

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

May 21, 1996

Table of Contents

	<u>Subject</u>	<u>Page No.</u>	<u>Exhibit</u>
1)	Minutes of a Special Meeting held on April 23, 1996 and the Annual Meeting held on April 30, 1996	2	
2)	Financial Report for the Four Months Ended April 30, 1996	3	'2-A'
3)	St. Lawrence/FDR Power Project - Public Use of Project Lands Resolution	4	'3-A'
4)	Procurement (Services) Contract - Implementation of a New Customer Billing System - Expenditure Authorization - System and Computer Technology Utility Systems - Award Resolution	7	
5)	Procurement (Services) Contract - Utilization Review/Case Management Services - MedReview - Award Resolution	10	
6)	Procurement (Services) Contracts - Environmental Division - The Research Foundation of State University of New York - Extension Resolution	12	'6-A'
7)	Procurement (Services) Contracts - All Operating Facilities Requiring Environmental Laboratory Services - Awards Resolution	14	'7-A'
8)	Informational Item - Employee Savings Plan Committee Report - 1995	16	

	<b><u>Subject</u></b>	<b><u>Page No.</u></b>	<b><u>Exhibit</u></b>
<b>9)</b>	<b>Informational Item - Deferred Compensation Plan - 1995</b>	<b>19</b>	
<b>10)</b>	<b>Next Meeting</b>	<b>20</b>	
<b>11)</b>	<b>Closing</b>	<b>23</b>	

May 21, 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

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Robert G. Schoenberger	President and Chief Operating Officer
Arthur T. Cambouris	Assistant 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
Russell J. Krauss	Chief Information Officer
Charles I. Lipsky	Vice President and Chief Engineer - Power Generation
Stephen P. Shoenholz	Vice President - Public Affairs
Ronald W. Ciamaga	Regional Manager - Northern New York
James Ford	Regional Manager - Western New York
Rchard 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
John L. Murphy	Director - Public Information
Peter L. Poggi	Director - Applications
Mark D. O'Connor	Director - Real Estate
John J. Suloway	Director - Licensing
James H. Yates	Director - Business Marketing and Economic Development
Anne Wagner-Findeisen	Corporate Secretary
Laura M. Badamo	Assistant Corporate Secretary - Legal Affairs
Vernadine E. Quan-Soon	Assistant Corporate Secretary - Corporate Affairs

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

**May 21, 1996**

**1. Approval of the Minutes**

The Minutes of a Special Meeting of April 23, 1996, and the Annual Meeting of April 30, 1996 were approved.

**May 21, 1996**

**2. Financial Report for the Four Months Ended April 30, 1996**

**3. St. Lawrence/F.D.R. Power Project - Public Use of Project Lands**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the attached document entitled 'St. Lawrence-Franklin Delano Roosevelt Power Project - Public Use of Project Lands ( Public Use of Project Lands Document )', including the form permits attached.

BACKGROUND

"At their meeting of September 28, 1956, the Trustees approved the general guidelines for issuing permits to upland owners for the construction on property acquired for the St. Lawrence/FDR Project ('Project').

"At various meetings of the Trustees since 1956, including the meetings of July 26, 1979 and June 23, 1988, authorizations have been granted for the issuance of permits by the Authority to adjacent landowners for the construction of boathouses, docks, moorings, electric power lines, telephone lines and similar items affecting property under jurisdiction of the Authority at the Project.

DISCUSSION

"The terms of the Federal Energy Regulatory Commission license require the Authority to allow reasonable access by the public to project lands and waters for recreational and navigational purposes. However, it also allows the Authority to permit reasonable private uses of project lands if such uses are not inconsistent with the public's use. Over the more than 40 years of the Project's existence, numerous structures have been placed on Project lands by adjacent landowners. Many of these structures have been permitted by the Authority; other structures have been placed on Project lands without a permit.

"Based on this use of Project lands and waters, staff believes there is a need to establish more formal written guidelines expressly identifying what will and will not be permitted and to standardize the procedures for issuing an Authority permit.

"In 1995, a staff working group consisting of members of the Real Estate, Regulatory and Contract Law, Environmental, Licensing, Intergovernmental Affairs, as well as St. Lawrence personnel, completed a draft of proposed permitting guidelines and procedures. These proposed guidelines and procedures are reflected in the Public Use of Project Lands document (Exhibit '3-A').

"Essentially, the guidelines would allow for the continued permitting of the placement on project lands of removable docks and ancillary facilities, underground conduit and utility lines, limited landscaping, leach fields and storm water drainage ditches, and shoreline stabilization facilities. It varies from the 1956 authorization in that the guidelines would no longer permit access roads, fences, or other permanent structures. Additionally, the guidelines will no longer consider permit application for, among other things, the following: pools, satellite dishes, fireplaces, new permanent docks, permanent structures of any kind, excavation work, boathouses, storage buildings and permanent roads or driveways.

May 21, 1996

"Further, staff has identified numerous structures which have been placed on Authority property without Authority permission. The guidelines allow that such existing non-conforming structures may be permitted for the useful life of the structure if such land use impact is consistent with license requirements. If such non-conforming structures cannot be permitted, staff will work with the landowner to remove or relocate the structure in the most reasonable way possible and at no cost to the landowner.

"Finally, staff has identified a number of permanent structures, such as houses, which encroach wholly or in part on Project lands. Generally, these are only small portions of houses but in possibly five cases, entire dwellings are located on Project lands.

"Due to the minor nature of most of these encroachments, and the harm to adjoining landowners should the Authority require them to remove the encroachment, it is recommended that the Authority quitclaim the minimal amount of real estate required in the Authority's judgment to resolve the encroachments at no cost to the landowner. The land conveyed would generally be less than one tenth (0.1) of an acre, and staff is not aware of any cases where the land conveyed would be more than three tenths (0.3) of an acre. Any land conveyance will be subject to Federal Energy Regulatory Commission approval.

"Staff recognizes that during the implementation of the guidelines, additional information may become available which may require modification to the guidelines. Accordingly, the Trustees are requested to delegate the authority to the Director of Real Estate to effect those modifications and report any substantive changes to the Trustees.

#### FISCAL INFORMATION

"There is a minimal fiscal impact.

#### RECOMMENDATION

"The Regional Manager - Northern New York and the Vice President - Procurement and Real Estate recommend that the Trustees approve the text of the 'St. Lawrence-Franklin Delano Roosevelt Power Project: Public Use of Project Lands', as well as the text, execution and issuance of the Permit Application, the General Permit, the Permit for Temporary Agricultural or Recreational Use, and the Boat Mooring permit substantially as set forth in Exhibit '3-A', Appendices A - F. It is further recommended that the Trustees approve the quitclaim of minimal rights to the affected landowners at no cost in situations where permanent dwelling structures have been placed on Authority property prior to the date of this authorization.

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

May 21, 1996

***In response to questions from Trustee Miller, Mr. O'Connor explained that applicants for permits involving construction on Project property have always been required to hold the Authority harmless as part of the permit process. In response to questions from Trustee Waldbauer, Mr. O'Connor explained that even where an existing house partially encroaches upon Project lands, the extent of such encroachments is very small.***

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

**RESOLVED, That the Authority approves the text of the St. Lawrence-Franklin Delano Roosevelt: Public Use of Project Lands , as well as the texts of the Permit Application, the General Permit, the Permit For Temporary Agricultural or Recreational Use, and the Boat Mooring Permit; and be it further**

**RESOLVED, That upon recommendation of the Director - Real Estate and the Director - Environmental Division, the Regional Manager - Northern New York be, and hereby is, authorized to execute and issue, in the name and on behalf of the Authority, the Permit Application, the General Permit, Permit for Temporary Agricultural or Recreational Use, and Boat Mooring Permit substantially in the form annexed hereto; and be it further**

**RESOLVED, That the Director - Real Estate is authorized to modify the text of the St. Lawrence-Franklin Delano Roosevelt: Public Use of Project Lands and report any substantive changes in such guidelines to the Trustees; and be it further**

**RESOLVED, That the Chairman, the President, and the Senior Vice President -Business Services be, and hereby are, authorized to execute such agreements or deeds necessary to quitclaim the minimal rights reasonably necessary to resolve the encroachment of permanent dwelling structures; and be it further**

**RESOLVED, That the Director - Real Estate of the Authority be, and hereby is, authorized on behalf of the Authority to execute any and all other agreements, papers, or instruments which may be deemed necessary or desirable to carry out the foregoing.**

**4. Procurement (Services) Contract - Implementation of a New Customer Billing System - Expenditure Authorization - System and Computer Technology Utility Systems - Award**

The President submitted the following report:

SUMMARY

"The Trustees are requested to (a) approve the capital expenditure of \$4,225,000 to purchase and implement the Authority's new computerized Customer Billing System, and (b) as part of this capital expenditure, authorize the award of a contract to System and Computer Technology Utility Systems for software system and services.

BACKGROUND

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

"The Authority currently utilizes two customer billing systems, SENY Customer Billing and Wholesale Customer Billing, to generate monthly customer invoices to 225 customers. Besides invoicing for power, energy, transmission and wheeling, these systems also invoice customers that participate in the Authority's SENY and Statewide HELP programs.

"The Wholesale and SENY Customer Billing systems were implemented in 1984 and 1985, respectively. Since that time, many program enhancements have been made to support new business initiatives. During 1994, a study was initiated to determine the technology requirements of the Transmission and Marketing Business Units as the Authority enters into a more competitive environment. The study also looked at the potential of combining the two billing systems and reducing system costs. This effort showed that the current systems were inflexible and not able to quickly provide the information needed to address the Authority's marketing efforts. It was also found that both systems were obsolete in terms of the underlying computer technology, required a significant amount of resources to maintain and modify, and were unable to process billing data beginning in the year 2000 due to a significant industry problem which, in the computer industry, is termed the 'Year 2000 Millennium impact.'

"As a result, it was concluded that the Authority could combine the two billing systems, upgrade system performance and reduce costs associated with operating and maintaining both systems.

DISCUSSION

"In determining 'make vs buy' options, a competitive search was undertaken to identify utility customer billing systems available. This search entailed issuing a Request For Information, advertising in the New York State Contract Reporter, reviewing software vendor journals and databases, contacting other electrical utilities, and exploring potential vendors at utility seminars. Due to the unique requirements of the Authority, only two viable utility customer billing systems were identified: System and Computer Technology Utility Systems' ('SCT') BANNER Customer Information System and Information Systems Architects' BASIS Customer Information System. Other vendors identified could only offer costly custom-developed solutions or could not offer the broad backing available from these

May 21, 1996

two vendors. It was also evident that the 'buy' option would provide the Authority with a proven solution consisting of additional functionality pertaining to customer information, location information, accounts receivable, and advanced reporting.

"SCT's BANNER System was further evaluated based upon its costs, technical architecture and functionality. An analysis of the BANNER system functionality and the current functional requirements of SENY and Wholesale Customer Billing Systems confirmed the functional match and also identified the Authority's unique customer billing practices requiring software modifications. Additional costs for installation, training and maintenance support were negotiated during a site visit to System and Computer Technology Systems' headquarters.

"The BANNER System will provide the Authority with a state-of-the-art, flexible rules-base customer billing system that will quickly provide the customer information for the Authority's marketing efforts. In addition, it offers the Authority a base by which customer information can be easily integrated into other initiatives now being undertaken by the Authority. It will also resolve the Authority's Year 2000 Millennium impact which is a problem facing many companies that have not replaced their older mainframe systems with the more recently developed century-compatible computer systems.

"The SCT contract totals \$2,335,000 which includes software license fees, software modification costs, installation, training and maintenance support fees.

"Costs of the required computer hardware, network additions and supporting system software are estimated to be \$737,000. All computer hardware can be purchased under existing vendor contracts.

"Supplemental contractor labor will be required for work activities not within the scope of the SCT contract. These activities include the development of interfaces, data conversion programs and procedures, custom reporting, and supporting the maintenance workload for the existing billing systems while the new system is implemented. This supplemental contractor labor for the estimated 21 month project duration is in addition to internal MIS staff that will be reassigned to the project. Estimated supplemental contractor labor is \$950,000.

"Cost savings resulting from this system may be realized by: (1) a reduction of \$500,000, starting in 1999, from future negotiations with the Office of General Services pertaining to lease payments for the IBM ES9000 and the removal of the Billing Systems from this hardware; (2) a reduction of \$100,000 by reducing the current supporting requirements of the existing billing systems - currently in the form of contractor labor; and (3) a reduction of \$80,000 from the software license maintenance fees for the current billing systems.

#### FISCAL INFORMATION

"Funds required for the contract in 1996 are included in the approved capital plan. Funds required for 1997 and 1998 will be included in future capital plans. Payment will be from the General Reserve Account.

#### RECOMMENDATION

"The Senior Vice President - Marketing and Economic Development, the Senior Vice President - Business Services, and the Senior Vice President - Transmission recommend the Trustees' approval of expenditures of \$4,225,000 for the procurement and implementation of the Authority's new Customer Billing System and the award of a contract to System Computer Technology Utility Systems.

"The General Counsel, and I concur in the recommendation."

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

**RESOLVED, That it is hereby authorized that up to \$4,225,000 million of General Reserve Account monies be withdrawn from such account and utilized for making the payments specified in the foregoing report; and be it further**

**RESOLVED, That such amounts to be withdrawn from the General Reserve Account are not required for any of the purposes specified in Paragraphs (1)-(4) of Section 512 of the General Purpose Bond Resolution adopted on November 26, 1974, as amended and supplemented; and be it further**

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award of a contract to System and Computer Technology Utility Systems, for software system and services be, and hereby is, approved, as recommended in the foregoing report of the President, in the amount and for the purpose listed below:**

<u>Capital</u>	<u>Expenditure Approval</u>	<u>Projected Closing Date</u>	<u>Contract Approval</u>
<b>Computerized Customer Billing System</b>	<u><b>\$4,225,000</b></u>		
<b>Software costs, installation and training</b>			
<b>System and Computer Technology Utility Systems</b>		<b>03/31/98</b>	<u><b>\$2,350,000</b></u>

**5. Procurement (Services) Contract - Utilization Review/  
Case Management Services MedReview - Award**

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the award of a procurement contract for the review of health care utilization and management of individual health care cases of the International Brotherhood of Electrical Workers ( IBEW ) and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America ( Teamsters ) to MedReview, for a period of one year, with the right to extend the contract for an additional two years at the Authority's option.

BACKGROUND

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

"Utilization review and case management services were negotiated with the IBEW, effective January 1, 1992. The following year, services were negotiated with the Teamsters. The primary purpose of utilization review and case management is to assist the Authority in providing quality health care in a cost-effective manner. Union employees contact the provider when hospitalization is recommended. The provider's staff confirms the need for treatment, determines the suitability of both the method and the location of the treatment, and when appropriate, recommends alternatives. MedReview's Diagnostic Related Grouping ( DRG ) review has resulted in savings of \$181,719 to the Authority since 1993. The Authority also realized savings as a result of it's utilization review and case management services of \$34,550 in 1995 and \$47,287 to date for 1996.

DISCUSSION

"Of seven bids solicited, three bids were received. The decision to recommend MedReview for contract award is based on the following: 1) all vendors essentially offer the same types of services; 2) MedReview currently handles the Authority's DRG process for the salaried and Utility Workers Union of America ( U.W.U.A. ) hospital plans. MedReview has been performing satisfactorily and offers the services required by the Authority at this time; and 3) based on submitted bids and an estimate of an average caseload, MedReview would result in the lowest cost to the Authority.

"MedReview's fee for this benefit is \$1.25 per month per employee (capitated fee) for the utilization review services (1996 & 1997). The 1998 fee would be \$1.31. For individual case management, the fee is based on an hourly rate of \$120.00 per registered nurse and \$200 per physician hr. (1996 & 1997). The 1998 fee would be \$126.00 per registered nurse hr. and \$210 per physician hr. The Authority expended only \$5,874 (53.4) for RN hrs. in 1995 and \$-0- for 1996. Physician hrs. for 1995 and 1996 to date were \$-0-. There are 859 IBEW and 27 Teamster employees covered by this benefit. The total estimated fee over the three years would be \$126,000.

"This program is provided as a result of collective bargaining. The IBEW agreed to a utilization review program without penalties, while the Teamster agreement imposes a penalty for noncompliance. If a Teamster is hospitalized without contacting MedReview first, the employee is charged an additional \$250 as a penalty. Utilization review serves two goals, it benefits the employee by insuring cost-effective quality health care for participants and providing employees and their families with health education services (supplying the information necessary to assure informed health care decision making). Additionally, it reduces the risk of unnecessary hospitalization resulting in cost savings to the Authority.

FISCAL INFORMATION

"Funding has been included in the 1996 Approved O&M Budget. Funding for subsequent years (1997 & 1998) will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Director - Compensation and Benefits and the Vice President - Procurement and Real Estate recommend the Trustees' approval of the award of a procurement services contract to MedReview as discussed above.

"The Vice President - Human Resources, the General Counsel, and I concur in the recommendation."

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

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award the contract for utilization review and case management services to MedReview for one year, with the right to extend the contract for an additional two years at the Authority's option, as recommended in the foregoing report of the President, in the amount and for the purpose listed below:**

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Contract Approval</u>
<b>Utilization review case management</b>		
<b>MedReview, Inc.</b>	<b>06/30/97 (with option to extend for two years)</b>	<b><u>\$126,000</u> (Estimated over three years)</b>

May 21, 1996

**6. Procurement (Services) Contract - Environmental Division -  
The Research Foundation of State University of New York - Extension**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve a three year extension of a procurement contract with The Research Foundation of State University of New York ('SUNY') at Syracuse for comprehensive studies of lake sturgeon (a NY State 'threatened species') in the vicinity of the St. Lawrence Project as a part of the relicensing activity.

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.

"SUNY provided effective services during 1995. The issues requiring SUNY's services have not been resolved or completed and the need exists for continuing this contract.

DISCUSSION

"A small population of lake sturgeon exists in the tailwaters of the St. Lawrence Project and in some tributaries below and upstream of the Project. In 'A Recovery Plan for the Lake Sturgeon (Acipenser fulvescens) in New York' (New York Department of Environmental Conservation, November 1994) there is a specific objective devoted to research and restoration efforts on this population. Thus, because of its proximity to the Project and its special status, this species will certainly be an issue in the relicensing of the Project.

"SUNY was originally identified through the Authority's support of work by the New York State Department of Environmental Conservation ('DEC') in 1993 and 1994. At the conclusion of the DEC/Authority studies, DEC indicated it would no longer be able to conduct these efforts due to logistical constraints and suggested that Authority staff contact Dr. Robert Werner of SUNY.

"Dr. Werner is one of the foremost fishery biologists in New York State. He is respected not only in the academic community, but also by the regulatory agencies, including the DEC and the US Fish and Wildlife Service ('USFWS'). His research, and that of the graduate students he has directed, has focused on many fish species on the St. Lawrence River. His performance of this research work enhances its credibility.

"Dr. Werner was contacted through SUNY ESF/Research Foundation; a proposal was submitted in early 1995 to conduct lake sturgeon studies in the vicinity of the Project. The proposal was accepted and that study was conducted under Contract No. C95-Z0024. This study added substantially to staff's knowledge of the movements and behavior of lake sturgeon and identified a suspected spawning site just downstream of the Project. These results were shared with the Resource Agencies at a meeting in November, 1995.

May 21, 1996

"The work proposed for 1996 is more comprehensive. The SUNY ESF team will devote greater effort to tracking movements of sturgeon during the spawning season, to identify possible spawning sites. Additionally, sampling for eggs will be conducted in the vicinity of suspected spawning sites and preliminary investigation performed to determine the extent of the sturgeon population upstream of the Project.

"The Authority considers it prudent to remain an active participant in the lake sturgeon studies. The Authority is a member of a working group of St. Lawrence River sturgeon researchers consisting of representatives from USFWS, DEC, SUNY and the St. Regis-Mohawk Tribe.

FISCAL INFORMATION

"The \$75,000 funding for the 1996 portion of the SUNY contract is already included in the Environmental Division subsection of the St. Lawrence relicensing budget for 1996 funding; funding for additional years will be included in the Relicensing budget and/or within the Environmental Division O&M budget submittals for those years.

RECOMMENDATION

"The Director - Environmental Division, the Director - Licensing, and the Vice President - Procurement and Real Estate recommend the Trustees' approval of a contract extension with the Research Foundation of State University of New York.

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

***In response to questions from Trustee Miller concerning funding for the various research groups, Dr. Blake explained that the Authority would be funding only SUNY and that the other working groups are funded independently. In response to questions from Trustee Waldbauer, Dr. Blake explained that the requested amount of \$225,000 represents funding over a three-year period.***

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

**RESOLVED, That the Trustees approve a three year extension of the existing contract with the Research Foundation of the State University of New York at Syracuse, as recommended in the foregoing report of the President, in the estimated amount and for the purpose listed below:**

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
<b>St. Lawrence River Fish Studies</b>		
<b>Research Foundation of the State University of New York at Syracuse (C95Z0024)</b>	<b>05/31/99</b>	<b><u>\$257,986.</u></b>

**PROCUREMENT (SERVICES) CONTRACT**

Provider: The Research Foundation of SUNY  
Contract No.: C95Z0024  
Dept./Division: Environmental Division  
Contract Description: Lake Sturgeon Studies in the Vicinity of the Moses-Sanders Dam

Basis for Award: Bid \_\_\_\_\_  
Competitive Bid \_\_\_\_\_  
Sole Source  X

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 04/24/95	*	05/31/96	\$ 32,986

Total Amount Authorized or Committed: \$ 32,986

Total Amount Expended to Date: \$ 32,986

Projected additional commitments through 05/31/99 to be made by Staff pursuant to Expenditure Authorization Procedures from authorized O&M Budget \$225,000

\*Interim approval to extend through 5/31/96 obtained from Sr. Vice President - Business Services

**7. Procurement (Services) Contracts - All Operating Facilities Requiring Environmental Laboratory Services - Awards**

The President submitted the following report:

**SUMMARY**

"The Trustees are requested to approve the award of seven long-term procurement contracts as listed in Exhibit 7-A . The expiration date for Environmental Lab Services for each contract will be June 30, 2001 and the estimated cost is \$75,000.

**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.

**DISCUSSION**

"The Authority's operating and construction projects, through the course of their normal operating practices, generate hazardous waste (such as waste solvents, used transformer oil, waste laboratory chemicals and contaminated soils) as well as other regulated waste materials. Government regulations, as well as disposal vendor contracts, require that the materials in question be sampled and analyzed for a variety of substances. Additionally, Authority operating and construction projects are built and operated under terms of a number of different permits, some of which require routine and exception sampling of air, drinking water and wastewater.

"In light of the complex nature of these analyses, the significant role that these analyses play in the regulatory agency decision-making, and the potential time delay associated with an incorrect or indefensible analysis, the Environmental Division, over the past five years, has carefully managed six existing environmental analytical laboratory contracts; these firms have provided services to the operating projects and headquarters during that time period. The Trustees authorized long-term (five year) contracts with these vendors at their meeting of June 25, 1991. These six contracts expire on June 30, 1996.

"In order to ensure that the Authority will continue to have sufficient laboratory coverage at its disposal, and to contract with laboratory service providers in the vicinity of all the Authority's projects, the Environmental Division and the Contract Administration Division prepared a competitive bid document and advertised for vendors in the Contract Reporter during February and March of this year. Seventeen bidders responded, but seven did not conform to the specifications. Prices of the some 60 individual procedures bid were combined into groups representative of those procedures most frequently required for the typical drinking water, wastewater, hazardous waste, waste oil and contaminated soil samples. An index of these group prices was evaluated along with technical qualifications (including and especially QA/QC programs), proximity to one or more Authority facilities, and any previous Authority experience with the laboratory. After analysis of the remaining ten bids, seven vendors were selected based on their ability to provide needed services at competitive prices and on the strength of their technical qualifications which, at a minimum, included certification by New York State Department of Health. Two of these selected bidders have been among the six laboratories under contract during the past five year period; three of the labs had submitted bids.

May 21, 1996

"Establishing standard contracts with these laboratories now will avoid duplicative effort on the part of each operating project, and will prevent delays in procuring analytical services at critical times when these services are needed immediately.

"The approval of the Trustees is requested to award contracts to the seven firms listed in Exhibit '7-A'. A five year contract term is deemed appropriate due to the desirability and efficiency of establishing a long term relationship with laboratories which are properly certified by New York State and which specialize in the analysis of hazardous wastes and other required parameters.

FISCAL INFORMATION

"Approval of funds will be requested on a project basis in accordance with the Authority's Expenditure Authorization Procedures as separate purchase orders are issued against the standard contracts with environmental analytical laboratories.

"Funding for operating project 1996 expenditures has been included in the Approved 1996 O&M Budget. Funds for such services in future years will be included in the budget submittals for each succeeding year. The estimated annual expenditures for all Authority laboratory services are projected to be \$75,000. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Director - Environmental Division, and the Vice President - Procurement and Real Estate, recommend the Trustees' approval of the award of procurement contracts to the companies listed in Exhibit '7-A'.

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

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

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, each of the contracts listed in Exhibit 7-A is hereby approved and continued until June 30, 2001, as recommended in the foregoing report of the President.**

<u>Vendor</u>	<u>Projected Closing Date</u>	<u>Contract Approval</u>
<b>Analytical Laboratories of Albany</b>	<b>06/30/01</b>	<b>(Estimated total: <u>\$75,000</u>)</b>
<b>Pedneault Associates</b>	<b>06/30/01</b>	
<b>Advanced Environmental Services</b>	<b>06/30/01</b>	
<b>Adirondack Environmental Services</b>	<b>06/30/01</b>	
<b>CTM Analytical Laboratories</b>	<b>06/30/01</b>	
<b>Upstate Laboratories</b>	<b>06/30/01</b>	
<b>Camo Laboratories</b>	<b>06/30/01</b>	

Vendor Name

1. Analytical Laboratories of Albany  
2 Northway Lane, Suite 4  
Latham, NY 12110  
Telephone: (518) 783-1600  
Fax: (518) 783-1686
2. Pedneault Associates  
1615 Ninth Avenue  
Bohemia, NY 11716  
Telephone: (516) 467-8477  
Fax: (516) 467-6905
3. Advanced Environmental Services  
2186 Liberty Drive  
Niagara Falls, NY 14304  
Telephone: (716) 283-3120  
Fax: (716) 283-4727
4. Adirondack Environmental Ser.  
314 North Pearl Street  
Albany, NY 12207  
Telephone: (518) 434-4546  
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**8. Informational Item - Employees' Savings Plan Committee Report - 1995**

**BACKGROUND**

"The Employees' Savings Plan (the 'Plan') was established effective July 24, 1985. It is a tax qualified plan established pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended. The Plan enables participants to save, primarily through payroll deductions, on a pre-tax basis as well as on after-tax basis. The Authority matches participants' pre-tax contributions to a maximum Authority contribution of 3% of the participant's annual compensation. Investment of Plan assets, recordkeeping and trusteeship are provided by T. Rowe Price.

"The Employees' Savings Plan Committee, which is responsible for general administration of the Plan and for carrying out its terms, prepares a report to the Trustees on the status of the Plan. The Committee's 1995 members were: William Berliner; Kimberly Givens-Grant; William Cahill; Sally Irving; Ronald Ciamaga; Charles Pratt; Deborah Perry Estrin; and Robert Tscherne (Chairman)

"To ensure Plan compliance with Internal Revenue Code requirements, beginning January 1, 1995, the combined participant pre- and post-tax contributions to the Plan were reduced to 10% from 15%. Also, in 1995, the Plan document was amended to establish a one year waiting period for the employer match for employees hired on or after January 1, 1996.

**PLAN STATISTICS**

Contributions - Beginning January 1995, the combined participant pre- and after-tax contributions were reduced to 10% from 15%. During 1995, Plan participants contributed \$8,168,562 on a pre-tax basis, compared with \$8,128,711 in 1994. The Authority's matching contributions were \$3,167,052 in 1995 compared with \$2,841,516 in 1994. Plan participants' after-tax contributions were \$8,040 in 1995 compared with \$105,552 in 1994.

Participants - Employees who are not members of a collective bargaining unit are eligible to participate in the Plan. Members of the Authority's employee collective bargaining units are members of another deferred compensation plan under Section 457 of the Internal Revenue Code. At year end 1995, 1,754 employees were participating in the Plan, an increase of 140 from the year end 1994 figure of 1,614 participants. Participation in 1995 was 88% of eligible employees, up from 85% in 1994.

Plan Assets - As of December 31, 1995, total Plan assets (employee contributions, Authority matching contributions, all earnings, and outstanding loans) were \$118,030,948, an increase of \$28,433,676 over Plan assets of \$89,597,272 in 1994.

Loans/Distributions - During 1995, there were 257 new loans taken by participants, compared with 265 loans in 1994. There were three hardship (immediate financial need) withdrawals, three Domestic Relations Orders, and 71 distributions in 1995, compared with one hardship, one Domestic Relations Order, and 76 distributions in 1994.

**May 21, 1996**

Administrative Costs - The 1995 administrative costs for the Plan, exclusive of employer matching contributions, were \$20,789. The costs include recordkeeping fees (a per participant annual cost of \$10 for the first 1,000 participants and \$8 for additional participants), miscellaneous costs of \$1,385, and trustee charges of \$1,000. Administrative costs in 1994 were \$19,939.

#### INVESTMENT OPTIONS

"The Plan offers 12 investment options -- two funds for stability, two income funds, and eight equity funds.

Prime Reserve Fund - This fund invests primarily in high quality money market securities like Treasury bills and certificates of deposit. In Plan year 1995, this fund had a total return performance of 5.48% compared with 3.74% in 1994. The return for 90-Day Treasury Bills in 1995 was 5.65% compared with 4.33% in 1994.

As of December 31, 1995, this fund held 8% of Plan assets, or \$8,450,042.

Stable Value Fund - This fund invests in investment contracts issued by highly rated insurance companies, banks and other issuers. As of December 31, 1995, this fund had a total return of 6.28%, compared with 5.93% in 1994.

As of December 31, 1995, this fund held 27% of Plan assets, or \$30,036,904.

New Income Fund - This fund invests in long-, intermediate-, and short-term government and corporate bonds. In Plan year 1995, this fund had a total return of 18.36% compared with -2.22% in 1994. The return for the Lehman Aggregate Bond Index in 1995 was 18.47% compared with a 1994 return of -2.92%.

As of December 31, 1995, this fund held 6% of Plan assets, or \$7,148,170.

Spectrum Income Fund - This fund invests in seven T. Rowe Price mutual funds that invest in income-oriented securities like bonds, government mortgages and dividend paying stocks. In 1995, this fund had a total return of 19.41% compared with -1.94% in 1994. The return for the Lipper General Bond Funds Average was 18.02% in 1995 compared with a 1994 return of -6.04%.

As of December 31, 1995, this fund held 1% of Plan assets, or \$955,791.

Equity Income Fund - This fund invests primarily in common stocks of established companies with the remainder in a mix of bonds and money market securities. In 1995, this fund had a total return of 33.35% compared with 4.53% in 1994. The 1995 return of the Lipper Equity Income Funds Average was 30.17% compared with a 1994 return of -2.54%.

As of December 31, 1995, this fund held 3% of Plan assets, or \$4,662,983.

Growth & Income Fund - This fund invests primarily in securities with prospects for growth of capital and dividend income. In 1995, this fund had a total return performance of 30.92% compared with -0.15% in 1994. The return for the Lipper Growth & Income Funds Average was 30.82% compared with a 1994 return of -0.94%.

As of December 31, 1995, this fund held 17% of Plan assets, or \$18,622,983.

**May 21, 1996**

Capital Appreciation Fund - This fund invests in companies that are perceived to be undervalued as well as companies with favorable growth potential to provide long-term capital appreciation. In 1995, this fund had a total return of 22.57% compared with 3.80% in 1994. The 1995 return for the Lipper Capital Appreciation Funds Average was 30.34% compared with -3.38% in 1994.

As of December 31, 1995, this fund held 2% of Plan assets, or \$2,538,732.

Spectrum Growth Fund - This fund invests in seven T. Rowe Price mutual funds that invest principally in stocks for long-term growth of capital and dividend income. In 1995, this fund had a total return performance of 29.96% compared with 1.40% in 1994. The return for the Lipper Growth & Income Funds Average was 30.82% in 1995 compared with a 1994 return of -0.94%.

As of December 31, 1995, this fund held 2% of Plan assets, or \$2,893,421.

Equity Index Fund - This fund invests in stocks that make up the S&P 500 Index in order to provide investment returns that are consistent with the S&P 500 Index. In 1995, this fund had a total return performance of 37.16% compared with 1.01% in 1994. The 1995 return for the S&P 500 Index was 37.58% compared with 1.32% in 1994.

As of December 31, 1995, this fund held 1% of Plan assets, or \$934,406.

Growth Stock Fund - This fund seeks long-term growth of capital and increase of future income through investments in common stock of well-established companies. In 1995, this fund had a total return 30.97% compared with 0.89% in 1994. The return for the Lipper Growth Funds Average in 1995 was 30.79% compared with -2.17% in 1994.

As of December 31, 1995, this fund held 8% of Plan assets, or \$8,751,231.

International Stock Fund - This fund invests in large, established companies that operate outside the United States which provide an opportunity for capital appreciation. In 1995, this fund had a total return performance of 11.39% compared with -0.76% in 1994. The 1995 return for the Lipper International Funds Average was 9.41% compared with -0.71% in 1994.

As of December 31, 1995, this fund held 8% of Plan assets, or \$8,751,231.

New Horizons Fund - This fund seeks long-term growth of capital primarily in common stock of young, emerging companies which have the potential to become major companies in the future. For 1995, this fund had a total return performance of 55.44% compared with 0.30% in 1994. The return for the Lipper Small Company Growth Funds Index for 1995 was 31.43% compared with -0.74% in 1994.

As of December 31, 1995, this fund held 20% of Plan assets, or \$22,226,984.

## CONCLUSION

"The Committee believes the Plan continues to be an important employee benefit that provides a tax favored opportunity for long-term savings. The Committee monitors both recordkeeping and performance of investment options, and may recommend changes from time to time.

**9. Informational Item - Deferred Compensation Plan - 1995**

"The following report on the Deferred Compensation Plan for Employees of the Power Authority of the State of New York (the Plan ) is provided in accordance with Article IX of the Plan by-laws.

**BACKGROUND**

"The Plan was established effective July 1, 1989. It is a tax deferred plan that satisfies the requirements of an eligible deferred compensation plan under Section 457 of the Internal Revenue Code of 1986, as amended, and Section 5 of the New York State Finance Law. The Plan enables participants to save, through payroll deductions, on a pre-tax basis. Investment of Plan assets and recordkeeping are handled by T. Rowe Price.

"The Plan's Committee, which is responsible for general administration of the Plan and for carrying out its terms, prepares an annual report to the Vice President - Human Resources on the status of the Plan. The Committee's current members are: G. Wes Collins, Alice Conway, John Kennedy, Wayne LaComb, and Philip Varrichio.

**PLAN STATISTICS**

**Participants**

"At year end 1995, there were 686 employees actively participating in the Plan -- 478 IBEW employees, 163 UWUA employees, 32 Teamsters and 13 salaried employees. This is an increase of 89 over year end 1994. Participation in 1995 was 49% of eligible collective bargaining unit employees.

**Contributions**

"During 1995, participants contributed \$2,330,080, compared with contributions of \$1,961,418 in 1994.

**Plan Assets**

"As of December 31, 1995, total Plan assets were \$11,022,972, an increase of \$3,872,234 over year end 1994.

**Plan Activity**

"During 1995, there were 203 contribution rate changes and over 475 fund transfers/mix changes versus 172 contribution rate changes and over 360 fund transfers/mix changes in 1994.

"There were 11 lump sum distributions in 1995 versus 16 in 1994. Seventeen retired employees are receiving their distributions in installments.

**Administrative Costs**

"The 1995 administrative costs for the Plan were \$10,333 (a per participant annual cost of \$15). Administrative costs in 1994 were \$13,523 (included recordkeeping fees, costs for employee meetings, and printing costs).

**May 21, 1996**

## INVESTMENT OPTIONS

"The Plan offers eight investment options -- two funds for stability, one fund for income, and five funds for growth.

Prime Reserve Fund - This fund invests primarily in high quality money market securities like Treasury bills and certificates of deposit. In Plan year 1995, this fund had a total return of 5.48% compared with 3.74% in 1994. The return for 90-Day Treasury Bills in 1995 was 5.65% compared with 4.33% in 1994.

As of December 31, 1995, this fund held 10% of Plan assets, or \$1,058,779.

Stable Value Fund - This fund invests in investment contracts issued by highly rated insurance companies, banks and other issuers. As of December 31, 1995, this fund had a total return of 6.28%, compared with 5.93% in 1994.

As of December 31, 1995, this fund held 21% of Plan assets, or \$2,349,893.

Spectrum Income Fund - This fund invests in seven T. Rowe Price mutual funds that invest in income-oriented securities like bonds, government mortgages and dividend paying stocks. In 1995, this fund had a total return of 19.41% compared with -1.94% in 1994. The return for the Lipper General Bond Funds Average was 18.02% in 1995 compared with -6.04% in 1994.

As of December 31, 1995, this fund held 1% of Plan assets, or \$132,569.

Growth & Income Fund - This fund invests primarily in securities with prospects for growth of capital and dividend income. In 1995, this fund had a total return 30.92% compared with -0.15% in 1994. The return for the Lipper Growth & Income Funds Average was 30.82% compared with a 1994 return of -0.94%.

As of December 31, 1995, this fund held 44% of Plan assets, or \$4,844,796.

Capital Appreciation Fund - This fund invests in companies that are perceived to be undervalued as well as companies with favorable growth potential to provide long-term capital appreciation. In 1995, this fund had a total return of 22.57% compared with 3.80% in 1994. The 1995 return for the Lipper Capital Appreciation Funds Average was 30.34% compared with -3.38% in 1994.

As of December 31, 1995, this fund held 2% of Plan assets, or \$233,817.

Spectrum Growth Fund - This fund invests in seven T. Rowe Price mutual funds that invest principally in stocks for long-term growth of capital and dividend income. In 1995, this fund had a total return of 29.96% compared with 1.40% in 1994. The return for the Lipper Growth & Income Funds Average was 30.82% in 1995 compared with a 1994 return of -0.94%.

As of December 31, 1995, this fund held 5% of Plan assets, or \$514,635.

International Stock Fund - This fund invests in large, established companies that operate outside the United States which provide an opportunity for capital appreciation. In 1995, this fund had a total return of 11.39% compared with -0.76% in 1994. The 1995 return for the Lipper International Funds Average was 9.41% compared with -0.71% in 1994.

**May 21, 1996**

As of December 31, 1995, this fund held 8% of Plan assets, or \$906,299.

New America Growth Fund - This fund invests in common stocks of large and small United States companies in service industries, such as health care, financial services and food service. In 1995, this fund had a total return performance of 44.31% compared with -7.43% in 1994. The return for the Nasdaq Composite for 1995 was 39.92% compared with -3.20% in 1994.

As of December 31, 1995, this fund held 9% of Plan assets, or \$962,184.

#### CONCLUSION

"The Committee believes the Plan continues to be an important employee benefit that provides a tax favored opportunity for long-term savings. The Committee monitors both recordkeeping and performance of investment options, and may recommend changes from time to time.

**May 21, 1996**

**10. Next Meeting**

The Regular meeting of the Trustees will be held on **Tuesday, June 25, 1996, at the Blenheim-Gilboa Pumped Storage Project at 10:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

**May 21, 1996**

**Closing**

Upon motion made and seconded, the meeting was closed at 11:00 a.m.

Anne Wagner-Findeisen  
Corporate Secretary

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