

May 21, 2013

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Moses-Willis Circuit Separation Project –  
Capital Expenditure Authorization Request**

**SUMMARY**

The Trustees are requested to authorize capital expenditures in the amount of \$6.1 million for the implementation of the Moses-Willis Circuit Separation Project (the “Project”). The President and Chief Executive Officer has already approved \$998,000 for preliminary engineering and acquisition of easements and transmission structures from Alcoa.

**BACKGROUND**

In accordance with the Authority’s Expenditure Authorization Procedures, capital expenditure authorizations in excess of \$3 million require the Trustees’ approval.

This Project is needed to remove the double-circuit contingency identified by the New York Independent System Operator (“NYISO”) on the Moses to Plattsburgh Facility. This double-circuit contingency is a result of the Moses-Willis (“MW”) 230 kV lines (MW-1 and MW-2) that are currently located on common structures for the first two miles from St. Lawrence (“STL”) Moses-Switchyard and the only major transmission path east from STL. If a tower failure should occur, both MW lines could be out of service. As a result of the current configuration, the NYISO performs certain actions that affect system reliability.

The Project involves the separation of the MW-1 and MW-2 circuits onto separate towers and the construction of five new tower structures in the Town of Massena, such that the loss of one structure does not disable the ability of both lines to transmit power.

The following activities were required to support the separation of the MW-1 and MW-2 circuits:

- Acquire easements from private landowner by purchase or eminent domain
- Acquire easements and transmission structures from Alcoa
- File with the New York State Public Service Commission, an application to amend the existing MW Certificate of Environmental Compatibility and Public Need (“Certificate”) to permit the Project.

On April 18, 2013, the Public Service Commission approved the Authority’s application to amend the Certificate.

DISCUSSION

In response to the Authority’s request for proposals (Q13-5424FS) advertised in the New York State *Contract Reporter* on February 19, 2013, thirty-nine (39) firms downloaded the bid documents and two proposals were received on March 25, 2013 for the construction services of the Project.

The proposals were evaluated based on:

- Compliance with commercial, technical and quality assurance requirements
- Safety record
- Price
- Past performance

Michels Power of Neenah, WI was determined to have submitted the lowest-cost and technically acceptable bid. Michels Power demonstrated an understanding of the Project and the ability to successfully complete the Project as planned. Additionally, Michels Power has a proven track record and familiarity with the Authority’s work practices.

The work will be performed in 2013. Construction will commence in July 2013 and will be completed by December 2013.

The capital expenditure authorization request is comprised of the following:

Preliminary Engineering (previously authorized)	\$ 998,000
Engineering and Design	\$ 243,000
Procurement	\$ 1,034,000
Construction/Installation	\$ 3,120,000
Authority Indirect and Direct Expenses	<u>\$ 674,000</u>
TOTAL	<u>\$ 6,069,000</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 Vice President – Project Management, the Vice President – Engineering, the Vice President – Transmission, the Vice President – Procurement, the Project Manager and the Regional Manager

– Northern New York recommend that the Trustees authorize capital expenditures in the amount of \$6.1 million for the implementation of the Moses-Willis Circuit Separation Project.

For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

Gil C. Quiniones  
President and Chief Executive Officer

Att.  
Moses-Willis Circuit  
Separation – CEAR

## **RESOLUTION**

RESOLVED that pursuant to the Authority's Expenditure Authorization Procedures, capital expenditures in the amount of \$6.1 million for the implementation of the Moses-Willis Circuit Separation Project are hereby authorized in accordance with and as recommended in the attached memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice 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 and General Counsel.