

**POWER AUTHORITY OF THE STATE OF NEW YORK**  
**2009 ANNUAL REPORT OF PROCUREMENT CONTRACTS**

**EXECUTIVE SUMMARY**

The Power Authority of the State of New York (the "Authority") is a corporate municipal instrumentality and political subdivision of the State of New York. The Authority generates, transmits and sells electric power and energy principally at wholesale. The Authority's primary customers are municipal and investor-owned utilities and rural electric cooperatives located throughout New York State, high-load-factor industries and other businesses, various public corporations located within the metropolitan area of New York City and certain out-of-state customers. The Authority does not use tax revenues or State funds or credit. It finances construction of its projects through bond and note sales to private investors and repays the debt holders with proceeds from operations.

In 2009, the Authority continued a major effort to implement Energy Services and Technology ("EST") programs that include the installation of high-efficiency lighting, motors and controls; conversion to more efficient chiller and boiler plants and clean renewable distributed generation at customer sites statewide. Other efforts include an electric transportation program to promote the use of electric-drive vehicles (cars, pick-up trucks and buses) throughout the State.

The Authority requires the services of outside firms for accounting, engineering, legal, public relations, surveying and other work of a consulting, professional or technical nature to supplement its own staff, as well as to furnish varied goods and services and perform construction work. Many of these contracts are associated with the construction, maintenance and operation of the Authority's electric generating facilities and transmission lines, as well as with support of the energy efficiency projects noted above.

**ACCOMPLISHMENTS**

Major procurement efforts in 2009 included purchase of goods, services and construction work in support of the Authority's operating projects and headquarters facilities, Life Extension and Modernization ("LEM") Programs at Blenheim-Gilboa, Niagara and St. Lawrence and the EST programs mentioned above. The Authority's Procurement Department is continuing efforts to optimize use of the Authority's Credit Card Procurement System ("CCPS") for procurements under \$5,000 and the SAP procurement and materials management system, as well as supporting the requirements of the Authority's operating and capital projects and headquarters operations.

## CCPS

The CCPS is used to procure goods and services valued under \$5,000. At the end of 2009, the Authority had approximately 150 cardholders in both headquarters and operating facilities. The average value of a single transaction was approximately \$500. The average number of credit card transactions was 760 per month, with an average monthly value of \$385,000, totaling nearly \$4.6 million in the report year.

## Supplier Diversity Program (“SDP”)

During 2009, the Authority awarded \$ 29.1 million, or 36.4% of its reportable expenditures, to New York State Certified Minority and Women-Owned Businesses (“M/WBE’s”). This record goal attainment includes both direct contracts and subcontracts, including construction-related work. Increased energy efficiency initiatives and bulk contractor compliance submissions contributed to the significant goal attainment.

The Authority’s goal for 2009 as established with the New York State Empire State Development Corporation (“ESDC”) is 6% of “Reportable Expenditures.” Reportable Expenditures exclude specialty procurements (such as transformers, circuit breakers, turbine runners and other major electrical generating equipment, and commodities such as natural gas where no M/WBEs are available to provide such goods or services). Excluding such items, the Authority attained 25% of Reportable Expenditures through the fourth quarter of 2009, which is 19% higher than its goal of 6%.

The Authority continues an active outreach program with various M/WBE organizations and trade associations. A significant part of its outreach efforts include Annual Purchasing Exchanges. The Authority’s 19th exchange was held at its White Plains office in June 2009 and another exchange in support of the Authority’s Environmental Justice initiatives was held in October 2009 in Buffalo. That event was held in conjunction with National Grid and ESDC. Representatives of nearly 500 M/WBEs and more than 50 New York State, federal, New York City, local and corporate entities participated in both exchanges.

Recently enacted legislation requires State agencies and authorities to post contractor utilization plans on their websites. Systems are currently being developed for implementation of this requirement to ensure the Authority’s continued compliance with New York State law.

## **ANNUAL REPORT – 2009 PROCUREMENT CONTRACTS (Exhibit “A-2”)**

The Annual Report includes specific details for procurements of \$5,000 or greater awarded since January 1, 1990 that were active in 2009. There were 2,285 such contracts with an estimated value of more than \$4.5 billion, which also includes fossil fuel and corporate finance expenditures. Total procurement expenditures in 2009 exceeded \$569 million. This amount included more than \$252 million for the purchase of fossil fuels and related services. Approximately 58% of the contracts active in 2009 were closed in 2009.

As noted in Attachment II:

- Approximately 9% of these contracts were for construction work;
- More than 46% were for the purchase of equipment and commodities;
- More than 13% were for consulting contracts (e.g., engineering, design, specialized analysis);
- Other services, such as technician work and contracted personnel, accounted for 32%.

Attachment III indicates that, based on the total value of the contracts included in the Annual Report, approximately 97% (including fuels and corporate finance) were for contracts that were competitively bid. In terms of the numbers of contracts processed (Attachment IV), approximately 70% were competitively bid and 30% were sole-source awards. The major reasons for the high number of sole-source awards in 2009 included the purchase of spare parts and services from original equipment manufacturers, procurements from proprietary sources, ongoing Southeastern New York maintenance/repair contracts and procurements done on an emergency basis.