-art” hierarchical digital electronic equipment at STL, CEC and four remote repeater facilities.

DISCUSSION

The requested funds will cover the costs associated with Project contracting delays, increased construction management costs, increased scope and engineering. With the addition of the requested funds, the total Project budget will be \$7,367,000.

Initial Approval	\$5,800,000
Previous Request (March 2013)	866,000
Current Request	<u>701,000</u>
Total	<u>\$7,367,000</u>

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 Acting Vice President – Project Management, the Vice President – Engineering, the Vice President – Transmission, the Acting Vice President – Procurement, the Project Manager and the Regional Manager – Northern New York recommend that the Trustees authorize additional capital expenditures in the amount of \$701,000 to complete the upgrade of the Microwave Communication System from the St. Lawrence/FDR Power Project to the Frederick R. Clark Energy Center.

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 Expenditure Authorization Procedures, additional capital expenditures in the amount of \$701,000 are hereby authorized to complete the upgrade of the new Microwave Communication System from the St. Lawrence/FDR Power Project ("STL") to the Frederick R. Clark Energy Center ("CEC"), as recommended in the foregoing memorandum of the President and Chief Executive Officer; 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 Acting Executive Vice President and General Counsel.