

MINUTES OF THE REGULAR MEETING
OF
POWER AUTHORITY OF THE STATE OF NEW YORK

March 26, 1996

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March 26, 1996

Minutes of the Regular Meeting of the Power Authority of the State of New York held at the New York Office at 10:00 a.m.

Present: Clarence D. Rappleyea, Chairman
Thomas R. Frey, Vice Chairman
Louis P. Ciminell, Trustee
Hyman M. Miller, Trustee
Robert J. Waldbauer, Trustee

Robert G. Schoenberger	President and Chief Operating Officer
Charles M. Pratt	General Counsel
William J. Cahill	Chief Nuclear Officer
John F. English	Senior Vice President - Transmission
Robert A. Hiney	Senior Vice President - Power Generation
Louise M. Morman	Senior Vice President - Marketing and Economic Development
Philip J. Pellegrino	Senior Vice President - Energy Efficiency & Technology
Robert L. Tscherne	Senior Vice President - Business Services
Woodrow W. Crouch	Vice President - Project Management - Power Generation
Deborah Perry Estrin	Vice President - Human Resources
H. Kenneth Haase	Vice President - System Planning
John M. Hoff	Vice President - Procurement and Real Estate
Stephen P. Shoenholz	Vice President - Public Affairs
Ronald W. Ciamaga	Regional Manager - Northern New York
Richard E. Kuntz	Regional Manager - Southeast New York
James J. McCarthy	Regional Manager - Central New York
Daniel P. Berical	Director - Intergovernmental Affairs
John W. Blake	Director - Environmental Programs
Jordan Brandeis	Director - Performance Planning
Frederick E. Chase	Director - Community Relations
Jules G. Franko	Director - Nuclear Procurement
John L. Murphy	Director - Public Information
Gary N. Paslow	Director - Policy Development
James H. Yates	Director - Business Marketing and Economic Development
George W. Collins	Treasurer
Anne Wagner-Findeisen	Corporate Secretary
Laura M. Badamo	Assistant Corporate Secretary - Legal Affairs
Vernadine E. Quan-Soon	Assistant Corporate Secretary - Corporate Affairs

Chairman Rappleyea presided over the meeting. Secretary Wagner-Findeisen kept the Minutes.

March 26, 1996

1. **Approval of the Minutes**

The minutes of the Regular Meeting of February 27, 1996 were approved.

March 26, 1996

2. Financial Report for the Two Months Ended February 29, 1995

Financial Reports
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**NEW YORK POWER AUTHORITY
FINANCIAL REPORTS
FOR THE TWO MONTHS ENDED FEBRUARY 29, 1996
(\$ In Millions)**

Financial Summary

	<u>Actual</u>	<u>Forecast</u>
Net Operating Revenues	\$ 19.7	\$40.5
Net Revenues	5.7	23.8
O&M (incl. administrative)	66.5	71.8
Generation (GWH's)	5,063	6,189

<u>Reserves</u>	<u>February 1996</u>	<u>January 1996</u>
Operating	\$102	\$126
General	<u>59</u>	<u>47</u>
Total	<u>\$161</u>	<u>\$173</u>

Net revenues of \$5.7 through February were \$18.1 lower than forecasted (\$23.8). Net operating revenues were \$20.8 lower than forecasted primarily due to higher than anticipated operating expenses related to the continuing outage at IP-3. Operating expenses exceeded the forecast by \$22.0 including higher purchased power (\$20.3) and net fuel costs (\$6.4) due to the need to support IP-3 with external sources of energy. J. A. FitzPatrick also required external support during an unscheduled outage which started on February 22 (and ended on March 7). Overruns in these expenses were partially offset by underruns in site O&M (\$4.1) primarily due to delays in maintenance work at the Hydro facilities. Headquarters administrative expenses were also \$1.2 less than forecasted. Investment income through February was \$2.7 higher than anticipated due to higher yields on investments (primarily in the Nuclear Decommissioning Trust Fund).

**NYPA
NET REVENUES
TWO MONTHS ENDED FEBRUARY 29, 1996
(\$ IN 000'S)**

	<u>ACTUAL</u>	<u>FORECAST</u>	<u>VARIANCE</u>
OPERATING REVENUES	<u>\$225,415</u>	<u>\$224,184</u>	<u>\$1,231</u>
OPERATING EXPENSES			
FUEL CONSUMED	35,916	29,561	6,355
PURCHASED POWER	27,666	7,334	20,332
WHEELING	40,314	40,041	273
SITE O&M AND DIRECT CHARGES	49,031	53,147	(4,116)
ADMINISTRATIVE EXPENSES	17,454	18,664	(1,210)
DECOMMISSIONING	11,858	10,041	1,817
R&D AND OTHER	949	2,777	(1,828)
DEPRECIATION	<u>22,576</u>	<u>22,158</u>	<u>418</u>
TOTAL OPERATING EXPENSES	<u>205,764</u>	<u>183,723</u>	<u>22,041</u>
NET OPERATING REVENUES	19,651	\$40,461	(20,810)
INVESTMENT & OTHER INCOME	16,071	13,399	2,672
INTEREST & OTHER EXPENSES	<u>(30,031)</u>	<u>(30,021)</u>	<u>(10)</u>
NET REVENUES (DEFICIENCY)	<u>\$5,691</u>	<u>\$23,839</u>	<u>(\$18,148)</u>

York Power Authority
Net Revenues by Facility
For the Two Months Ended February 29, 1996
(\$ in 000's)

	<u>Niagara / St. Lawrence</u>	<u>B-G</u>	<u>IP3 / Poletti</u>	<u>JAF</u>	<u>Flynn</u>	<u>Transmission</u>	<u>Elimination & Adjmts</u>	<u>Total</u>
Operating Revenues	\$34,306	\$5,796	\$124,757	\$35,826	\$11,985	\$22,890	(\$10,145)	\$225,415
Operating Expenses								
Fuel Consumed	0	0	21,160	5,781	8,975	0		35,916
Purchased Power	15	718	32,624	1,389	0	4,128	(11,208)	27,666
Wheeling	4,635	0	33,871	1,808	0	0		40,314
Site O&M and Direct Charges	7,684	1,917	18,898	13,515	494	6,523		49,031
Administrative Expenses	6,146	632	5,927	3,379	194	1,176		17,454
Decommissioning	0	0	5,720	6,138	0	0		11,858
R&D and Other	0	0	0	0	0	0	949	949
Depreciation	3,200	710	8,518	3,657	697	5,794		22,576
Total Operating Expenses	<u>21,680</u>	<u>3,977</u>	<u>126,718</u>	<u>35,667</u>	<u>10,360</u>	<u>17,621</u>	<u>(10,259)</u>	<u>205,764</u>
Net Operating Revenues	12,626	1,819	(1,961)	159	1,625	5,269	114	19,651
Investment and Other Income	1,059	134	7,322	4,838	377	1,868	473	16,071
Interest and Other Expenses	(695)	(806)	(15,632)	(2,331)	(1,803)	(8,301)	(463)	(30,031)
Net Revenues (Deficiency)	12,990	1,147	(10,271)	2,666	199	(1,164)	124	5,691
Forecast	11,368	(83)	16,339	4,089	(1,514)	(4,745)	(1,615)	23,839
Variance	<u>\$1,622</u>	<u>\$1,230</u>	<u>(\$26,610)</u>	<u>(\$1,423)</u>	<u>\$1,713</u>	<u>\$3,581</u>	<u>\$1,739</u>	<u>(\$18,148)</u>

NEW YORK POWER AUTHORITY
 VARIATIONS FROM FORECAST
 MAJOR FACTORS
 For the Two Months ended February 29, 1996
 (Millions)

				Better/(Worse) than forecast
Niagara/St. Lawrence	o Below forecast site O&M due to schedule changes in LPGP overhaul and roadway repair projects	1.1		
	o Lower allocated administrative costs	1.0		
	o Higher wheeling expense	(0.3)		
	o Other	(0.2)		1.6
Blenheim/Gilboa	o Above forecast revenues due to higher transfers to IP3/Poletti	0.9		
	o Higher purchased power	(0.6)		
	o Below forecast site O&M due to lower maintenance activity	0.9		1.2
J. A. FitzPatrick	o Lower revenues due to unanticipated February outage	(0.6)		
	o Higher purchased power due to need for support energy	(0.9)		
	o Other	0.1		(1.4)
IP3/Poletti	o Higher than forecasted revenues	4.5		
	o Higher purchased power costs due to need for additional support energy	(24.3)		
	o Above forecast IP3 site O&M due to unanticipated work associated with the extended outage	(0.5)		
	o Lower nuclear fuel consumed	4.4		
	o Higher fossil fuel costs	(9.9)		
	o Other	(0.8)		(26.6)
IP3	o Higher than forecasted revenues	2.2		
	o Higher fuel costs due to higher prices	(1.2)		
	o Lower site O&M	0.4		
	o Other	0.3		1.7
Transmission	o Higher transmission revenues due to additional transfers to IP3/Poletti	1.9		
	o Below forecast O&M	0.9		
	o Other	0.8		3.6
Consolidating adjustments and other				1.7
Net Revenues - variance from forecast				(\$18.2)

**NYPA
Site O&M and Direct Charges
Two Months Ended February 29, 1996**

(\$ in millions)

	<u>Actual</u>	<u>Forecast</u>
Niagara	\$5.3	\$6.6
St. Lawrence	2.4	2.2
Blenheim-Gilboa	1.9	2.8
Small Hydro	0.1	0.2
Indian Point - 3	16.6	16.1
Poletti	2.2	2.6
J.A. FitzPatrick	13.5	14.3
Flynn	0.5	0.9
Transmission	<u>6.5</u>	<u>7.4</u>
	<u>\$49.0</u>	<u>\$53.1</u>

The **Operating Facilities** are underrunning the forecast of \$53.1 million by \$4.1 million or 7.7% through February. **Niagara** is underrunning the forecast by \$1.3 million (19.7%) due to scheduling changes in the LPGP overhaul and roadway repair tasks. **Blenheim-Gilboa** is underrunning by \$0.9 (or 32.1%) primarily due to temporary delays in maintenance, and an unanticipated credit for FERC fees paid in prior years. **Transmission** is underrunning \$0.9 (or 12.1%) due to temporary delays in maintenance. **J.A. FitzPatrick** is under budget by \$0.8 million (or 5.6%) due to Design Engineering site labor being charged to Headquarters. **Poletti** (\$0.4) is also under budget due to temporary delays in maintenance and MRM programs. **Indian Point 3** is overrunning the forecast by \$0.5 million (or 3.1%) due to additional overtime and contractor support during the continuing outage. **St. Lawrence's** \$0.2 million (9.1%) overrun is due primarily to a temporary delay for the B. I. Bridge Repair cost recovery from Ontario Hydro.

**NYPA
Administrative Expenses
Two Months Ended February 29, 1996**

(\$ in millions)

	<u>Actual</u>	<u>Forecast</u>
Business Services	\$5.2	\$6.7
Nuclear Generation	2.8	1.9
Power Generation	2.2	1.4
President/COO (Hum. Res. & Appraisal)	2.6	3.9
Chairman/CEO (Law & Public Affairs)	1.3	1.5
Marketing & Economic Development	0.6	0.9
Transmission	1.8	1.8
Energy Efficiency	0.6	0.3
Other	<u>0.9</u>	<u>1.6</u>
	18.0	20.0
Less: Capital	<u>(0.6)</u>	<u>(1.3)</u>
	<u>\$17.4</u>	<u>\$18.7</u>

Administrative Expenses are \$1.3 million under forecast through February. **Business Service's** underrun of \$1.5 million is the result of less than anticipated expenses for several major EDP maintenance service contracts and computer software purchases. **Power Generation** is \$0.8 million over budget, due to greater than expected engineering support for the facilities. The \$1.3 million underrun in the **Office of the President/COO** reflects current underruns in nuclear fees. The **Office of the Chairman/CEO's** underrun of \$0.2 million is primarily due to less than anticipated use of contracted service support in Public Affairs. **Marketing** is \$0.3 million under forecast in consultant usage and in the Tree Power program. These underruns are partially offset by overruns in Nuclear Generation (\$0.8 million, primarily payroll due to outage support) and Energy Efficiency (\$0.3 million). Headquarters support allocated to **Capital** projects underran forecast by \$0.7 million as a result of less than anticipated capital spending. (See page 9).

NEW YORK POWER AUTHORITY
COMPARATIVE STATEMENT OF NET ASSETS
 (IN THOUSANDS)

	FEBRUARY 29, <u>1996</u>	DECEMBER 31, <u>1995</u>	<u>NET CHANGE</u>
ASSETS:			
ELECTRIC PLANT IN SERVICE, LESS ACCUMULATED DEPRECIATION	\$3,198,887	\$3,221,400	(\$22,513)
CONSTRUCTION WORK IN PROGRESS	205,146	203,691	1,455
NUCLEAR FUEL, LESS ACCUMULATED AMORTIZATION	148,967	153,139	(4,172)
RESTRICTED FUNDS	490,016	430,941	59,075
CONSTRUCTION FUNDS	202,093	204,986	(2,893)
INVESTMENT IN DECOMMISSIONING TRUST FUND	415,867	405,690	10,177
CURRENT ASSETS:			
CASH	984	120	864
INVESTMENTS IN GOVERNMENT SECURITIES	235,188	256,117	(20,929)
INTEREST RECEIVABLE ON INVESTMENTS	11,795	14,666	(2,871)
RECEIVABLES-CUSTOMERS	137,305	139,208	(1,903)
MATERIALS & SUPPLIES-PLANT & GENERAL	70,945	71,494	(549)
-FUEL	5,670	8,164	(2,494)
PREPAYMENTS AND OTHER	38,404	30,975	7,429
DEFERRED CHARGES AND OTHER ASSETS:			
PRELIMINARY INVESTIGATIONS	24,681	22,675	2,006
OTHER	<u>217,579</u>	<u>207,640</u>	<u>9,939</u>
TOTAL ASSETS	<u>5,403,527</u>	<u>5,370,906</u>	<u>32,621</u>
LIABILITIES AND OTHER CREDITS:			
LONG-TERM DEBT - BONDS	2,743,371	2,742,587	784
- NOTES	200,000	200,000	0
SHORT- TERM NOTES PAYABLE	177,156	178,971	(1,815)
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	180,704	163,113	17,591
SPENT NUCLEAR FUEL DISPOSAL	135,114	134,674	440
DECOMMISSIONING OF NUCLEAR PLANTS	396,259	384,402	11,857
DEFERRED REVENUE	<u>169,771</u>	<u>171,698</u>	<u>(1,927)</u>
TOTAL LIABILITIES AND OTHER CREDITS	<u>4,002,375</u>	<u>3,975,445</u>	<u>26,930</u>
NET ASSETS	<u>\$1,401,152</u>	<u>\$1,395,461</u>	<u>\$5,691</u>
ACCUMULATED NET REVENUES	\$1,395,461	\$1,443,915	(48,454)
NET REVENUES	<u>5,691</u>	<u>(48,454)</u>	<u>54,145</u>
TOTAL	<u>\$1,401,152</u>	<u>\$1,395,461</u>	<u>\$5,691</u>

**NEW YORK POWER AUTHORITY
SUMMARY OF NET GENERATION (MWH'S)
FOR THE TWO MONTHS ENDED FEBRUARY 29, 1996 AND 1995**

FACILITY	1996 ACTUALS	1996 FORECAST	VARIANCE (ACT vs FORE)	% CHANGE	1995 ACTUALS	VARIANCE (CUR vs PRIOR ACT)	% CHANGE
NIAGARA	<u>2,375,616</u>	<u>2,359,098</u>	<u>16,518</u>	<u>0.70%</u>	<u>2,654,850</u>	<u>(279,234)</u>	<u>-10.52%</u>
ST. LAWRENCE	<u>1,027,416</u>	<u>942,048</u>	<u>85,368</u>	<u>9.06%</u>	<u>1,006,383</u>	<u>21,033</u>	<u>2.09%</u>
COMBINED	<u>3,403,032</u>	<u>3,301,146</u>	<u>101,886</u>	<u>3.09%</u>	<u>3,661,233</u>	<u>(258,201)</u>	<u>-7.05%</u>
INDIAN POINT 3	0 (1)	1,152,000	(1,152,000)	-100.00%	0 (1)	0	
POLETTI	<u>570,367</u>	<u>410,000</u>	<u>160,367</u>	<u>39.11%</u>	<u>358,863</u>	<u>211,504</u>	<u>58.94%</u>
COMBINED	<u>570,367</u>	<u>1,562,000</u>	<u>(991,633)</u>	<u>-63.48%</u>	<u>358,863</u>	<u>211,504</u>	<u>58.94%</u>
J. A. FITZPATRICK	990,710 (2)	1,098,316	(107,606)	-9.80%	0 (2)	990,710	
BLLENHEIM GILBOA	(123,893)	(3,124)	(120,769)	3865.85%	(146,233)	22,340	-15.28%
SMALL HYDRO	21,803	30,916	(9,113)	-29.48%	29,286	(7,483)	-25.55%
R. M. FLYNN	<u>200,778</u>	<u>199,656</u>	<u>1,122</u>	<u>0.56%</u>	<u>197,941</u>	<u>2,837</u>	<u>1.43%</u>
TOTAL	<u>5,062,797</u>	<u>6,188,910</u>	<u>(1,126,113)</u>	<u>-18.20%</u>	<u>4,101,090</u>	<u>961,707</u>	<u>23.45%</u>

(1) *Unscheduled maintenance outage February 27, 1993 - June 29, 1995. Unscheduled maintenance outage began September 14, 1995.*

(2) *Scheduled refueling outage November 29, 1994 - March 26, 1995. Unscheduled maintenance outage February 22 - March 7, 1996.*

**NYPA
Capital Expenditures
Two Months Ended February 29, 1996**

	(\$ in millions)	
	<u>Actual</u>	<u>Forecast</u>
J.A. FitzPatrick	\$.3	\$1.9
Indian Point - 3	.2	.4
Energy Conservation	10.5	11.9
Niagara Upgrade	.8	3.2
Other	<u>1.9</u>	<u>5.0</u>
	<u>\$13.7</u>	<u>22.4</u>

Year-to-date capital expenditures were **\$13.7** million, which was **39%** under the forecast of **\$22.4** million. **Energy Conservation Programs** are under budget by **\$1.5** million, primarily due to delays in starting the Electrotechnologies programs. **Nuclear Facility** underruns of **\$1.9** million are due to delays in work related to the JAF Decay Heat Removal and the Hydrogen Water Chemistry systems and in IP3's Fire Protection System and Security System Upgrade. Underruns in the **Niagara Upgrade** project, **\$2.4** million, are due to the timing of expenditures, which are expected to increase over the next few months. Underruns in **Other Projects** of **\$3.1** million include the Fire Protection Programs at Blenheim Gilboa and St. Lawrence due to delays in finalizing designs; and vendor delays in milestone requirements for the Clark Scada Replacement project. These underruns are partially offset by an overrun in the Sound Cable Project due to earlier than expected land claim settlements.

Under the Expenditure Authorization Procedures, the President has authorized new capital expenditures on budgeted capital projects as follows:

IP3 #6 Extraction Steam Line replacement	2,200K	Jan.
JAF 3D Monicore / Thermal Stability	<u>1,144K</u>	Feb.
	<u>\$ 3,344K</u>	

New York Power Authority
Demand Side Management
Financial Report
February 29, 1996
(\$ in 000's)

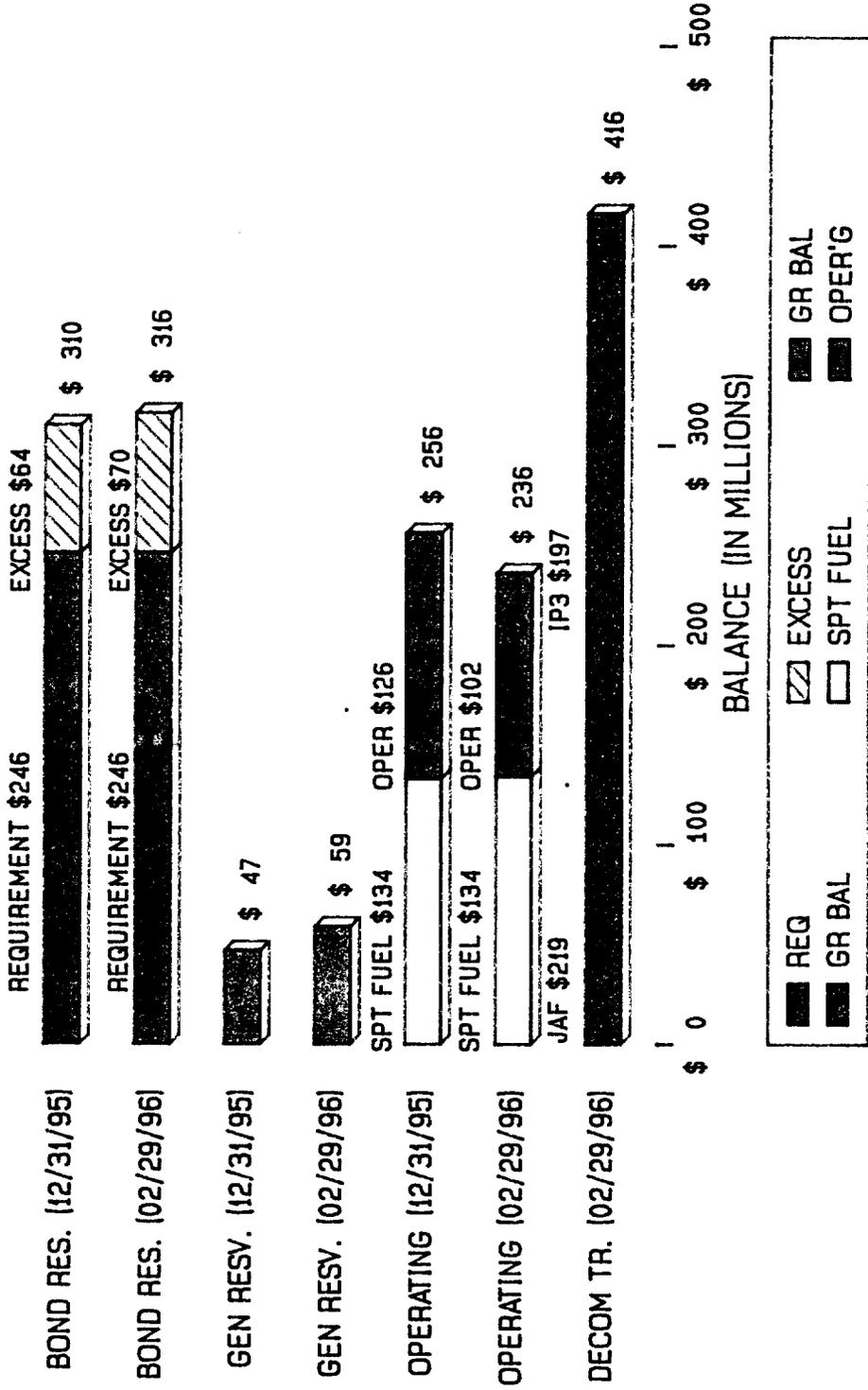
Cost Summary (Inception to Date):

	(A) Projects In-Progress	(B) Completed Projects-Cost	(C) Cumulative Cost	(D) Recoveries to Date	(E) Costs yet to be recovered (C-D)
Authorized by Trustees					
\$110,000	\$18,670	\$65,804	\$84,474	\$36,597	\$47,877
60,000	19,440	20,641	40,081	6,942	33,139
50,000	14,802	1,179	15,981	1,526	14,455
40,000	9,557	21,802	31,359	12,130	19,229
7,500	858	4,702	5,560	2,675	2,885
15,000	1,390	0	1,390	0	1,390
14,600	4,813	0	4,813	0	4,813
10,000	1,119	0	1,119	0	1,119
20,000	311	0	311	76	235
40,000	158	0	158	0	158
5,000	4	0	4	0	4
35,000	0	0	0	0	0
4,025	1,930	0	1,930	0	1,930
<u>\$411,125</u>	<u>\$73,052</u>	<u>\$114,128</u>	<u>\$187,180</u>	<u>\$59,946</u>	<u>\$127,234</u>

NEW YORK POWER AUTHORITY

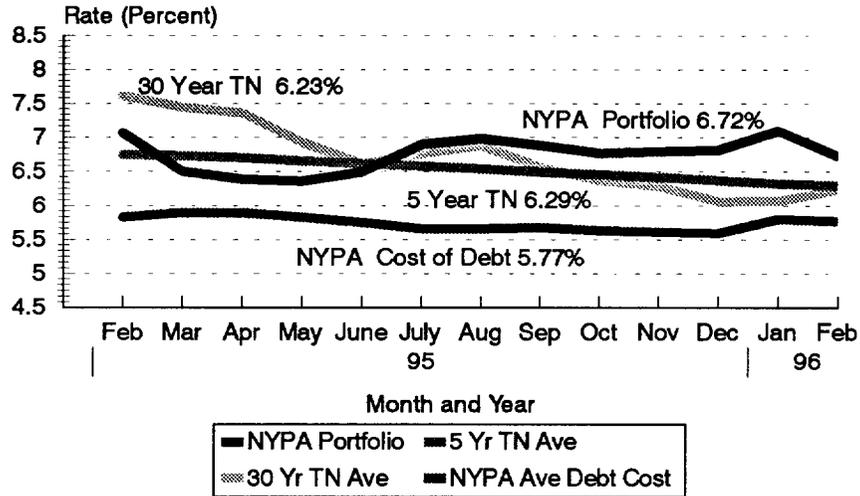
STATUS OF RESERVES

AS OF FEBRUARY 29, 1996

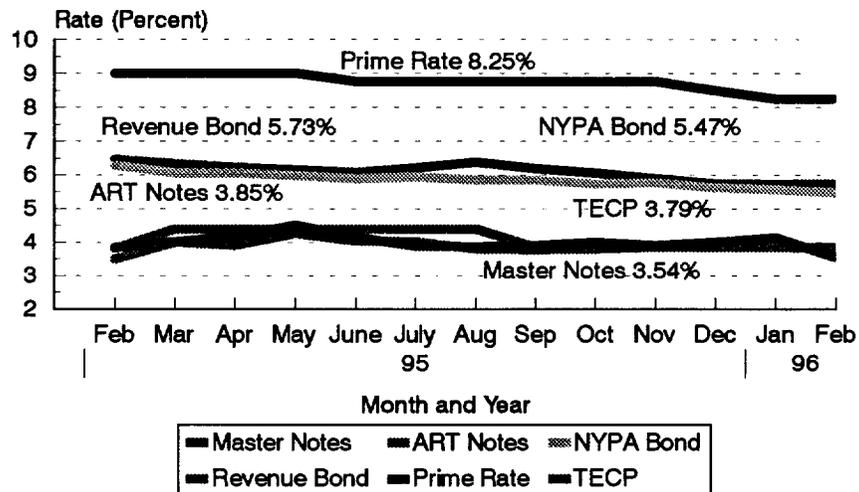


NEW YORK POWER AUTHORITY

Portfolio Performance



Financing Rates



File:Perf

NUCLEAR LONG TERM STAFFING RESOURCES

(excludes short term contractors and outage craft)

	BASELINE (5/94)	6/30/96	7/31/96	8/31/96	9/30/96	10/31/96	11/30/96	12/31/96	1/31/96	2/29/96	1996 EST
JAF	795	740	723	721	718	717	711	698	693	689	692
IP3	789	758	720	714	718	716	714	712	649	644	622
HQ	483	383	378	374	362	359	359	359	421	432	424
TOTAL	2067	1861	1822	1809	1798	1792	1784	1769	1763	1765	1738

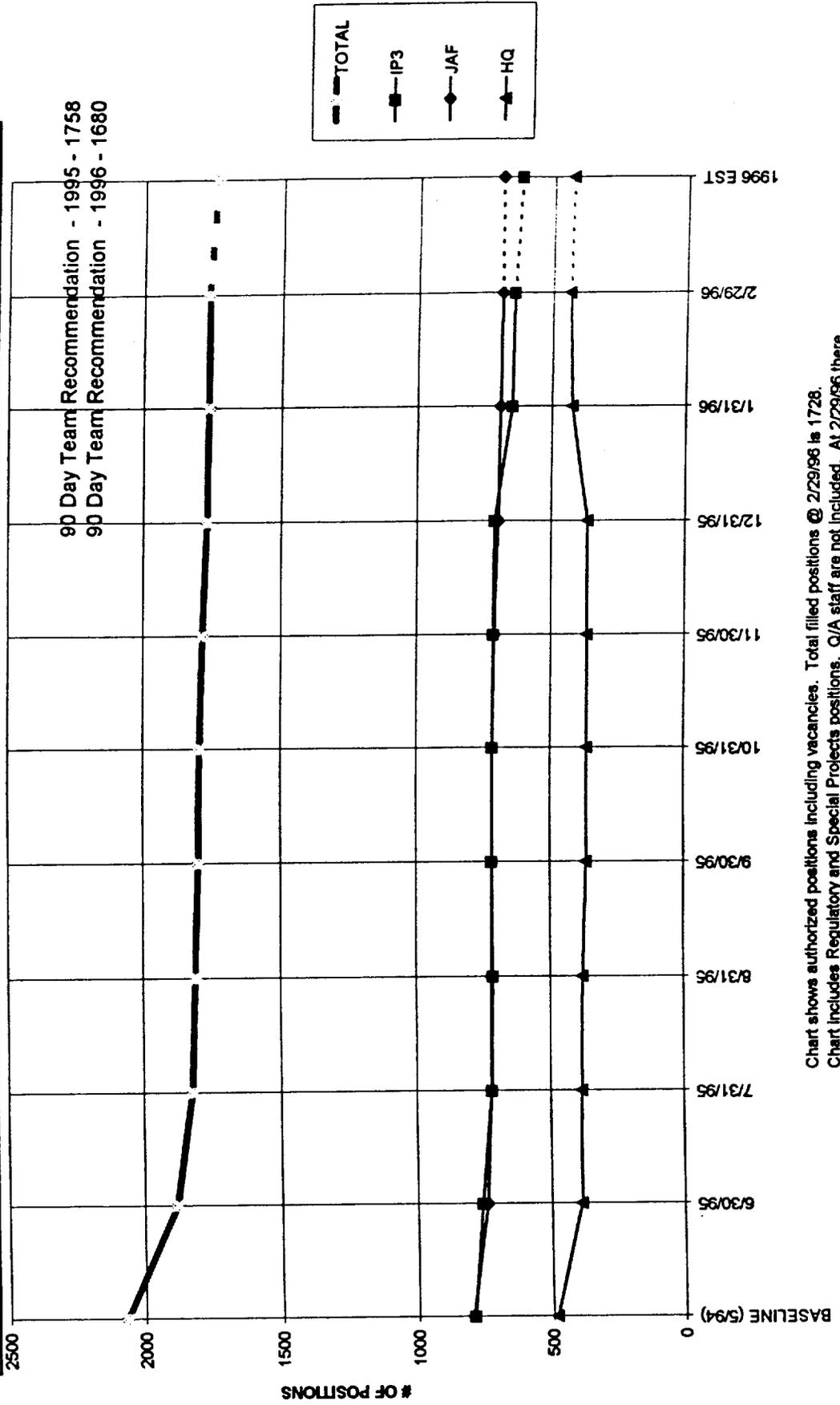


Chart shows authorized positions including vacancies. Total filled positions @ 2/29/96 is 1728.
 Chart includes Regulatory and Special Projects positions. Q/A staff are not included. At 2/29/96 there were 12, 31, and 32 authorized Nuclear Q/A positions at HQ, IP3 and JAF, respectively.

3. Transfers of Economic Development Power

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the Chairman of the Authority to approve: 1) transfers of Economic Development Power ('EDP') between facilities of a recipient that have been approved by the Economic Development Power Allocation Board ('EDPAB'); and 2) assignments of EDP contracts or changes in the ownership of facilities at which EDP is utilized, provided all provisions of the underlying EDP contracts continue in full force and effect.

BACKGROUND

"At their meeting of July 26, 1988, the Trustees authorized the Chairman to agree upon the terms of, direct the advertisement and notice of, and conduct public hearings on EDP contracts upon receipt of allocation recommendations from EDPAB. This procedure streamlined the internal approval process for EDP allocations and has expedited the ultimate flow of EDP to recipients. From time to time as required by law, EDP customers have sought and received from EDPAB permission to change the location at which their allocations are utilized. Currently, such requests are also submitted to the Authority's Trustees for approval. In addition, on account of an escalating number of business mergers and acquisitions, the Authority has received many requests to approve power contract assignments, all of which are put before the Trustees, even when no contract revisions are requested.

DISCUSSION

"Within statutory constraints, the Authority must be able to respond quickly to its customers' needs. The proposed delegation of authority to the Chairman to initiate the statutory contract approval process has cut about three months from the approval process for EDP power allocations. Similar time saving efficiencies would result if the Chairman is authorized to approve: 1) transfers of EDP between facilities of a recipient that have been approved by EDPAB; and 2) assignments of EDP contracts or changes in the ownership of facilities at which EDP is utilized, provided all provisions of the underlying EDP contracts continue in full force and effect. Rapid approval of such transfers and ownership changes will enhance the use of EDP as an economic development tool.

RECOMMENDATION

"The Director - Business Marketing and Economic Development recommends that the Trustees authorize the Chairman of the Authority to approve transfers of and ownership changes relating to Economic Development Power as recommended herein.

"The General Counsel, the Senior Vice President - Marketing and Economic Development, and I concur in the recommendation."

Trustee Waldbauer inquired whether the delay inherent in the current approval process had given rise to particular difficulties. Ms. Morman responded in the negative, and explained that the objective is to streamline and speed up the Authority's response to its customers. Trustee Waldbauer requested that the Trustees be provided with a written report by staff each time such a transaction is authorized in the future. Vice Chairman Frey expressed

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concurrence with Trustee Waldbauer's request and reiterated his previously articulated concern that power sold by the Authority under specific criteria tends to be viewed as an asset of the transferring business, rather than as an asset of the Authority. Ms. Morman explained that because hydropower is not available to economic development power customers, that is less likely to happen than with, for example, transfers of expansion power. Trustee Miller asked whether transfers of EDP can involve a change in the utility which provides the transmission service. Ms. Morman responded that although it is a possibility, such an occurrence has not arisen to date. Chairman Rappleyea stated that a significant portion of the heretofore lengthy approval process is attributable to the relative infrequency of EDPAB meetings, and that the proposed measure represents an effort to speed up the process at least on the Authority's end. It was agreed that the staff's recommendation would be adopted subject to providing the Trustees with written reports on such transactions.

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That the Chairman of the Authority be, and hereby is, authorized to approve transfers of Economic Development Power between facilities of a recipient that have been approved by the Economic Development Power Allocation Board, and assignments of Economic Development Power contracts or changes in the ownership of facilities at which Economic Development Power is utilized, provided all provisions of the underlying Economic Development Power contracts continue in full force and effect, as set forth in the foregoing report of the President, and further provided that staff periodically report on such transfers to the Trustees.

4. Transfer of Expansion Power - Niagara Resin & Recycling, Inc.

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the transfer of 600 kW of Niagara Resin & Recycling, Inc.'s ('Niagara Resin') Expansion Power allocation to Niagara Industrial Warehouse, Inc. ('NIW').

BACKGROUND

"Niagara Resin received an allocation in June 1995 to restart the former Optiplas Films recycling operations in Niagara Falls which recycled plastic into resin pellets. Niagara Resin planned to expand the product line into trash bags and plastic film and committed to 60 jobs at the facility. Due to financial difficulties, Niagara Resin has been forced to shut down its operations. NIW would like to assume Niagara Resin's operations in their entirety and has been temporarily assuming its operating costs. NIW owns Integrated Waste, a demolition and garbage carting company operating in Niagara Falls and New York City and another plastic recycling operation in Farmingdale, Long Island. Niagara Resin indicated that without low cost power, it would not be economically feasible to resurrect the plastic recycling program at this facility.

"Niagara Resin currently subleases space for its operations from NIW which holds a 15-year master lease with an option to buy. Presently, there is a \$900,000 loan outstanding on the property, of which \$500,000 is payable to the Niagara Economic Development Fund ('NEDF') which is underwritten by the Authority. The balance of \$400,000 is payable to the Job Development Authority ('JDA') and both loans are supported and payable through the NFC Development Corporation in Niagara Falls. There is also an outstanding bill of \$47,000 to Niagara Mohawk Power Corporation ('Niagara Mohawk') and other debts which are secured by equipment or a line of credit held by the Key Bank.

DISCUSSION

"NIW will assume ownership of Niagara Resin's assets and debts only if the Authority agrees to transfer Niagara Resin's Expansion Power contract to it. Upon approval of the transfer of the Expansion Power contract, NIW will agree and commit to the following:

1. NIW will be subject to all the provisions and conditions of the present agreement including any and all employment levels agreed upon by Niagara Resin.
2. NIW will also commit to an additional ten jobs at its facility by November 1997, bringing the total employment commitment to 70 people.
3. NIW has plans for the following expenditures at this facility as an indication of its good faith:
 - A. \$100,000 renovation project of the second floor office area;
 - B. \$114,000 to replace and repair the roof of the main factory area;

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- C. \$40,000 for additional recycling equipment which will expand the present output capacity; and
- D. \$30,000 on capital improvements and repair of existing equipment.

"It is important to note that over the last two years Niagara Resin has recycled over ten million pounds of industrial plastic scrap. Better than half of this scrap, according to the company, would have ended up in the landfills if Niagara Resin or this type of business had not been in operation.

"Also, taking into consideration the present indebtedness to the NEDF, it would certainly curtail any defaults in payments and enhance the repayment of the loan by having a tenant in this facility.

"In accordance with Paragraph 21 of Schedule A of the Expansion Power Allocation and Service Agreement among the Authority, Niagara Mohawk and Niagara Resin, and with Section 460.7 of the Authority's Rules and Regulations (Procedures for Allocation of Industrial Power and Enforcement of Contracts (21 NYCRR 460 (1988))), no voluntary transfer of Expansion Power may be made without the written approval of the Authority.

RECOMMENDATION

"The Director - Business Marketing and Economic Development recommends that the Trustees approve the transfer of Niagara Resin & Recycling, Inc.'s 600 kW Expansion Power allocation to Niagara Industrial Warehouse, Inc.

"The General Counsel, the Senior Vice President - Marketing and Economic Development, and I concur in the recommendation."

In response to questions from Vice Chairman Frey, Mr. Yates stated that the businesses involved had initiated discussions with the Authority concerning the proposed transfer. The Vice Chairman stated that the proposed action is illustrative of his reservations about whether such transfers represent the best possible use of the power. Mr. Yates explained that the proposed transfer to Niagara Industrial Warehouse would ensure the commitment of 10 additional jobs, resulting in a jobs/MW ratio which is better than that of comparable applicants. The Vice Chairman stated that although this particular transfer is satisfactory, but urged staff to be mindful of the potential problem.

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That the transfer of Niagara Resin & Recycling, Inc.'s Expansion Power allocation of 600 kW to Niagara Industrial Warehouse, Inc. be, and hereby is, approved on the terms set forth in the foregoing report of the President; and be it further

RESOLVED, That the Director - Business Marketing and Economic Development or his designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate the above transfer.

5. Corporate Resolution - Management of Banking Relationships

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the attached Corporate Banking Resolution ('Resolution') which amends the Resolution adopted on September 27, 1995, to reflect the elimination of the Vice President - Corporate Finance position.

BACKGROUND

"The 1995 Banking Resolution authorized employees in certain positions to establish and maintain banking relationships and to execute related agreements or documents on behalf of the Authority. An amendment to the Resolution is required to recognize a change in responsibilities due to the elimination of an authorizing officer position.

DISCUSSION

"The proposed Resolution recognizes the elimination of the Vice President - Corporate Finance position and assigns responsibilities of this authorizing officer to the Senior Vice President - Business Services.

"The Resolution establishes procedures and names those individuals by title who may establish bank accounts, sign checks, invest Authority funds and execute agreements and other documents on behalf of the Authority. The Resolution also establishes who may authorize other individuals within the Authority to sign checks, deposit money, transfer and invest funds on behalf of the Authority. This represents no change from the authorizations and procedures contained in the existing Resolution.

"The attached Resolution will provide ongoing flexibility to update bank records and documents, while assuring appropriate controls that are consistent with the Authority's policies and procedures. The Resolution has been reviewed by and meets with the approval of the Authority's Controller and the Director of Internal Audit.

RECOMMENDATION

"The Treasurer recommends that the Trustees approve the amended Corporate Banking Resolution.

"The General Counsel, the Senior Vice President - Business Services, and I concur in the recommendation."

In response to questions from Trustee Waldbauer, Mr. Collins explained that the Authority's checks carry one facsimile signature, that of the Senior Vice President - Business Services, and that all use thereof is tightly controlled and safeguarded.

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The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That the resolution adopted by the Trustees on September 27, 1995 relative to the Management of Authority Banking Relationships is hereby amended as indicated below; and be it further

RESOLVED, That the following authorizations are established with respect to the national or state banks (hereinafter referred to individually as the "Bank") that may be designated as a depository of this corporation and the execution of account-related agreements or documents on behalf of the Authority:

1. The establishment, maintenance or closing of bank accounts, including depository and custody accounts, for and in the name of the Authority with any Bank or Trust Company shall be authorized by the Treasurer or the Deputy Treasurer with concurrence by one of the following: the Chairman & Chief Executive Officer, the President & Chief Operating Officer, or the Senior Vice President - Business Services;
2. The Senior Vice President - Business Services, the Treasurer or the Deputy Treasurer, or such other individual(s) as may be designated by the Treasurer with the concurrence of the Senior Vice President - Business Services, are hereby authorized to: (i) sign checks, drafts, and other items for withdrawal or deposit of monies for and on behalf of the Authority, and (ii) initiate the transfer of monies by wire or otherwise for the payment or withdrawal of funds, for and on behalf of the Authority;
3. The Senior Vice President - Business Services or the Treasurer are hereby authorized to sign checks with a facsimile signature for the withdrawal of monies from Authority accounts;
4. The Senior Vice President - Business Services, the Treasurer or the Deputy Treasurer, or such other individuals as may be designated by the Treasurer, are authorized to invest and reinvest monies in the account for, and on behalf of the Authority; and
5. Execution of agreements, certificates, indemnities, and other documents related to conducting business with the Bank may be authorized by the Treasurer or Deputy Treasurer with the concurrence of one of the following: the Chairman & Chief Executive Officer, the President & Chief Operating Officer, or the Senior Vice President - Business Services.

6. Uranium Procurement - Global Nuclear Services and Supply Limited and British Nuclear Fuels Limited - Awards

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award of two contracts for the purchase of uranium hexafluoride (UF₆) to (1) Global Nuclear Services and Supply Limited ('GNSS'), and (2) British Nuclear Fuels Limited ('BNFL'). The GNSS contract will supply 65,000 to 90,000 kilograms of uranium ('KgU') as UF₆ in each of the years 1997 through 2000 at an estimated cost of \$9.2 to \$12.8 million 1996 dollars. The BNFL contract will provide 306,180 KgU as UF₆ over the four year period (1998 through 2001) at an estimated cost of 11.8 million 1996 dollars. The combined cost of both contracts is between \$21.0 and \$24.6 million in 1996 dollars, depending on the quantity of uranium specified by the Authority.

BACKGROUND

"At their meeting of January 26, 1993, the Trustees approved the award of a contract to Energy Fuels Exploration Company ('EFEX'), the low bidder, to supply approximately 20 to 30% of the Authority's U₃O₈ requirements from 1997 through 2000. The Trustees also approved the award of a contract to NUEXCO to supply 38,273 to 45,927 KgU as UF₆ each year during the same period. The EFEX and NUEXCO contracts were expected to cover 25% and 12.5% respectively, of the Authority's estimated requirements in the years 1997 through 2000.

"EFEX subsequently filed for bankruptcy and contract negotiations were never concluded. NUEXCO also filed for bankruptcy and despite having an agreement in place, it appears unlikely that deliveries will be made.

"The reloads have grown larger with extended fuel cycles. During the period between now and 2001, the Authority's total requirements for UF₆ are estimated to be 2.235 million KgU. This covers three reloads each for Indian Point 3 ('IP3') and James A. FitzPatrick ('JAF') Nuclear Power Plants. Fifty percent of these requirements are currently to be supplied under the Authority's contract with Cameco. The balance of the 1996 JAF reload and 1997 IP3 reload will be supplied from the Authority's inventory. The 1998 through 2001 reloads uncovered requirements can be supplied fully from CAMECO and the proposed GNSS and BNFL contracts. Exhibit '6-A' sets forth the Authority's requirements and sources of supply in graphic form.

DISCUSSION

"The Authority sought bids for approximately 20-25% of its requirements in the 1998-2001 time period. This is equivalent to approximately 800,000 lbs. of U₃O₈ or 306,180 KgU as UF₆. A Request for Quotation ('RFQ') was sent to 24 potential uranium suppliers. Eleven responses were received and evaluated. Four bidders subsequently withdrew their bids. One bid was for the Authority to pay a fixed dollar amount each quarter and to take quarterly deliveries of uranium based on 99% of the then current market price. This bid was not evaluated due to market price projections being higher than fixed price quotes and the uncertainty in the quantity of uranium to be delivered under this offer.

"The results of the evaluation are tabulated in Exhibit '6-B'. The total costs of each bid are discounted 1996 dollars.

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"GNSS was evaluated as the lowest bidder. GNSS offered to supply between 65,000 and 90,000 KgU as UF₆ in each year 1997 through 2000 at Authority's option. The price is a fixed price as of July 1, 1996, and escalates at 4% per year, from that date until the date of delivery. Under certain plant-related conditions, the Authority would be relieved of its obligations to take the UF₆.

"Since uranium prices in the spot market have increased approximately 23% in January and February 1996, the current market is greater than the prices reflected in the bids. Uranium production lags behind usage and utility inventories, which for years have made up the difference, are now being exhausted. This has raised expectations that the market price will continue to remain firm. The increase in demand has been the main factor in the recent dramatic increase in market price. The Fuels Staff feels that prices will remain at or above current levels for the foreseeable future.

"BNFL, was the second lowest evaluated bidder. BNFL offered to supply 76,545 KgU as UF₆ for each of the four reloads in the 1998-2001 time period. The price is a fixed price in January 1997, with escalation of 6.5% per year, to the date of delivery.

"GNSS is 51% Russian owned. The minority shareholder is the Concord Group, a U.S. Company. The Authority would contract with and receive delivery from and deal solely with the major stock holder. GNSS delivered uranium to the Authority in August 1995 and a successful, satisfactory relationship currently exists.

"BNFL is a public limited company with all its shares held by the British Government. The Authority currently is negotiating a uranium conversion agreement with BNFL.

FISCAL INFORMATION

"The total cost of the two contracts is estimated to be between \$21.0 and \$24.6 million in 1996 dollars depending on the times and quantities purchased under the terms of the contracts. Payment will be made from the Fuel Reserve Account, Operating Fund.

RECOMMENDATION

"The Director - Fuel Supply recommends that the Trustees approve: (1) the award of a contract to Global Nuclear Services and Supply Limited; and (2) the award of a contract to British Nuclear Fuels Limited for the purchase of uranium and conversion at the costs, quantities and terms previously stated.

"The General Counsel, the Senior Vice President - Business Services, the Senior Vice President - Power Generation, and I concur in the recommendation."

In response to questions from Trustee Miller, Mr. Lemberg described recent fluctuations in the uranium market, and explained that prices should continue to rise as production remains lower than demand. In response to questions from Trustee Waldbauer, Messrs. Hiney and Lemberg explained that the IP3 outage had delayed our needs for nuclear fuel, but that performance under this contract needs to commence in 1997 so as to ensure availability of the fuel for 1998 reloads. At President Schoenberger's request, Mr. Lemberg explained that GNSS, which is 51% Russian-owned, is based in Washington, D.C. Authority staff has had satisfactory dealings with the company, which

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was formerly known as Techsnabexport. In response to questions from Chairman Rappleyea, Mr. Lemberg stated that although uranium is generally a fungible commodity, the Russian uranium comes directly from the manufacturer and is of superior quality.

Trustee Ciminelli inquired about the availability of a performance bond as some assurance in the event of instability in that part of the world. President Schoenberger responded that staff would look into the performance bond issue and ascertain whether it is feasible and, if so, what the industry experience has been, and at what cost it could be obtained.

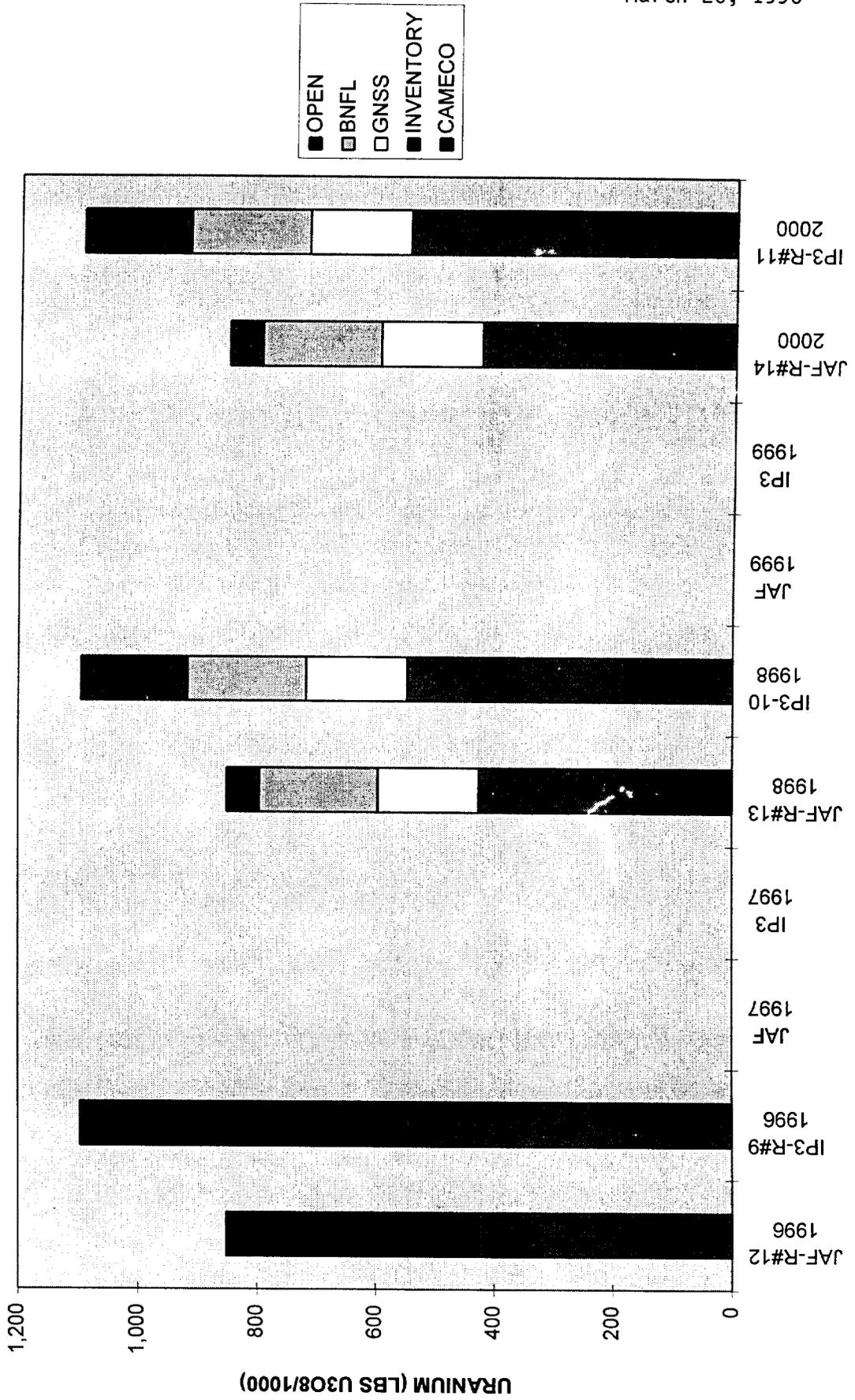
In response to questions from Trustee Miller, Mr. Cahill stated that in view of the surge in uranium prices, the proposed contracts are a prudent move. President Schoenberger and Mr. Hiney added that these contracts are in addition to the existing fuel contract with Cameco, which can supply some 70% of the Authority's needs, and are intended to broaden staff's ability to make purchases at the best possible price.

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That the Trustees approve the award of two contracts to Global Nuclear Services and Supply Limited and British Nuclear Fuels Limited, each for the term of four years, as recommended in the foregoing report of the President, in the estimated amounts and for the purposes listed below:

<u>O & M</u>	<u>Projected Closing Date</u>	<u>Contract Approval</u> Estimated (millions)
Purchase of uranium hexafluoride		
Global Nuclear Services and Supply Limited	12/31/00	\$10.9
British Nuclear Fuels Limited	12/31/01	<u>11.8</u>
		<u>\$22.7</u>

NYPA PROJECTED URANIUM REQUIREMENTS



Uranium Bids 1996 -- QFS-95-78
2/16/96

Supplier	Total U308 Cost	Total Conv. Cost	Total UF6 Cost
GNSS	\$ 9,292,879	\$1,596,574	\$10,889,453
BNFL SPOT	\$10,086,390	\$1,681,065	\$11,767,455
BNFL	\$10,086,398	\$1,681,064	\$11,767,462
COGEMA	\$10,330,355	\$1,628,448	\$11,958,803
GEOMEX	\$10,453,190	\$1,628,448	\$12,081,638
RTZ MINERAL	\$11,637,272	\$1,628,448	\$13,265,720
US ENERGY	\$13,171,812	\$1,628,448	\$14,800,260

Exhibit "6-B"
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Volume normalized to 306,180 KgU as UF₆ to put each Vendor on an equal footing.

7. **Procurement (Services) Contracts - James A. FitzPatrick and Indian Point 3 Nuclear Power Plants; and Headquarters - Awards**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award and funding of the multi-year procurement contracts listed in Exhibit `7-A' for the James A. FitzPatrick (`JAF') and Indian Point 3 (`IP3') Nuclear Power Plants, and Headquarters. A detailed explanation of the nature of such services, the basis for the new awards, and the intended duration of such contracts are listed in the discussion below.

BACKGROUND

"Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year.

"In accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts in excess of \$3,000,000, as well as personal services contracts in excess of \$1,000,000 if low bidder, or \$500,000 if sole source or non-low bidder, require Trustees' approval.

DISCUSSION

"While the Authority's policy is to use its own staff to perform necessary engineering and craft labor work, there are cases where it is necessary to utilize external contractors or consultants to supplement Authority staff during peak working periods in support of refueling and other outages, or if special expertise is required that is not available within the Authority.

"The terms of these contracts will be more than one year, therefore the Trustees' approval is required. All of these contracts contain provisions allowing the Authority to terminate the services at will, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all contracts, ranging in estimated value from \$7,159 to \$4,000,000.

"These contract awards do not obligate the Authority to a specific level of personnel resources or expenditures. As the Authority performs more work in-house over the next several years, funding allocated for services performed pursuant to these contract awards will be correspondingly reduced.

"The issuance of multi-year contracts is recommended from both a cost and efficiency standpoint. In many cases, reduced prices can be negotiated for these longer term contracts. Since these services are typically required on a continuous basis, it is more efficient to award longer term contracts than to rebid these services annually.

MULTIPLE AWARDS IN SUPPORT OF HEADQUARTERS CONTRACTS FOR BOTH NUCLEAR PLANTS:

"The seven contracts with Aerojet Tennessee Environmental Services; ALARON; American Ecology Recycle Center; Chem Nuclear Systems/DSSI; Hake and Associates; Envirocare of Utah; and Manufacturing Sciences Corp. (Q-02-1607; PO #'s TBA) will become effective on April 1, 1996, subject to the Trustees' approval.

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The purpose of these contracts is to provide processing, treatment, and disposal services for radioactive materials and radioactive waste for both IP3 and JAF. The radioactively contaminated materials and low level radioactive waste may include, but are not limited to: contaminated sludges and debris; spent processing resins and charcoal filter media; irradiated hardware; radioactively contaminated metals and wood; contaminated mechanical or electrical equipment; contaminated asbestos; contaminated used oils and hydraulic fluids; and contaminated lead (shielding).

"Seven bids were received in response to the Authority's request for proposals and notice in the Contract Reporter (in addition to seven non-responding vendors). All seven responding bidders proved to be qualified and demonstrated the ability to meet the requirements in the Authority's Schedule of Services. An extensive evaluation indicated that awarding multiple contracts would provide responsible Authority site managers with the ability to select the most appropriate, efficient, and cost-effective treatment method for each individual radioactive material and waste stream. Although many of the recommended vendors provide a unique service, several provide the same or similar services, but have different receipt or acceptance criteria. Multiple awards would: foster competition by having several vendors providing the same or similar services bid on tasks as they are required; provide a wider range of lower-cost options for treating and dispositioning materials that will not necessarily end up at the Barnwell, South Carolina disposal site; and ensure that each waste stream encountered at the sites can be managed in the most timely and effective manner. The Authority's agents will select a particular vendor for an individual service based upon the criteria deemed most appropriate at the time, including: the material requiring treatment; waste acceptance and license criteria; vendor's unique capability; timing and availability of service; and pricing.

"Processing of various radioactive wastes is currently performed primarily by one contractor via bulk shipments, with ultimate disposal at the Barnwell, S. Carolina site (which constitutes the majority of the cost). With a multiple contractor approach, the Authority will make use of the particular expertise, specialized technologies, specific areas of service, and unique regulatory licenses of each contractor, to process and dispose of individual wastes at lower costs. When this approach is fully implemented, the Authority should realize a potential savings of up to 24% compared to current costs.

"The intended term of these contracts is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for a total amount of \$4,000,000, which is expected to be expended for the three-year term of the contracts.

IP3 AWARDS:

"The contract with **Branch Radiographic Laboratories (C96-I6730)** will commence on April 1, 1996, subject to the Trustees' approval. The purpose of this contract is to provide Non-Destructive Examination ('NDE') personnel to perform radiographic, ultrasonic, magnetic particle, penetrant and visual testing, within 24-hours' notice, for IP3. Branch was the low bidder of six bids received (in addition to two non-responding vendors and notice in the Contract Reporter). The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for a total amount of \$300,000, which is expected to be expended for the term of the contract.

"The contract with **Chem Nuclear Systems (C96-I6746)** will commence on April 1, 1996, subject to the Trustees' approval. The purpose of this contract is to provide liquid waste processing services at IP3. Included in this requirement are installation and operation by Chem Nuclear of a sluiceable filtration and demineralization system in the Fuel Storage Building; it will be used for processing radioactive waste water. The contract provides for an on-site operator, operator training, filter media, high integrity containers, radiation shielding, and an approved dewatering process. Additional services may also include filter media volume reduction, cask rental, and transportation services

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associated with the disposal of spent filter media. Chem Nuclear was the low bidder of two bids received (of six bids solicited, in addition to three non-responding vendors and notice in the Contract Reporter). The site does not have the manpower or specialized equipment for these services. The intended term of this contract is two refueling cycles plus six months (currently projected to be 3.75 years), subject to the Trustees' approval, which is hereby requested. Approval is also requested for a total amount of \$1,100,000, which is expected to be expended for the term of the contract.

"The contract with **Cobra Systems Inc. (C96-I6735)** will commence on April 1, 1996, subject to the Trustees' approval. The purpose of this contract is to provide on-site repairs and/or replacement of plant security fencing at IP3. This specialized service involves skilled craft work to comply with the applicable NRC requirements to protect and maintain plant security. The Authority's maintenance staff does not have the skills or training to perform these services in-house. Cobra Systems was the low evaluated bidder of four bids received; the lowest bidder was disqualified due to unsatisfactory performance resulting in termination of a previous IP3 contract. It should be noted that 15 additional vendors requested bid packages in response to the notice in the Contract Reporter, but did not submit bids. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for a total amount of \$118,000, which is expected to be expended for the term of the contract.

"The contract with **Longo Industries (C96-I6734)** will commence on April 1, 1996, subject to the Trustees' approval. The purpose of this contract is to provide for on-and off-site inspection and repair services for conventional non-nuclear safety-related motors up to 3,000 horsepower, on an 'as required' basis, for IP3. The Authority does not have the expertise, specialized tools, or motor repair shop to perform such repairs in-house. Longo was the low bidder of three bids received (in addition to four non-responding vendors and notice in the Contract Reporter). The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for a total amount of \$60,000, which is expected to be expended for the term of the contract.

"The contract with **Mercury Elevators Corp., formerly All Services Elevator, (C96-I6733)** will commence on April 1, 1996, subject to the Trustees' approval. The purpose of this contract is to provide on-site elevator maintenance service for three plant elevators (manufactured by Otis, Weisblatt, and Westinghouse) at IP3. Mercury was the sole responding bidder of five bids solicited, including notice in the Contract Reporter. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for a total amount of \$65,000, which is expected to be expended for the term of the contract.

"The contract with **Pacific Scientific Co. (C96-I6714)** will commence on April 1, 1996, subject to the Trustees' approval. The purpose of this contract is to provide calibration services for a Hiac/Royco oil particle counter, which supports the contamination monitoring system, at IP3. To the best knowledge of Authority staff, Pacific Scientific is the only source of supply for spare parts and supplies, and there is no other known vendor that can calibrate this equipment. Since Pacific Scientific is the original equipment manufacturer ('OEM'), this contract is awarded on a sole source basis. It should be noted that a notice was also published in the Contract Reporter in an attempt to identify additional potential bidders; no responses were received to the notice. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for a total amount of \$7,159, which is expected to be expended for the term of the contract.

JAF AWARDS:

"The contract with **Kinometrics, Inc. (C96-J0014)** will commence on April 1, 1996, subject to the Trustees' approval. The purpose of this contract is to provide quality assurance maintenance support services for seismic instrumentation at JAF. Services include monthly verification of earthquake recording status, functional tests twice per year, and annual periodic data analysis; monthly channel checks; semi-annual on-site channel functional tests and

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preventative maintenance of the Kinometrics seismic instrumentation at JAF. Since Kinometrics is the original equipment manufacturer ('OEM'), this contract is awarded on a sole source basis; Kinometrics is the only known supplier that can meet all technical specifications. The intended term of this contract is two years and nine months, subject to the Trustees' approval, which is hereby requested. Approval is also requested for a total amount of \$20,850, which is expected to be expended for the term of the contract.

"The contract with **Star Multi Care, Inc. (C96-J0244)** will commence on April 1, 1996, subject to the Trustees' approval. The purpose of this contract is to provide nursing augmentation services for normal operations as well as outage support, on an 'as needed' basis, for JAF. Star Multi Care was the low bidder of three bids received (of seven solicited, in addition to notice in the Contract Reporter). The intended term of this contract is two years and nine months, subject to the Trustees' approval, which is hereby requested. Approval is also requested for a total amount of \$69,000, which is expected to be expended for the term of the contract.

HEADQUARTERS AWARD:

"The viability of commercial nuclear power generation in the context of the utility industry's competitive challenges as well as the special challenges confronting the Authority's nuclear power program require the retention of a Washington, D.C.-based law firm with extensive Nuclear Regulatory Commission ('NRC') experience in nuclear energy related matters, including policy, regulatory, licensing, and corporate issues. Due to the specialized nature of such services, a competitive search was conducted by the Authority's Law Department. Of the seven firms identified, the following three were requested to submit proposals: Winston & Strawn; Shaw, Pittman, Potts & Trowbridge; and Morgan, Lewis & Bockius.

"Based on an in-depth evaluation, it is recommended to retain Winston & Strawn for the following reasons. Winston & Strawn has extensive nuclear experience and represents over one-half of the nuclear power reactors in the United States on a variety of plant-specific and generic legal and licensing issues, including strategic advice on industry competitive challenges. The rates offered to the Authority reflect a 7.5 percent discount from the firm's standard rates; they are also lower than those proposed by the other two firms evaluated. In addition, Winston & Strawn has provided legal counsel to the Authority on various nuclear matters since 1988 with the highest degree of professionalism, quality and timeliness.

"The contract with **Winston & Strawn (PO # TBA)** will commence on April 1, 1996, subject to the Trustees' approval. The firm's attorneys will work with the Authority's staff attorneys, as required, and will assist in representing the Authority before the NRC. The intended term of this contract is two years with an option for one additional year, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the amount of \$375,000, which is expected to be expended for the term of the contract.

"The evaluation also indicated that the other two aforementioned firms submitting proposals for such services (viz., **Shaw, Pittman, Potts & Trowbridge** and **Morgan, Lewis & Bockius**) are also extremely well qualified and are often at the forefront of innovative nuclear regulatory initiatives and litigations. The Law Department would like to reserve the option of awarding contingency contracts with either or both of these firms, on an 'as required' basis,

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such as in cases of conflict of interest or where such other firm's experience or pricing is superior in a particular issue. Trustees' approval is therefore also requested to approve these two pre-qualified firms for optional contingency awards in the combined estimated amount of \$50,000.

FISCAL INFORMATION

"Funds required to support contract services for various headquarters Business Units have been included in the 1996 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects. Payment will be made from the appropriate Nuclear Improvement Fund.

"Funding for subsequent years for both JAF and IP3 will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Plant Manager - James A. FitzPatrick Nuclear Power Plant, the Plant Manager - Indian Point 3 Nuclear Power Plant, the Vice President - Nuclear Operations, the Vice President - Nuclear Engineering, the Vice President - Appraisal and Compliance Services, and the Vice President - Procurement and Real Estate, recommend the Trustees' approval of the award of multi-year procurement contracts to the companies listed in Exhibit '7-A' and as discussed above.

"The General Counsel, the Senior Vice President - Business Services, the Chief Nuclear Officer, and I concur in the recommendation."

In response to questions from Trustee Waldbauer, Mr. Hoff explained that the Authority is obligated to pay only for services actually rendered under the proposed contracts, and that it is more cost-effective to negotiate certain such contracts on a three year basis. In response to questions from Trustee Waldbauer, Mr. Hoff explained that Cobra Systems performs work only on the electric sensors of the fencing and that no other qualified bids had been submitted for this work.

The following resolution, as recommended by the President, was unanimously adopted:

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multi-year procurement contracts listed in Exhibit "7-A" are hereby approved for the period of time indicated, in the amounts and for the purposes listed, as recommended in the foregoing report of the President.

IP3 and JAF Procurement (Services) Contracts - Awards
(For Description of Contracts See "Discussion")

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis ¹ Contract Type ²	Compensation Limit	Amount Expended To Date	Expected Expenditure For Life Of Contract
HQ CONTRACTS IN SUPPORT OF THE NUCLEAR PLANTS:								
IP3/JAF	7 awards (Q-02-1607): 1. AEROJET TENNESSEE ENVIRONMENTAL 2. ALARON 3. AMERICAN ECOLOGY RECYCLE CENTER 4. CHEM NUCLEAR SYSTEMS/DSSI 5. HAKE AND ASSOCIATES 6. ENVIROCARE OF UTAH 7. MANUFACTURING SCIENCES CORP.	04/01/96	Provide radioactive waste processing services	03/31/01	B/S	\$0	\$0	*\$4,000,000 * combined total for seven contracts
JAF AWARDS:								
JAF	KINEMATRICS, INC. (C96-J0014)	04/01/96	Provide quality assurance maintenance support services for seismic instrumentation	12/31/98	S/S	\$0	\$0	\$20,850
JAF	STAR MULTI CARE, INC. (C96-J0244)	04/01/96	Provide nursing augmentation services	12/31/98	B/S	\$0	\$0	\$69,000
HEADQUARTERS AWARDS:								
NYO	WINSTON & STRAWN (PO # TBA)	04/01/96	Provide legal counsel on nuclear energy related matters	03/31/99	C/P	\$0	\$0	\$375,000
NYO	2 optional "contingency" contracts: SHAW, PITTMAN, POTTS & TROWBRIDGE (PO # TBA)	04/01/96	Provide legal counsel on nuclear energy related matters	03/31/99	C/P	\$0	\$0	* \$50,000
NYO	MORGAN, LEWIS & BOCKIUS (PO # TBA)	04/01/96	Provide legal counsel on nuclear energy related matters	03/31/99	C/P	\$0	\$0	* \$0 * combined estimated amount for two contingency awards

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= Service

IP3 and JAF Procurement (Services) Contracts - Awards
(For Description of Contracts See "Discussion")

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditure For Life Of Contract</u>
IP3 AWARDS:								
IP3	BRANCH RADIOGRAPHIC SERVICES (C96-16730)	04/01/96	Provide NDE personnel and services	03/31/99	B/S	\$0	\$0	\$300,000
IP3	CHEM NUCLEAR SYSTEMS (C96-16746)	04/01/96	Provide liquid waste processing services, including installation & operation of filtration & demineralization system for radioactive waste water in Fuel Storage Bldg	12/31/99	B/S	\$0	\$0	\$1,100,000
IP3	COBRA SYSTEMS INC. (C96-16735)	04/01/96	Provide security fence repairs/replacement	03/31/99	B/S	\$0	\$0	\$118,000
IP3	LONGO INDUSTRIES (C96-16734)	04/01/96	Provide Non Cat I motor repairs	03/31/99	B/S	\$0	\$0	\$60,000
IP3	MERCURY ELEVATORS CORP. (C96-16733)	04/01/96	Provide maintenance services for three plant elevators	03/31/99	B/S	\$0	\$0	\$65,000
IP3	PACIFIC SCIENTIFIC CO. (C96-16714)	04/01/96	Provide calibration services for OEM instrumentation	03/31/99	S/S	\$0	\$0	\$7,159

1 **Award Basis:** B= Competitive Bid; S= Sole Source; C= Competitive Search
 2 **Contract Type:** P= Personal Service; S= Service

March 26, 1996

8. Next Meeting

The Annual meeting of the Trustees will be held on **Tuesday, April 30, 1996, at the New York City Office at 10:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

Motion to Conduct Executive Session

"Mr. Chairman, I move that the Authority conduct an executive session in connection with a matter leading to its employment of services of persons and corporations." Upon motion made and seconded, an executive session was held.

(After Executive Session)

"Mr. Chairman, I move that the Authority resume the meeting in open session." Upon motion duly made and seconded, the meeting resumed in public session.

March 26, 1996

Closing

Upon motion made and seconded, the meeting was closed at 12:45 p.m.

Anne Wagner-Findeisen
Corporate Secretary

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