

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

September 25, 2001

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Minutes of the regular meeting of the Power Authority of the State of New York held at the Albany Office at 11:00 a.m.

Present: Joseph J. Seymour, Chairman
Louis P. Ciminelli, Vice Chairman
Frank S. McCullough, Jr., Trustee
Timothy S. Carey, Trustee
Gerard D. DiMarco, Trustee

Eugene W. Zeltmann	President and Chief Operating Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President - Project Operations
Vincent C. Vesce	Executive Vice President – Corporate Services and Human Resources
H. Kenneth Haase	Senior Vice President - Transmission
Michael A. Petralia	Senior Vice President – Public and Governmental Affairs
Robert L. Tscherne	Senior Vice President – Energy Services and Technology
Michael H. Urbach	Senior Vice President and Chief Financial Officer
Arnold M. Bellis	Vice President – Controller
Woodrow W. Crouch	Vice President – Project Management
John M. Hoff	Vice President – Procurement and Real Estate
Dennis T. Eccleston	Acting Vice President and Chief Information Officer
Charles I. Lipsky	Vice President and Chief Engineer
James H. Yates	Vice President - Major Account Marketing & Economic Development
Joseph J. Carline	Assistant General Counsel – Power and Transmission
Arthur T. Cambouris	Assistant General Counsel - Litigation
William Ernsthaft	Assistant General Counsel - Finance
George W. Collins	Treasurer
Michael Brady	Deputy Treasurer
Peter A. Barden	Executive Director – Hydro Relicensing
Arthur M. Brennan	Director – Internal Audit
Frederick E. Chase	Director - Community Relations
Thomas J. Concadoro	Director - Accounting
Angelo S. Esposito	Director – Energy Services
Jules G. Franko	Director – Fossil/Gas Turbines
John B. Hamor	Director – Intergovernmental Relations
Douglas M. Kerr	Director – Marketing Planning
John L. Murphy	Director – Public Relations
Keith G. Silliman	Director – Niagara Relicensing
John J. Sulloway	Director – Environmental & Licensing
Kolli M. Rao	Senior Environmental Engineer II
Michael Adam Oxman	Senior Attorney I
Phil Sprio	Government Affairs Counsel
William Helmer	Principal Attorney I
Wayne Gowen	LAN Administrator
Aileen P. Kern	Special Assistant to Chairman
Bonnie Fahey	Executive Administrative Assistant
Anne Wagner-Findeisen	Deputy Secretary
Betty C. Fennell	Assistant Secretary
Angela D. Graves	Assistant Secretary - Legal Affairs
Andrew J. McLaughlin	Assistant Secretary – Legal Affairs

Chairman Seymour presided over the meeting. Executive Vice President, Secretary and General Counsel Blabey kept the Minutes.

1. **Approval of the Minutes**

The minutes of the regular and executive sessions of the meeting of July 24, 2001 were unanimously adopted.

2. **Financial Report for the Eight Months Ended August 31, 2001**

Mr. Bellis provided the financial report and responded to questions from Chairman Seymour and Trustee McCullough concerning the inclusion and effect of the asset impairment clause upon net revenues.

3. Report from the President and Chief Operating Officer

Mr. Crouch presented a report on the operating status of the In-City Generation Project combustion turbines and noted that six of the turbines were started at the ISO's request on September 11 to stabilize the New York City grid. In response to questions from Chairman Seymour, Mr. Crouch indicated that the turbines have been running during a portion of each day and will continue to do so even well into the winter. Mr. Hiney added that the turbines have proven to be economic, clean and efficient. However, as the price of gas increases, the turbines will run less frequently.

At the President's request, Messrs. Petralia and Barden submitted a presentation on the historical perspective and statutory and regulatory framework for re-licensing issues related to the Niagara Power Project. Mr. Barden also submitted a matrix outlining the plan for fostering and ensuring intense and exhaustive public involvement.

Responding to questions from Chairman Seymour regarding the number and types of technical studies necessary as part of the re-licensing process, Mr. Barden explained that comprehensive studies of environmental impact, fisheries, water levels, and boundary surveys are among those which need to be completed, and that this phase will take much of the year 2002. Mr. Petralia stressed that the instant process recommended by staff is slightly different from the approach taken in the St. Lawrence re-licensing effort, in that, here, fact-gathering and investigative studies will be completed prior to the commencement of any negotiations. At that point, Chairman Seymour indicated that the Trustees would like to hold a special meeting to discuss strategic issues and set policies which would guide staff actions.

In response to Chairman Seymour's inquiry as to when substantive negotiations are anticipated to commence, Mr. Barden indicated that such process would probably take place in 2004, but not before. Vice Chairman Ciminelli stressed that the Authority will seek to build substantial stakeholder consensus as a vital element for successful negotiations. Messrs. Petralia and Mr. Barden expressed agreement. In responding to Vice Chairman Ciminelli's comment that the Authority should continue to glean the input of the community, Mr. Barden stated that he will proceed with a program of outreach. Vice Chairman Ciminelli noted his satisfaction with the status of the re-licensing process effort and its prospects for the future as outlined by Mr. Barden.

4. **Proposed Contract – Transmittal to Governor**

The President submitted the following report:

SUMMARY

“The Trustees are requested to authorize the transmittal to the Governor for approval of the proposed contract (Exhibit ‘4-A’) for the sale of firm power to the Hugh L. Carey Battery Park City Authority (‘BPCA’).

BACKGROUND

“At their meeting of June 26, 2001, the Trustees authorized the holding of a public hearing pursuant to section 1009 of the Public Authorities Law on the proposed contract for the sale of firm power to BPCA. BPCA is a public benefit corporation in the metropolitan area of New York; as such, it is considered a governmental customer eligible for Authority service. Under the proposed contract, the Authority would meet the existing and future full electricity requirements of BPCA’s public facilities and infrastructure.

“At their meeting of June 26, 2001, the Trustees also authorized publication of a notice of the public hearing and submittal of notification to the Governor and the legislative leaders. Copies of the proposed contract were submitted to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Committee on Ways and Means, the Temporary President of the Senate, the Minority Leader of the Senate, and the Chairman of the Senate Finance Committee. Copies of the proposed contract were also made available for public inspection, and notice of public hearing was given as required by Section 1009.

“The public hearing was held on August 14, 2001, in the Authority's New York Office.

DISCUSSION

“BPCA submitted a statement in support of the proposed contract. No additional statements, either in support or opposition, were received at the hearing or by the August 22, 2001 close of the public comment period.

“For this proposed governmental customer, the total load and revenue are currently estimated to be 375 kW and \$157,000, respectively. Projected annual savings associated with Authority service are about \$50,000 or 24%, as compared to payments to Consolidated Edison Company of New York, Inc., (‘Con Edison’) the current supplier.

“For all the reasons presented at the hearing and by BPCA, this contract for the sale of firm power is in the public interest and should be forwarded without modification to the Governor with the recommendation that it be approved.

RECOMMENDATION

“The Director - Major Accounts Group Governmental and the Vice President – Major Account Marketing and Economic Development recommend that the Trustees approve transmittal of the proposed contract to the Governor with the recommendation that it be approved.

“The Senior Vice President - Marketing and Economic Development, the Executive Vice President, Secretary and General Counsel, the Executive Vice President - Project Operations, and I concur in the recommendation.”

Trustee Carey, after noting his abstention from the vote on this proposed resolution, stressed that the fiscal savings offered by this contract are needed by the Battery Park City Authority now more than ever. The resolution was adopted by a vote of four in favor with Trustee Carey abstaining.

The following resolution, as recommended by the President, was adopted by a vote of 4 to 1 with Trustee Carey abstaining.

WHEREAS, the Authority has negotiated a proposed contract under which Firm Power would be sold and delivered to the Hugh L. Carey Battery Park City Authority; and

WHEREAS, copies of such proposed contract for the sale of Firm Power have been submitted to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate, and the Chairman of the Senate Finance Committee, and have been made available for public inspection during the 30-day notice period at the offices of the Authority and at other locations throughout the State; and

WHEREAS, on August 14, 2001, the Authority held a public hearing on the terms of the proposed contract for sale of Firm Power and determined no changes should be made to the proposed contract;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby approves the form of the proposed contract for the sale of Firm Power between the Authority and Hugh L Carey Battery Park City Authority which was submitted at this meeting, and that the Authority believes such proposed contract to be in the public interest; and be it further

RESOLVED, That the Chairman, and the Executive Vice President, Secretary and General Counsel be authorized and directed to execute such contract for the sale of Firm Power in the name of, and on behalf of, the Authority whenever the contract shall be approved by the Governor; and be it further

RESOLVED, That the Senior Vice President - Marketing and Economic Development or her designee be, and hereby is, authorized to negotiate and execute any and all other documents necessary or desirable to effectuate such contract of sale of Firm Power, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

POWER AUTHORITY OF THE STATE OF NEW YORK
123 MAIN STREET, WHITE PLAINS, N.Y. 10601

APPLICATION FOR ELECTRIC SERVICE

BATTERY PARK CITY AUTHORITY, (hereinafter called "Customer") hereby applies to POWER AUTHORITY OF THE STATE OF NEW YORK (hereinafter called "Authority") for firm power service under the Authority's applicable Service Tariff.

Customer understands:

(1) If this Application is accepted by Authority, firm power and energy will be supplied to Customer under the applicable Service Tariff(s) to the extent that Authority determines that it has capacity available to provide such power and energy. Customers who receive power and energy pursuant to such tariff shall not be entitled to receive such power and energy from any particular plants. The Authority shall have the right to furnish the power and energy from any source available to it.

(2) Delivery of power and energy to Customer will be made over the facilities of the utility company in whose franchise territory Customer's facilities are located pursuant to contractual arrangements entered into by such company and the Authority.

Customer further understands and agrees that this Application and the furnishing of electric services hereunder are subject in all respects to the provisions of Authority's Rules and Regulations for Power Service and to the applicable Tariff, both as they may be later amended from time to time.

Upon acceptance by Authority and approval of the Governor pursuant to Section 1009 of the Power Authority Act, this Application together with the applicable Service Tariff shall constitute a contract between the parties for electric service hereunder.

BATTERY PARK CITY AUTHORITY

By: _____
Title: _____
Date: _____
(Attest) _____
By: _____

Accepted:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____
Chairman and Chief Executive Officer
Date: _____
(Attest) _____
By: _____

September 25, 2001

Executive Vice President, Secretary and General Counsel

ACKNOWLEDGEMENTS

State of New York) ss:
County of New York)

On this ____ day of _____, 2000 before me personally came Joseph J. Seymour and David E. Blabey, to me known, who each being by me duly sworn, did severally depose and say that they reside in _____, New York and in _____, New York, respectively, and that they are Chairman and Chief Executive Officer and, Executive Vice President, Secretary and General Counsel of Power Authority of the State of New York; that they executed the above instrument; that they know the seal of Power Authority of the State of New York aforesaid; that one of the seals affixed to said instrument is such seal; that it was so affixed by order of the Trustees of Power Authority of the State of New York, and that they signed their names thereto by like order.

Sworn to before me this
__ day of _____, 2000

Notary Public

State of New York) ss:
County of _____)

On this ____ day of _____, 2000 before me personally came _____ and _____ to me known, who being duly sworn, did depose and say that reside in _____ and _____, respectively, and that they are _____ and _____ of _____; that they executed the foregoing instrument; that they know the seal of said entity; that one of the seals affixed to said instrument is such entity's seal; that it was so affixed by order of the _____ of said entity and that they signed their names thereto by like order.

Sworn to before me this
__ day of _____, 2000

Notary Public

ST 55

Leaf 1.1 of 1.4

POWER AUTHORITY OF THE STATE OF NEW YORK
1633 BROADWAY, NEW YORK, N.Y. 10019

SERVICE TARIFF NO. 55

SCHEDULE OF RATES FOR FIRM POWER SERVICE

GENERAL PROVISIONS

A. Applicable:

To sale of firm power and energy to Authority Public Customers as described in the third unnumbered paragraph of Section 1005 of the Power Authority Act who receive delivery service through the utility company in whose franchise area such customers' facilities are located.

B. Character of Service:

Alternating current; 60 hertz; 3 phase

C. Rates:

I. Conventional Rates

Applicable to all accounts except those billed under Time-of-Day (TOD) Rates.

55-1 General Use – Small (SC 62)

Energy Charge 6.439 cents per kilowatt hour

55-2 General Use – Large (SC 69)

Demand Charge \$6.40 per month per kilowatt of billing demand

Energy Charge 3.581 cents per kilowatt hour

55-3 Public and Private Street Lighting (SC 66)

Energy Charge 5.413 cents per kilowatt hour

ST 55

Leaf 1.2 of 1.4

55-4 Multiple Dwelling – Redistribution (SC 68/82)

Demand Charge \$7.76 per month per kilowatt of billing demand

Energy Charge 3.420 cents per kilowatt hour

55-4 Commercial and Industrial Redistribution (SC 64)

Demand Charge \$8.78 per month kilowatt hour billing demand

Energy Charge 3.315 cents per kilowatt hour

II. Time-of-Day (TOD) Rates

Applicable to:

- (a) any account whose monthly maximum demand exceeds 1,500 KW in any annual period ending September 30;
- (b) any new account whose monthly maximum demand in the Authority's estimate will exceed 1,500 KW the first year of service; and
- (c) successors of accounts referred to above if eligible for Authority service.

An account billed under TOD Rates shall be transferred to and billed under Conventional Rates when the account's monthly maximum demand does not exceed 900 KW for 12 consecutive months.

55-2 General Use – Large (SC 69)

Demand Charge \$5.30 per month per kilowatt of on-peak demand

Energy Charge 5.110 cents per kilowatt hour on-peak

2.662 cents per kilowatt hour off-peak

ST 55

Leaf 1.3 of 1.4

55-4 Multiple Dwelling – Redistribution (SC 68/82)

Demand Charge \$6.96 per month per kilowatt of on-peak demand

Energy Charge 4.941 cents per kilowatt hour on-peak

2.706 cents per kilowatt hour off-peak

55-5 Commercial and Industrial Redistribution (SC 64)

Demand Charge \$7.21 per month per kilowatt of on-peak demand

Energy Charge 4.779 cents per kilowatt hour on-peak

2.643 cents per kilowatt hour off-peak

The billing periods selected for TOD Rates are:

Demand Charge:

On-peak: 8 a.m. to 6 p.m. weekdays (including holidays)
Off-peak: All other times

Energy Charge:

On-peak: 8 a.m. to 10 p.m. weekdays (including holidays)
Off-peak: All other times

For accounts transferring from conventional Rates to TOD Rates, the first bill under TOD Rates shall be rendered when an account's entire usage for the billing period is subsequent to December 31 of the annual period ending September 30 in which the account becomes subject to TOD rates.

ST 55

Leaf 1.4 of 1.4

D. Energy Charge Adjustment (Conventional and TOD):

The charges set forth herein shall be subject to a monthly adjustment per kilowatt hour provided hereunder when changes from the base cost of energy occur as described in Special Provision F.

E. Delivery Service:

A delivery service charge set forth in Appendices C, D, F, G and H of this Service Tariff and payable to Authority by Customers as reimbursement to the utility company providing delivery service for the use of its facilities and for services rendered in conjunction with the delivery of power and energy.

ST 55

Leaf No. 2

F. Billing Demand:

Except as otherwise agreed upon, for metered service the billing demand shall be the maximum 30-minute integrated demand established during the billing period and for unmetered service the billing demand shall be determined by Authority.

G. Billing Period:

Customer meters are generally scheduled to be read and bills rendered on a monthly basis (approximately thirty (30) days).

H. Payment:

Bills computed under this Service Tariff are due and payable at the office of the Authority within ten (10) days of the date of bill, subject to late payment in accordance with provision 454.6 (b) of the Rules and Regulations for Power Service. In the event that there is a dispute on any item of a bill rendered by Authority, Customer shall pay such bill in its entirety within the prescribed period and any necessary adjustments will be made thereafter.

I. Power Factor:

Authority may require Customer normally to maintain power factor not less than 90%, lagging or leading, at the point of delivery.

ST 55

Leaf No. 3

J. Continuance and Termination of Service:

Initiation of service will be upon accepted application of Customer, under the procedure specified in the Rules and Regulations for Power Service.

Once initiated, service will continue until terminated by Authority pursuant to required notice as provided in the Rules and Regulations for Power Service. Customer may terminate service at any time after one year's service on written notice to Authority at least thirty-six months in advance.

Customer may effect a partial termination or reduction of service, only if such partial termination or reduction results from (a) account turn-off, load management, energy conservation, Customer supplied generation or (b) partial transfer of service to another utility, provided that any such transfer in any given calendar year does not exceed 3 percent of the total annual sales to Customer in that calendar year.

Such transfer may occur at any time after one year's service on written notice to Authority not less than 120 days in advance, or sooner, if mutually agreeable.

ST 55

Leaf No. 4

SPECIAL PROVISIONS

Special provisions for service supplementing or modifying the Rules and Regulations for Power Service are as follows:

A. Installments:

Initial service may be in installments as Customer may require the power and energy or as Authority can make it available.

ST 55

Leaf No. 5

B. Notice of Adjustment in Charges:

Whenever Authority has determined that the rates for power and energy sold hereunder, exclusive of delivery service charges and Energy Charge Adjustment, should be revised pursuant to the Rules and Regulations for Power Service, it will notify Customer in writing of the revised charges not less than thirty (30) days in advance of the effective date thereof.

Authority shall notify Customer in writing within thirty (30) days following the date it receives written notice of adjustments in rates, terms and conditions related to delivery service and shall provide to Customer amended delivery service Appendices. Changes in the Energy Charge Adjustment will be indicated on the monthly bill without prior notice.

ST 55

Leaf No. 6

C. Apportionment of Charges When Customer is Delivered Power and Energy Provided by Authority and Power and Energy Provided by Utility Company:

If the total firm power and energy delivered to the Customer is provided partly by the Authority and partly by the utility furnishing delivery service the total charges to the Customer will be partly at the Authority's rates and partly at the utility's rates.

D. Customer Requirements for Delivery and Service:

1. Provision of Power Service –

From time to time, the Authority will accept applications for power service from Authority Public Customers. The Authority will notify the utility furnishing delivery service when the Authority has accepted any such Customer or associated accounts and will notify the utility of the order and time in which it will initiate power service to such Customers. The utility will transfer service of such customers who are the utility's customers to the Authority, free of any limitations on termination of contract which would apply in the absence hereof, except that the utility shall not be required to deliver Authority power to any such Authority Public Customer which is not current on its payment for service from the utility, which

does not pay promptly its final bill for service, and which has not paid its outstanding financial obligation to the utility. New Authority Customer accounts who were not customers of the utility shall be required to meet the utility's prerequisites for initiation of service as set forth in the utility's applicable tariffs.

Customer shall attempt to notify the Authority not less than 120 days in advance of any transfer of service from the utility to the Authority of initiation of service for a new account that it desires to be made, but in any event shall give at least 30 days notice of any such transfer or initiation; provided, however, that initiation or modification of service by the utility providing delivery service shall be subject to compliance with all applicable service connection and other requirements concerning initiation or modification of service as would apply to a similarly situated utility customer under the utility's applicable tariffs.

ST 55

Leaf No. 7

2. Provision of Delivery Service

The utility furnishing delivery service will accept power and energy from the Authority and will deliver such power and energy to Authority Public Customers designated by the Authority at such delivery points as the utility will specify within its franchise area, utilizing the utility's transmission and distribution facilities as available for the purpose, and installing new or enlarged facilities within its Franchise Area when required.

ST 55

Leaf No. 7(a)

Customer will coordinate directly with the utility furnishing delivery service for each requirement for a new delivery point or for enlarged or altered service at any existing delivery point including reinforcement, maintenance or removal applicable thereto. Any new, enlarged or altered service or facilities which the utility supplies to its own customers under its effective service schedule or schedules without compensation additional to the standard rate for service shall be similarly available to Authority Public Customers without payment of compensation beyond the standard rate for delivery service provided for that class of Authority Public Customers. When the delivery service requires facilities for which the utility normally would make a special charge to its own customers or would require the customer to make the installation, the utility shall specify, after discussion with the Authority, the additional compensation the Customer shall pay which shall not exceed the compensation which would be payable

by a customer of the utility in comparable circumstances; or the Customer shall install the needed facilities which shall conform to the utility's specifications and the utility shall permit their connection to its system in accordance with its specifications and the utility shall permit their connection to its system in accordance with its specifications.

ST 55

Leaf No. 7(b)

3) Temporary Service

Temporary service, if provided to customers or premises that may become Authority Public Customers, will be the responsibility of the utility providing delivery service. Upon installation of the permanent service connection to such Customer or premises, service to the Customer will be the responsibility of the Authority.

4) Preparation of Annual Resource Plan

Pursuant to the terms of the Planning and Supply Agreement dated March 10, 1989 between the Authority and the utility furnishing delivery service, the Authority is required to prepare period. Customer agrees to cooperate with the Authority in the preparation of such plans by providing information on power and energy requirements as the Authority will specify including, but not limited to, the following:

- (i) projections of annual peak demand and energy requirements;
- (ii) the forecasted effects of Customer's demand-side management and load control programs;
- (iii) new construction activities and the anticipated peak demand and energy requirements associated therewith; and
- (iv) identification of new accounts whose loads re expected to exceed three megawatts by name, account location, load and expected service date.

ST 55

Leaf No. 8

E. Transfer of Service:

In the event that Customer desires to discontinue Authority electric service in accordance with The provision of this Service Tariff entitled "Continuance and Termination of Service", or Authority should find it necessary to discontinue electric service to Customer, transfer of such service from Authority to the utility in whose franchise area Customer is located shall be effected, provided such Customer meets the utility's prerequisites for service, as set forth in the utility's filed Schedule for Electricity Service.

ST 55

Leaf No. 9

F. Energy Charge Adjustment:

The charge for electric service hereunder will be subject each month to an addition or a deduction when the "average cost of energy" for the previous two months as stated herein increases or decreases from the specified base cost.

The base cost of energy expressed in cents per kilowatt hour billed is 1.8643 cents. Such base cost may be amended from time to time.

The "average cost of energy" shall be equal to the sum of (I) the fuel and fuel related charges associated with the operation of the Power Authority's thermal generating units normally furnishing energy under this tariff and the value of energy as determined by Authority from other Authority Projects in generation of energy for its Customers supplied under this tariff and (ii) the amount paid by the Authority for power and energy purchased from other suppliers, including transmission charges and additional capacity charges, if any, associated with such deliveries, less credits from sales of non-firm energy; all divided by the total 60 cycle scheduled firm sales to such Customers for such previous two months'.

ST 55

Leaf No. 10

The "average cost of energy" as determined hereinabove will be adjusted from time to time as determined by the Authority to permit reconciliation of revenues derived from Energy Charge Adjustments billed to Customer in prior billing periods with energy-related costs applicable to such billing periods. Effective January 1, 1994, such energy-related costs shall include revenue requirements as determined by the Authority associated with expenses incurred in connection with energy conservation programs which

benefit Customers supplied under this tariff, where such expenses are not recovered directly from Customers participating in such programs.

The difference between the "average cost of energy", including adjustments, and the base cost of energy shall be added to or subtracted from the charges per kilowatthour for energy specified in this Service Tariff, provided, however, that effective with the September 1993 billing period amounts normally charged or credited each month to Customers on account of such difference will be deferred and any resulting net accumulated deferred charges will be offset against Customer's estimated bill payments as provided in Special Provision "L". If the net accumulated deferred charges have been fully offset against Customer's estimated bill payments, thereafter, a stabilized energy charge adjustment per kilowatthour ("Stabilized ECA") will apply, which is inclusive of (i) costs of Authority energy conservation programs for the benefit of customer served under this tariff, and (ii) the cost of the U.S. Department of Energy uranium enrichment plant decontamination and decommissioning charges associated with the Indian Point 3 Nuclear Power Plant. The Stabilized ECA will be adjusted from time to time as determined by the Authority to permit reconciliation of revenues billed to the Customers in prior billing periods with energy-related costs applicable to such billing periods.

ST 55

Leaf No. 11

G. Additional Regulations:

The supply of service hereunder to Customer is subject to the provisions of the Service Agreement for The Delivery of Power and Energy and the Planning and Supply Agreement dated March 10, 1989 between the Authority and the utility providing delivery service and the Schedule for Electricity Service and/or supplements to the Rate Schedule of the utility providing delivery service and the Schedule for ELECTRICITY Service and/or supplements to the Rate Schedule of the utility providing delivery service as filed with the Public Service Commission and the Federal Energy Regulatory Commission, respectively, and as each may be amended and supplemented from time to time, provided that in the event of any inconsistency, conflict or difference between the provisions of this Service Tariff, the annexed delivery service Appendices or the Authority's Rules and Regulations for Power Service, all as may be amended

from time to time, and those contained in such Schedule for Electricity Service, and/or Supplement, the Service Agreement For The Delivery of Power And Energy, and the Planning And Supply Agreement, the provisions of this Service Tariff, Appendices and the Authority's Rules and Regulations shall govern.

ST 55

Leaf No. 12

H. Redistribution of Electric Service:

Customer may resell, remeter (or submeter), or redistribute electric service to its tenants or occupants, in the premises supplied by Authority, only if and to the extent that such is authorized by the Authority and not violative of any statutes, laws, rules or regulations of any body having jurisdiction in the premises.

I. Supplementary Provision:

Section 454.6 (d) of Authority's Rules and Regulations for Power Service shall not be applicable to service hereunder.

J. Transmission and Distribution

The determination of the Demand Charge, Energy Charge and Energy Charge Adjustment shall account for transmission and distribution losses, which losses represent the difference between the power and energy supplied by Authority and the power and energy received by Customers.

K. Notices:

Customer shall notify Authority and the utility in writing in advance when service is to be discontinued at existing premises. Customer shall provide the name and address, if known, of the successor in occupancy of such premises or portion thereof. If Customer desires service from Authority at another location Customer shall file a request for such service pursuant to Authority's requirements.

ST 55

Leaf No. 13

L. Payment of Estimated Bill:

Approximately twenty (20) days after initial service, Authority will render to Customer an estimated bill for service during the first monthly billing period. This bill will be due and payable within ten (10) days in accordance with the payment provision of this Service Tariff. Thereafter, Authority will render to Customer a final bill approximately twenty (20) days after the conclusion of each billing period. Authority will also render to Customer, at the same time, a new estimated bill for the current billing period. Any overpayment or underpayment by Customer for a previous estimated bill, as determined by the final bill for such estimated bill. The new estimated bill, reflecting any such credit or charge, will be due and payable within ten (10) days of submission in accordance with the payment provision of this Service Tariff.

ST 55

Leaf No. 14

The foregoing paragraph concerning payment of estimated bills shall not apply to entities that become Customers after July 1, 1994 or to Customers whose estimated bill payments are fully offset pursuant to Special Provision F. For such customers approximately twenty (20) days after the end of the preceding monthly billing period the Authority will render to Customer a final bill for service provided during such billing period. Such final bill will be due and payable in accordance with the payment provisions of the Authority's Rules and Regulations for power service.

=====

Revision 0

Date Effective: August 30, 1994

Issued by ROBERT A. HINEY, Executive Vice President

Appendix C

DELIVERY SERVICE CHARGE

SMALL GENERAL SERVICE

APPLICABLE:

To Power Authority

Service Tariff Nos. 11, 12, 13, 14, 15, 16, 17, 18 and 55 as to use of service for light, heat and power for general uses where the Customer's requirements do not exceed 10 kilowatts.

RATE: (SC 62)

Energy Charge (per month)

For the first 10 kwhr.....	86.65 cents per kwhr
For the next 890 kwhr.....	7.86 cents per kwhr
For the excess over 900 kwhr	6.64 cents per kwhr

Surcharges For Direct-Current Service

Applicable to any account served by direct-current service. The following surcharges apply in addition to the rates and charges stated else where in this appendix:

Customer Charge per month (applicable to customers with demand-billed service)

For the period April 1, 1998 through March 31, 1999	\$100.00
For the period April 1, 1999 through March 31, 2000	\$200.00
For the period April 1, 2000 through March 31, 2001	\$300.00
For the period beginning April 1, 2001	\$385.00

Customer Charge per month (applicable to customers with non-demand billed service)

For the period April 1, 1998 through March 31, 1999	\$2.50
For the period April 1, 1999 through March 31, 2000	\$5.00
For the period April 1, 2000 through March 31, 2001	\$7.50
For the period beginning April 1, 2001	\$10.00

Distribution Charge per kilowatthour of direct-current service per month

For the period April 1, 1998 through March 31, 1999	3.0 cents
For the period April 1, 1999 through March 31, 2000	6.0 cents
For the period April 1, 2000 through March 31, 2001	9.0 cents
For the period beginning April 1, 2001	11.0 cents

PROVISIONS APPLICABLE TO THIS APPENDIX:

1. Service under this Appendix is subject to the rules, regulations, terms, Common, General and Special Provisions of the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, on file with the New York State Public Service Commission and the Federal Energy Regulatory Commission, all as may be amended from time to time; provided, however, that service hereunder shall not be subject to either the rate provisions of said Delivery Service Rate Schedule entitled "Delivery Service Rate I" and "Delivery Service Rate II - Time-of-Day" or

such other provisions thereof as shall be deemed not to apply to the service hereunder in accordance with paragraph "G" of Customer's respective Power Authority service tariff entitled Additional Regulations.

2. The delivery service charges hereunder shall be subject periodically to an addition or deduction to reconcile the difference between the charges rendered to the Power Authority by the utility providing delivery service for such service for all Authority Customers utilizing such service and the charges billed by the Authority to its Customers. The amounts of any such additions or deductions will be determined and reflected in the Customer's bills for delivery service in a manner specified by the Power Authority.
3. The delivery service charge shall be increased by the applicable percentage rate of the taxes imposed by the state and/or the municipality where service is supplied on the revenues of the utility providing such delivery service.
4. This Appendix shall be subject to a charge representing the Power Authority's share of the cost of the savings passed on to Madison Square Garden in accordance with Section 3, Chapter 459, 1982 N.Y. Laws.
5. The charges rendered under this Appendix shall be subject to adjustment as the Authority deems necessary to recover from the Customer any rates, charges, taxes or assessments charged to the Authority by the utility providing delivery service (including any such rates, charges, taxes or assessments lawfully charged for any period from commencement of service to Customer by Authority) if and to the extent such rates, charges, taxes or assessments are not recovered by the Authority pursuant to another provision of this Appendix.
6. The current Special Provision (2.A.) included in the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, applicable to this Appendix, is as follows:

The following Riders of the Company's Schedule for Electricity may be applied to the delivery of power and energy under this Service Classification: B, C, D and G.

GENERAL PROVISION:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore

September 25, 2001

supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.

Date Effective: January 1, 2001
Power Authority of the State of New York
Issued by Louise M. Morman, Senior Vice President

APPENDIX D

DELIVERY SERVICE CHARGE
COMMERCIAL AND INDUSTRIAL - REDISTRIBUTION

APPLICABLE:

To Power Authority Service Tariff Nos. 15 and 16 and 55 as to use of service for light, heat and power for multiple-tenanted commercial or industrial buildings where the Customer's requirements are in excess of 10 kilowatts.

RATE I: (SC 64)

Demand Charge (per month)	<u>Low Tension Service</u>	<u>High Tension Service</u>
For the first 100kw of maximum demand	\$15.31 per kw	\$13.78 per kw
For the next 200kw of maximum demand	\$13.45 per kw	\$12.11 per kw
For the next 9,700kw of maximum demand	\$12.05 per kw	\$10.84 per kw
For the next 15,000kw of maximum demand	\$11.03 per kw	\$ 9.93 per kw
For excess over 25,000kw of maximum demand	\$ 8.77 per kw	\$ 7.90 per kw

RATE IA: Time-of-Day (TOD) (SC 64)

Applicable to:

- (a) any account whose monthly maximum demand exceeds 1,500 KW in any annual period ending September 30;
- (b) any new account whose monthly maximum demand in the Authority's estimate will exceed 1,500 KW during the first year of service; and
- (c) successors of accounts referred to above if eligible for Authority service.

An account billed under TOD Rates shall be transferred to and billed under Conventional Rates when the account's monthly maximum demand does not exceed 900 KW for 12 consecutive months.

TOD Rates are not applicable to traction accounts.

Transmission Demand Charge: (per month)

	<u>Summer</u>		<u>Winter</u>	
	<u>Low Tension</u>	<u>High Tension</u>	<u>Low Tension</u>	<u>High Tension</u>
For each on-peak KW of billing demand	\$27.36	\$19.16	\$5.73	\$4.03

The billing periods selected for TOD Rates are:

On-peak: 8 a.m. to 6 p.m. weekdays (including holidays)

Summer: The summer billing period is the four month period from June 1 to September 30.

Winter: The winter billing period is the balance of the year.

When a bill includes periods during both the summer billing period and the winter billing period, the rates and charges applicable will be prorated based on the number of days in the summer billing period and the number of days in the winter billing period related to the total number of days in the billing period.

For accounts transferring from Conventional Rates to TOD Rates, the first bill under TOD Rates shall be rendered when an account's entire usage for the billing period is subsequent to December 31 of the annual period ending September 30 in which the account becomes subject to TOD rates.

RATE IB: Time-of-Day (TOD) Electrotechnologies Billing Option

Applicable to any account and/or portion thereof:

5. billed or eligible to be billed at Rate IA and;
6. that includes participating load in the Authority's Electrotechnologies Program (EP). The customers' selection of this option must be made no later than the execution of the Customer Installation Commitment (CIC) and the rate will be effective upon completion of the electrotechnologies project.

Transmission Demand Charge: (per month)

	<u>Low Tension</u>	<u>High Tension</u>
For each on-peak KW of billing demand	\$11.52	\$8.42

The annual billing periods selected for the TOD electrotechnologies billing option are on peak: 8 a.m. to 6 p.m. weekdays (including holidays).

PROVISIONS APPLICABLE TO THIS APPENDIX:

1. Service under this Appendix is subject to the rules, regulations, terms, Common, General and Special Provisions of the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, on file with the New York State Public Service Commission and the Federal Energy Regulatory Commission, all as may be amended from time to time; provided, however, that service hereunder shall not be subject to either the rate provisions of said Delivery Service Rate Schedule entitled "Delivery Service Rate I" and "Delivery Service Rate II – Time-of-Day" or such other provisions thereof as shall be deemed not to apply to the service hereunder in accordance with paragraph "G" of Customer's respective Power Authority service tariff entitled Additional Regulations.
2. The delivery service charges hereunder shall be subject periodically to an addition or deduction to

reconcile the difference between the charges rendered to the Power Authority by the utility providing delivery service for such service for all Authority Customers utilizing such service and the charges billed by the Authority to its Customers. The amounts of any such additions or deductions will be determined and reflected in the Customer's bills for delivery service in a manner specified by the Power Authority.

3. The delivery service charge shall be increased by the applicable percentage rate of the taxes imposed by the state and/or the municipality where service is supplied on the revenues of the utility providing such delivery service.

Date Effective: January 1, 2001
Power Authority of the State of New York
Issued by Louise M. Morman, Senior Vice President

4. This Appendix shall be subject to a charge representing the Power Authority's share of the cost of the savings passed on to Madison Square Garden in accordance with Section 3, Chapter 459, 1982 N.Y. Laws.
5. The charges rendered under this Appendix shall be subject to adjustment as the Authority deems necessary to recover from the Customer any rates, charges, taxes or assessments charged to the Authority by the utility providing delivery service (including any such rates, charges, taxes or assessments lawfully charged for any period from commencement of service to Customer by Authority) if and to the extent such rates, charges, taxes or assessments are not recovered by the Authority pursuant to another provision of this Appendix.
6. The current Special Provisions (4.A. and 4.B.) included in the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, applicable to this Appendix, are attached hereto as Exhibit III.

GENERAL PROVISION:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.

Date Effective: January 1, 2001
Power Authority of the State of New York
Issued by Louise M. Morman, Senior Vice President

APPENDIX F

DELIVERY SERVICE CHARGE

WESTCHESTER COUNTY
PUBLIC STREET LIGHTING

APPLICABLE:

To Power Authority Service Tariff Nos. 11, 13 and 18 and 55 as to use of service for lighting of public streets, thoroughfares, parks and parkways; operation of traffic control signals, fire alarm signals, warning and directional signs.

RATE: (SC 66)

- 1. Supplying Electric Energy - Per Calendar Month
for each kilowatt hour..... 7.36 cents
- 2. Furnishing and Maintaining Control Equipment -- Per Calendar Month
For each point of service termination, where controlled
period service is supplied from the circuits of the utility providing
delivery service..... \$2.03

PROVISIONS APPLICABLE TO THIS APPENDIX:

- 1. Service under this Appendix is subject to the rules, regulations, terms, Common, General and Special Provisions of the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, on file with the New York State Public Service Commission and the Federal Energy Regulatory Commission, all as may be amended from time to time; provided, however, that service hereunder shall not be subject to either the rate provisions of said Delivery Service Rate Schedule entitled "Delivery Service Rate I" and "Delivery Service Rate II - Time-of-Day" or such other provisions thereof as shall be deemed not to apply to the service hereunder in accordance with paragraph "G" of Customer's respective Power Authority service tariff entitled Additional Regulations.
- 2. The delivery service charges hereunder shall be subject periodically to an addition or deduction to reconcile the difference between the charges rendered to the Power Authority by the utility providing delivery service for such service for all Authority Customers utilizing such service and the charges billed by the Authority to its Customers. The amounts of any such additions or deductions will be determined and reflected in the Customer's bills for delivery service in a manner specified by the Power Authority.
- 3. The delivery service charge shall be increased by the applicable percentage rate of the taxes imposed by the state and/or the municipality where service is supplied on the revenues of the utility providing such delivery service.

4. This Appendix shall be subject to a charge representing the Power Authority's share of the cost of the savings passed on to Madison Square Garden in accordance with Section 3, Chapter 459, 1982 N.Y. Laws.
5. The charges rendered under this Appendix shall be subject to adjustment as the Authority deems necessary to recover from the Customer any rates, charges, taxes or assessments charged to the Authority by the utility providing delivery service (including any such rates, charges, taxes or assessments lawfully charged for any period from commencement of service to Customer by Authority) if and to the extent such rates, charges, taxes or assessments are not recovered by the Authority pursuant to another provision of this Appendix.
6. The current Special Provision (6.A.) included in the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, applicable to this Appendix, are attached hereto as Exhibit II.

GENERAL PROVISION:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.

Date Effective: January 1, 2001
Power Authority of the State of New York
Issued by Louise M. Morman, Senior Vice President

APPENDIX G

DELIVERY SERVICE CHARGE
MULTIPLE DWELLING - REDISTRIBUTION

APPLICABLE:

To Power Authority Service Tariff Nos. 13, 16, 17 and 55 as to use of service for light, heat and power for multiple dwellings when Customer's requirements are in excess of 10 kilowatts

RATE I: (SC 68)

Demand Charge (per month)

	<u>Low Tension Service</u>	<u>High Tension Service</u>
For each kilowatt of demand	\$13.16 per kw	\$11.83 per kw

RATE IA: Time-of-Day (TOD) (SC 68)

Applicable to:

- (a) any account whose monthly maximum demand exceeds 1,500 KW in any annual period ending September 30;
- (b) any new account whose monthly maximum demand in the Authority's estimate will exceed 1,500 KW during the first year of service; and
- (c) successors of accounts referred to above if eligible for Authority service.

An account billed under TOD Rates shall be transferred to and billed under Conventional Rates when the account's monthly maximum demand does not exceed 900 KW for 12 consecutive months. TOD Rates are not applicable to traction accounts.

Transmission Demand Charge: (per month)

	<u>Summer Low Tension</u>	<u>Winter Low Tension</u>
For each on-peak KW of billing demand	\$28.83	\$6.05

The billing periods selected for TOD Rates are:

On-peak: 8 a.m. to 6 p.m. weekdays (including holidays)

Summer: The summer billing period is the four month period from June 1 to September 30.

Winter: The winter billing period is the balance of the year.

When a bill includes periods during both the summer billing period and the winter billing period, the rates and charges applicable will be prorated based on the number of days in the summer billing period and the number of days in the winter billing period related to the total number of days in the billing period.

For accounts transferring from Conventional Rates to TOD Rates, the first bill under TOD Rates shall be rendered when an account's entire usage for the billing period is subsequent to December 31 of the annual period ending September 30 in which the account becomes subject to TOD rates.

PROVISIONS APPLICABLE TO THIS APPENDIX:

1. Service under this Appendix is subject to the rules, regulations, terms, Common, General and Special Provisions of the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, on file with the New York State Public Service Commission and the Federal Energy Regulatory Commission, all as may be amended from time to time; provided, however, that service hereunder shall not be subject to either the rate provisions of said Delivery Service Rate Schedule entitled "Delivery Service Rate I" and "Delivery Service Rate II – Time-of-Day" or such other provisions thereof as shall be deemed not to apply to the service hereunder in accordance with paragraph "G" of Customer's respective Power Authority service tariff entitled Additional Regulations.
2. The delivery service charges hereunder shall be subject periodically to an addition or deduction to reconcile the difference between the charges rendered to the Power Authority by the utility providing delivery service for such service for all Authority Customers utilizing such service and the charges billed by the Authority to its Customers. The amounts of any such additions or deductions will be determined and reflected in the Customer's bills for delivery service in a manner specified by the Power Authority.
3. The delivery service charge shall be increased by the applicable percentage rate of the taxes imposed by the state and/or the municipality where service is supplied on the revenues of the utility providing such delivery service.
4. This Appendix shall be subject to a charge representing the Power Authority's share of the cost of the savings passed on to Madison Square Garden in accordance with Section 3, Chapter 459, 1982 N.Y. Laws.
5. The charges rendered under this Appendix shall be subject to adjustment as the Authority deems necessary to recover from the Customer any rates, charges, taxes or assessments charged to the Authority by the utility providing delivery service (including any such rates, charges, taxes or assessments lawfully charged for any period from commencement of service to Customer by Authority) if and to the extent such rates, charges, taxes or assessments are not recovered by the Authority pursuant to another provision of this Appendix.
6. The current Special Provisions (8.A.) included in the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, applicable to this Appendix, is as follows:

The following Riders of the Company's Schedule for Electricity may be applied to the delivery of power and energy under this Service Classification: B, C, D and G.

GENERAL PROVISION:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.

Date Effective: January 1, 2001
Power Authority of the State of New York
Issued by Louise M. Morman, Senior Vice President

APPENDIX H

DELIVERY SERVICE CHARGE

LARGE GENERAL SERVICE

APPLICABLE:

To Power Authority Service Tariff Nos. 11, 12, 13, 14,15, 16, 17, 18 and 55 as to use of service for light, heat and power for general uses where the Customer's requirements are in excess of 10 kilowatts.

RATE : (SC 69)

<u>Demand Charge (per month)</u>	<u>Low Tension Service</u>	<u>High Tension Service</u>
For the first 1,300kw of maximum demand	\$13.58 per kw	\$12.23 per kw
For excess over 1,300kw of maximum demand	\$12.33 per kw	\$11.11 per kw

RATE IA: Time-of-Day (TOD) Rates (SC69)

Applicable to:

- (a) any account whose monthly maximum demand exceeds 1,500 KW in any annual period ending September 30;
- (b) any new account whose monthly maximum demand in the Authority's estimate will exceed 1,500 KW during the first year of service; and
- (c) successors of accounts referred to above if eligible for Authority service.

An account billed under TOD Rates shall be transferred to and billed under Conventional Rates when the account's monthly maximum demand does not exceed 900 KW for 12 consecutive months.

TOD Rates are not applicable to traction accounts.

Transmission Demand Charge: (per month)

	<u>Summer</u>		<u>Winter</u>	
	<u>Low Tension</u>	<u>High Tension</u>	<u>Low Tension</u>	<u>High Tension</u>
For each on-peak KW of billing demand	\$30.34	\$21.25	\$6.27	\$4.39

The billing periods selected for TOD Rates are:

On-peak: 8 a.m. to 6 p.m. weekdays (including holidays)

Summer: The summer billing period is the four month period from June 1 to September 30.

Winter: The winter billing period is the balance of the year.

When a bill includes periods during both the summer billing period and the winter billing period, the rates and charges applicable will be prorated based on the number of days in the summer billing period and the number of days in the winter billing period related to the total number of days in the billing period.

For accounts transferring from Conventional Rates to TOD Rates, the first bill under TOD Rates shall be rendered when an account's entire usage for the billing period is subsequent to December 31 of the annual period ending September 30 in which the account becomes subject to TOD rates.

RATE IB: Time-of-Day (TOD) Electrotechnologies Billing Option

Applicable to any account and/or portion thereof:

billed or eligible to be billed at Rate IA and:

7. that includes participating load in the Authority's Electrotechnologies Program (EP). The customers' selection of this option must be made no later than the execution of the Customer Installation Commitment (CIC) and the rate will be effective upon completion of the electrotechnologies project.

Transmission Demand Charge: (per month)

	<u>Low Tension</u>	<u>High Tension</u>
For each on-peak KW of billing demand	\$11.52	\$8.42

The annual billing periods selected for the TOD electrotechnologies billing option are on peak: 8 a.m. to 6 p.m. weekdays (including holidays).

Surcharges For Direct-Current Service

Applicable to any account served by direct-current service. The following surcharges apply in addition to the rates and charges stated else where in this appendix:

Customer Charge per month (applicable to customers with demand-billed service)

For the period April 1, 1998 through March 31, 1999	\$100.00
For the period April 1, 1999 through March 31, 2000	\$200.00
For the period April 1, 2000 through March 31, 2001	\$300.00
For the period beginning April 1, 2001	\$385.00

Customer Charge per month (applicable to customers with non-demand billed service)

For the period April 1, 1998 through March 31, 1999	\$2.50
For the period April 1, 1999 through March 31, 2000	\$5.00
For the period April 1, 2000 through March 31, 2001	\$7.50
For the period beginning April 1, 2001	\$10.00

Distribution Charge per kilowatthour of direct-current service per month

For the period April 1, 1998 through March 31, 1999	3.0 cents
For the period April 1, 1999 through March 31, 2000	6.0 cents
For the period April 1, 2000 through March 31, 2001	9.0 cents
For the period beginning April 1, 2001	11.0 cents

PROVISIONS APPLICABLE TO THIS APPENDIX:

1. Service under this Appendix is subject to the rules, regulations, terms, Common, General and Special Provisions of the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, on file with the New York State Public Service Commission and the Federal Energy Regulatory Commission, all as may be amended from time to time; provided, however, that service hereunder shall not be subject to either the rate provisions of said Delivery Service Rate Schedule entitled "Delivery Service Rate I" and "Delivery Service Rate II – Time-of-Day" or such other provisions thereof as shall be deemed not to apply to the service hereunder in accordance with paragraph "G" of Customer's respective Power Authority service tariff entitled Additional Regulations.

2. The delivery service charges hereunder shall be subject periodically to an addition or deduction to reconcile the difference between the charges rendered to the Power Authority by the utility providing delivery service for such service for all Authority Customers utilizing such service and the charges billed by the Authority to its Customers. The amounts of any such additions or deductions will be determined and reflected in the Customer's bills for delivery service in a manner specified by the Power Authority.
3. The delivery service charge shall be increased by the applicable percentage rate of the taxes imposed by the state and/or the municipality where service is supplied on the revenues of the utility providing such delivery service.
4. This Appendix shall be subject to a charge representing the Power Authority's share of the cost of the savings passed on to Madison Square Garden in accordance with Section 3, Chapter 459, 1982 N.Y. Laws.
5. The charges rendered under this Appendix shall be subject to adjustment as the Authority deems necessary to recover from the Customer any rates, charges, taxes or assessments charged to the Authority by the utility providing delivery service (including any such rates, charges, taxes or assessments lawfully charged for any period from commencement of service to Customer by Authority) if and to the extent such rates, charges, taxes or assessments are not recovered by the Authority pursuant to another provision of this Appendix.
6. The current Special Provisions (9.A. and 9.B.) included in the Delivery Service Rate Schedule (PASNY No. 4) of the utility providing delivery service, applicable to this Appendix, are attached hereto as Exhibit V.

GENERAL PROVISION:

Nothing in this agreement is intended to change, alter or diminish any of the rights, privileges or benefits enuring to the Customer by virtue of any heretofore or presently existing independent agreements or arrangements which may have given rise to a course of conduct or relationship as between Customer and Consolidated Edison Company of New York, Inc. and/or any other public utility which has heretofore supplied the power requirements of Customer in whole or in part; and nothing herein shall be occasion for the enlargement of wheeling charges for delivery service provided by Consolidated Edison Company of New York, Inc. or any other public utility by virtue of any impairment or curtailment or attempted impairment or curtailment of any privilege or service heretofore enjoyed by Customer.

Date Effective: January 1, 2001
Power Authority of the State of New York
Issued by Louise M. Morman, Senior Vice President

**5. Procurement (Services) Contracts –
Business Units and the Facilities – 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 ‘5-A’ for Third Party Administrative Services for the Authority’s health and benefits programs, including medical, prescription drug and dental plans, as well as hospitalization, short-term disability and vision care, where applicable. A detailed explanation of the nature of such services, the basis for the new awards, and the intended duration of such contracts are set forth 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 or equipment purchase 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, technical 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, or if special expertise is required that is not available within the Authority. With respect to Headquarters, it is often necessary to retain consultants or contractors to perform specialized work outside the expertise of Authority staff.

“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 for the Authority’s convenience, 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 \$15,000 to \$1,600,000. These contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

“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.

Contracts in support of Business Units/Departments and the Facilities:

“Earlier this year, the Authority’s Employee Benefits Unit, assisted by its benefits consultant, AON Consulting, sought proposals from providers of Third Party Administrative (‘TPA’) services for its self-insured major medical (including Participating Provider Organizations, ‘PPOs’), prescription drug, dental, vision care, flexible spending accounts, and short-term disability claims programs. In addition, the Authority also sought proposals for fully insured hospitalization plans, as well as for fully insured Health Maintenance Organizations (‘HMO’) and Point of Service (‘POS’) programs. Prospective bidders were invited to submit proposals for one or more categories of the aforementioned services for the Authority’s various employee groups and retirees, with eligible participants, including active and retired salaried employees, members of the International Brotherhood of Electrical Workers (‘IBEW’), and Utility Workers’ Union of America (‘UWUA’), as well as retired members of the Teamsters’ Local 887. The potential number of enrollees offered such coverage is approximately 2,200, of which approximately 1,700 are currently enrolled.

“Requests for Proposals (‘RFPs’) were mailed to 51 firms, including those responding to a notice in the New York State Contract Reporter. Bids were received from 23 firms for one or more service categories in the Authority’s RFP. AON Consulting assisted Authority staff in collecting and sorting the data submitted in the proposals through the use of an automated template that recorded the vendors’ responses to questions. After an initial review of all bids, nine firms were selected to attend semi-finalists’ meetings. Bidders were invited to present their proposals in detail and to provide any additional data that was requested during the meetings. Such meetings also afforded Authority staff the opportunity to meet the respective account representatives and to clarify any outstanding questions or issues. In addition, site visits were conducted with three bidders to inspect their respective operations, their review process for claim payment, customer service, program technology and implementation, and to clarify any outstanding issues prior to final recommendations. A more detailed evaluation and analysis of the proposals and clarifications provided during the finalists’ meetings were subsequently conducted. They included the following evaluation criteria: network availability of participating provider organizations, disruption analysis of current vs. proposed networks, rate comparisons and cost savings, company size and staffing levels, administrative and technical capabilities, past vendor performance, and financial stability of the bidders.

“Based on the aforementioned detailed evaluation and analysis of all the proposals, clarifications, and evaluation criteria, staff recommend the award of four contracts to the following firms: UnitedHealthcare (‘UHC’), Metropolitan Life Insurance Company (‘MetLife’), Maurice W. Pomfrey & Associates, Ltd. (‘Pomco’), and EyeMed Vision Care) [Q-02-2721; PO#s TBA] to provide TPA services for the Authority’s health and benefits programs, on a self-insured basis. Although the contracts would become effective on January 1, 2002, the President authorized the notification of award to the respective vendors in order to allow sufficient preparation time for actual program implementation in January. Services would be provided as follows: UHC would provide TPA services for the major medical and flexible spending account programs for the Authority’s salaried and UWUA employees and retirees, as well as the prescription drug program for all employees and retirees, and hospitalization for the Catastrophic Option only of the UHC Authority Plan; MetLife would provide TPA services for the dental program for all active employees; POMCO would provide TPA services for both major medical and hospitalization for IBEW active employees and retirees and for retired members of Teamsters Local 887, as well as short-term disability for active IBEW and UWUA employees only; and EyeMed would provide TPA services for the vision care program for salaried employees only. In addition, it was decided that the current arrangement for the hospitalization program with EmpireHealth (Blue Cross/Blue Shield) would be continued on a fully insured basis and that the HMO and POS programs would also continue to be offered. The intended term of these contracts is three years (with an option to extend for two additional years), subject to the Trustees’ approval, which is hereby requested. The Trustees are requested to ratify the President’s interim approval for notification of awards. Approval is also requested for the total amount expected to be expended for the initial three-year term of the contracts: \$1,600,000 for UHC, \$385,000 for MetLife, \$400,000 for Pomco, and \$15,000 for EyeMed. (It should be noted that if the option to extend for two additional years is exercised, the projected additional amounts per contract are as follows: \$1,050,000 for UHC, \$275,000 for MetLife, \$275,000 for POMCO, and \$10,000 for EyeMed. Such additional amounts would be authorized with the President’s approval, in accordance with the Authority’s Expenditure Authorization Procedures.)

FISCAL INFORMATION

“Funds required to support contract services for various Business Units/Departments and the facilities have been included in the 2001 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.

RECOMMENDATION

“The Director – Employee Benefits, the Vice President - Controller, 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 ‘5-A’ and as discussed above.

“The Senior Vice President and Chief Financial Officer, the Executive Vice President – Corporate Services and Human Resources, the Executive Vice President, Secretary and General Counsel, the Executive Vice President - Project Operations, and I concur in the recommendation.”

In response to questions from Chairman Seymour concerning the cost per employee of the UnitedHealthcare plan, Mr. Hoff explained that it would be approximately \$35/month per employee, including prescription drugs. Mr. Vesce credited and thanked the Human Resources personnel responsible for the exhaustive work underlying the recommended resolution, indicating they did an excellent job.

Trustee Carey noted that Aon Consulting, the benefits consultant referenced in the President's memorandum, recently suffered tragic losses in the September 11, 2001, attack on the World Trade Center. Mr. Vesce concurred, underscoring that NYPA staff had had frequent meetings with Aon at the World Trade Center.

Trustee McCullough commended Mr. Vesce and his staff for a job well done.

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 set forth in Exhibit "5-A", foregoing hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President.

**6. Procurement (Services) Contracts – Business Units and Facilities –
Extensions, Approval of Additional Funding and Increase in Compensation Ceiling**

The President submitted the following report:

SUMMARY

“The Trustees are requested to approve the continuation and funding of the procurement contracts listed in Exhibit ‘6-A’ in support of projects and programs for the Authority’s Business Units/Departments, as well as for the facilities. In addition, the Trustees are requested to approve an increase in the combined compensation ceiling of a group of six procurement contracts with HEPCO, Inc., Lehigh Staffing, Rotator Staffing Services, Inc., G.D. Barri & Associates, Inc., Larkin Enterprises, Inc., and SUN Technical Services, Inc., for the services of temporary field engineering personnel to support the facilities, as needed, to \$4,152,785 from the previously authorized amount of \$1,152,785. A detailed explanation of the nature of such services, the reasons for extension, the additional funding required, and the projected expiration dates are set forth 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.

“The Authority's Expenditure Authorization Procedures require Trustees' approval when a personal services contract exceeds a cumulative change order value of \$500,000, or when a non-personal services or equipment purchase contract exceeds a cumulative change order limit of \$3,000,000.

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, or if special expertise is required which is not available within the Authority.

“Although the firms identified in Exhibit ‘6-A’ have provided effective services, the issues or projects requiring these services have not been resolved or completed, and the need exists for continuing these contracts. Trustees' approval is required because the terms of these contracts exceed one year and/or because the cumulative change order limits will exceed the levels authorized by the Expenditure Authorization Procedures in forthcoming change orders. All of the subject contracts contain provisions allowing the Authority to terminate the services for the Authority’s convenience, without liability, other than paying for acceptable services rendered to the effective date of termination. These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures.

“Extension of each of the contracts identified in Exhibit ‘6-A’ is requested for one or more of the following reasons: 1) additional time is required to complete the current contractual work scope or additional services related to the original work scope; 2) to accommodate an Authority or external regulatory agency schedule change which has delayed, re-prioritized, or otherwise suspended required services; 3) the original consultant is uniquely qualified to perform services and/or continue its presence, and rebidding would not be practical; or 4) the contractor provides a proprietary technology or specialized equipment at reasonably negotiated rates, which the Authority needs to continue until a permanent system is put in place.

Contracts in support of Business Units/Departments and Facilities:

“The contract with **Antar-Com Inc. (4500014975)** provides for the upgrade and maintenance of the access control system, security equipment and intercom at the Authority’s White Plains Office (‘WPO’), Clarence D. Rappleyea Building, formerly ‘Centroplex’, and parking garage facility and also, more recently, for such systems at the New York and Albany Offices. The base award, which was competitively bid, became effective on November

18, 1999. It provided for the purchase and installation of a new parking and revenue control system and an access control system for the WPO garage, as well as for security system renovation in the WPO building, including a new security console and associated equipment for the main lobby. The initial award was in the amount of \$287,000 and was considered an 'equipment' contract. Change Orders totaling an additional \$294,616 were subsequently issued for additional security equipment and related work, including the upgrade of the access control system in the WPO building to achieve a fully integrated system for the building and garage, and the addition of the New York and Albany Offices, as well as for initial maintenance services to support the access control system at all three office locations, and for additional on-call repair work and related equipment beyond the scope of warranty or standard maintenance provisions. A four-year extension is now requested in order to provide for maintenance services to support the closed circuit television and other security equipment (including cameras, multiplexors, video recorders, readers, intercom, etc.) for the WPO building and garage, and the access control system at WPO and the New York and Albany Offices, as well as to provide for any additional related services and associated hardware or equipment that may be required, but are not covered under the standard maintenance contract. It should be noted that the standard maintenance rates have been negotiated, and the vendor has agreed to keep them firm for the duration of the contract. The current contract amount is \$581,616. It is estimated that an additional \$250,000 will be required for the extended term to provide for preventive maintenance services and minor repairs for all the aforementioned systems and offices. It should also be noted that \$75,000 of this additional funding request has been previously approved as part of a Capital Expenditure Authorization Request ('CEAR') for additional security equipment for the WPO garage, including cameras, intercoms and related equipment for strategic locations throughout the garage and garage elevator areas. The Trustees' approval is requested to extend the subject contract through June 30, 2005, to ratify the previously issued Change Orders and associated funding, to approve the allocation and release to this contract of the previously approved CEAR funding, and to approve the additional funding now requested.

"The contract with **Biedermann, Hoenig, Massamillo & Ruff, P.C. (4500020544)** provides for legal services in connection with aviation matters, including the purchase and sale of aircraft. The original agreement, which was awarded on a sole source basis, became effective on September 30, 1999, for an initial term of one year. The Authority required counsel experienced in Federal Aviation Administration ('FAA') regulatory matters, various industry issues, as well as certain methods of operation, or prospective operation, of aircraft owned by the Authority. A survey of firms under contract with the Authority led to the conclusion that none had the specific and extensive aviation practice as that of Biedermann, Hoenig, Massamillo & Ruff. This firm was qualified, available and able to provide the requisite services on short notice. At their meeting of September 26, 2000, the Trustees approved a one-year extension to continue services, as may be required, until all matters on which the Authority had Biedermann's preliminary opinion and other such matters under consideration were resolved. The continued advice and counsel of the Biedermann firm will be necessary in relation to FAA regulatory matters in the event of the possible move of the proposed stack, as part of the 500MW expansion of the Charles A. Poletti Power Project, as well as for various industry issues. A one-year extension, with an option to extend services for an additional year in accordance with the Authority's Expenditure Authorization Procedures, is now requested in order to continue services in support of the aforementioned matters. The current contract amount is \$35,000; it is anticipated that no additional funding will be required for the extended term. The Trustees' approval is requested to extend the subject contract through September 30, 2002 (or 2003, if the additional option year is exercised) with no additional funding requested.

"In light of the improvements that have been undertaken or are planned for the Niagara and St. Lawrence projects, an examination of the Authority's projected capital and relicensing cost requirements, as well as rate policy, has been undertaken to ensure that appropriate capitalization structure is in place for our hydroelectric customers. The contract with **The Brattle Group (4500031756)** provides economic, financial, and regulatory consulting services for expert rate analyses relating to capital cost recovery and the proposed recovery method for the Niagara and St. Lawrence – F.D. Roosevelt Power Projects. Such consulting services include, but are not limited to: the development of conceptual methodology relating to capital cost recovery options; rate policy and precedent support, including a demonstrated knowledge of, and personal experience with, relevant Federal Energy Regulatory Commission ('FERC') and Public Service Commission ('PSC') policy, decisions and precedents relating to capital recovery; presentations to senior management on industry standards, the appropriateness of changing capital cost recovery methods, and justification for recommending the corresponding rate impacts, as well as minimizing the potential for future litigation and/or providing litigation support and expert witness testimony, as may be required. The original award, which was competitively bid, became effective on September 28, 2000. A two-year extension is now requested in order to exercise the option and continue providing the aforementioned services. The current

contract amount is \$255,000; it is currently anticipated that no additional funding will be required for the extended term. The Trustees' approval is requested to extend the subject contract through September 27, 2003 with no additional funding requested.

“The contract with **Brian R. Meara Public Relations, Inc. (4500036264)** provides for public relations consulting services in connection with the Authority's Power Now! Generation Project and, more recently, in relation to the 500MW expansion of the Authority's Charles A Poletti Power Project. The original agreement, which was awarded on a sole-source basis, became effective on November 1, 2000, for an initial term of up to one year. At the onset of the Power Now! Project, the Authority required the services of a seasoned community liaison who portrays both the confidence and ability to work personally and professionally with borough presidents and community board leaders. The licensing of the Poletti 500MW combined cycle generator is now underway, and there also exists the possibility that the Authority may not be able to obtain the regulatory approvals necessary to keep the old plant running. In this event, there exists the possibility that the Authority may need to begin the application process to replace the old Poletti plant with a new 750MW plant. Mr. Meara's knowledge gained during the Power Now! Project, of the substantive issues associated with the Vernon Boulevard site, and of the parties who will also be involved in the 500MW Project, is directly relevant and applicable and should be retained. The continuation of Mr. Meara's community liaison services is required in addressing eminent community concerns. A one-year extension is now requested to retain such expertise and to continue such services as may be required. The current contract amount is \$106,640; it is anticipated that an additional \$80,000 will be required for the extended term. (This reflects a reduction in the monthly fee from \$10,000 to \$6,660.) The Trustees' approval is requested to extend the subject contract through October 31, 2002, and to approve the additional funding requested.

“The Authority has developed and refined its strategic planning approach over the last several years. The current methodology has been in use since 1996, when senior executives developed a concise mission statement, decision drivers and measures to track success. Since then, changes have been made to incorporate a balanced scorecard approach to such measures and to increase the precision of goal statements for each of six strategic result areas. Planning at the corporate level is performed during the first quarter of each year, with the cascading of the plan to each business unit during the second quarter, in turn forming the basis for resource allocation and operational planning during the third quarter. The contract with **The Center for Governmental Research, Inc. ('CGR'; 4500033845)** provides for consulting services to facilitate the Authority's strategic planning process in order to anticipate, plan for, and mitigate the risks of alternative future events that may impact the Authority. Services include, but are not limited to: identifying issues and initiatives to be addressed by executive management; facilitating the Annual Strategic Planning Conference (including pre-conference meetings with teams of selected Authority employees to discuss issues of most concern in greater detail, interviews with executives, advice on conference speakers and structure, etc.); and presenting findings to senior management and facilitating strategy development around the chosen course of action at the annual corporate planning meetings. The contract, which was competitively bid, became effective on October 30, 2000 for an initial term of one year with an option to extend for one additional year. A one-year extension is now requested to exercise the option and continue to assist Authority staff and facilitate the next Annual Strategic Planning Conference, which will take place during the first quarter of 2002. The current contract amount is \$69,000; it is estimated that an additional \$69,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through October 29, 2002, and to approve the additional funding now requested.

“The contract with **Digital Dreams Media Inc. (4500015198)** provides for video editing services to support the Authority's corporate video news magazine, internal and external corporate communications, video news releases, news conferences and special events, and multimedia projects. The original award, which was competitively bid, became effective on November 1, 1999, for an initial term of one year, with an option to extend for an additional year. At their meeting of September 26, 2000, the Trustees approved a one-year extension to exercise this option in order to continue to provide such services, as well as to assist in the shutdown and dismantling of the video edit facility in the NYO and the planning, design and video engineering of the new edit studio at the WPO. The Trustees also approved a total contract amount of \$137,000; an additional \$10,000 was subsequently authorized in accordance with the Authority's Expenditure Authorization Procedures. In the absence of permanent staff positions to perform needed services in this specialized area, the Authority must continue to rely on the expertise of such contractors in order to support ongoing programs. It would not be prudent or cost-effective to rebid services at this time, since this contractor contributed to the design of the new video production/edit facility, as

well as to several programs, which are already in pre-production. A two-year extension is now requested in order to continue the ongoing testing of the new edit facility, which is expected to be completed in 2002, and to complete several major video projects that have been delayed by edit facility construction (e.g., documentaries on the Power Now! Generation Project, the combined cycle plant at the Charles A. Poletti Project, Niagara Project relicensing, St. Lawrence – F.D. Roosevelt Project life extension and modernization project, and the Authority’s supplier diversity program, among others). The current contract amount is \$147,000; it is anticipated that an additional \$150,000 may be required for the extended term to support the aforementioned projects. The Trustees’ approval is requested to extend the subject contract through October 31, 2003, and to approve the additional funding requested.

“The contract with **Foster Miller Technologies, Inc., (4500011785)** provides for the development of a small, cost-effective Micro Data Acquisition Unit (‘MDAU’) prototype to monitor vibration and air gap on hydroelectric generators. The MDAU is one of the key building blocks required for implementing the Machine Condition Monitoring and Expert Diagnostic System. The MDAU will be capable of acquiring and processing data from eight vibration and four air gap signals and will be connected to a local area network. This technology has been successfully field tested and performance validated at the St. Lawrence/F.D. Roosevelt Power Project and will be permanently installed as part of the life extension and modernization (‘LEM’) program as the individual units are modernized. The benefits of implementing this technology at the St. Lawrence Project include O&M savings resulting from reduced operator surveillance, automation of vibration monitoring and analysis, and the ability to implement a predictive maintenance program on the basis of equipment condition. Avoided cost savings include early detection and prevention of catastrophic failures of bearings and other mechanical components. The original contract became effective on November 25, 1999, for a term of one year. At their meeting of September 26, 2000, the Trustees approved a thirteen-month extension through December 31, 2001, to complete the requisite field-testing, adjustments/refinements, performance validation and acceptance of the MDAU prototype, as well as a total contract amount of \$500,000. Subsequently, an additional \$47,186 was authorized in accordance with the Authority’s Expenditure Authorization Procedures (‘EAPs’).

“Based on the successful development of the MDAU technology as discussed above, staff recommends expanding the use of this technology to include the Authority’s pumped storage facilities. This will require additional functional improvements in hardware and software, as well as laboratory and field testing and performance validation. A three-year extension is, therefore, requested for completing the development and field implementation of an MDAU technology for the Authority’s pumped storage plants. This effort will result in the standardization of online condition monitoring at the Authority’s hydro plants, including the application of online expert system diagnostics. The current contract amount is \$547,186; it is anticipated that an additional \$398,000 will be required for the extended term. The Trustees’ approval is requested to extend the subject contract through December 31, 2004, to ratify the previously authorized additional funding, and to approve the additional funding requested. It should be noted that the Authority owns the product, has licensed it to the vendor for commercialization purposes, and expects to receive royalties.

“The contract with **Four Seasons Land Management Company, Inc. (4500032513)** provides for landscaping and snow removal services at the Authority’s White Plains Office (Clarence D. Rappleyea Building). The original award, which was competitively bid, became effective on October 10, 2000 for an initial term of one year, with an option to extend for two additional years. A two-year extension is now requested in order to exercise the option to continue services as may be required. This will also include the completion of a new project, involving the removal and reinstallation of brick pavers, concrete base, soil, and planting beds to create a proposed area for benches in the current bus stop area, as well as to provide for fencing between this public area and the building. Four Seasons has proven to be a reliable and trouble-free contractor for providing such services; the quality of services provided by the contractor was a contributing factor to the ‘Building of the Year’ award received by the Authority last year. The current contract amount is \$100,000; it is anticipated that an additional \$250,000 will be required for the extended term. Rates will remain firm for the duration of the contract. The Trustees’ approval is requested to extend the subject contract through October 9, 2003 and to approve the additional funding requested.

“The contract with **Gomez & Sullivan Engineers P.C. (C97-Z0032)** provides for consulting services to facilitate the Cooperative Consultation Process (‘CCP’) Team meetings and technical subcommittees’ meetings in support of the St. Lawrence-F.D. Roosevelt Power Project relicensing effort. At their meeting of January 28, 1997, the Trustees approved the award of a three-year contract in the initial amount of \$450,000. The contract became

effective on February 1, 1997. It should be noted that while the subject contract was awarded on a sole-source basis, it basically continued services that had been provided under the previous contract, which had been competitively bid. It was considered appropriate to issue a new contract to incorporate the consultant's changed role, using the CCP approach. At their meeting of December 14, 1999, the Trustees approved a two-year extension through December 31, 2001 and an additional \$125,000 in order to support CCP-related activities. The consultant's performance in facilitating the meetings has been outstanding, and they have developed an excellent rapport with the CCP Team. Because this is an ongoing effort, such CCP-related activities will continue until the issuance of the new license (anticipated in 2003). An additional two-year extension is, therefore, requested in order to continue the following services: providing advice on emerging hydropower licensing issues and trends and dealing with the Federal Energy Regulatory Commission ('FERC') and the Department of Environmental Conservation ('DEC'); facilitating CCP Team meetings, technical subcommittees' meetings, and settlement discussions, as needed, and providing technical and administrative support services therefor; and assisting in the coordination of FERC licensing issues with the CCP. The total amount previously approved by the Trustees is \$575,000; to date, \$475,000 has been committed to the contract and \$371,688 has been expended. It is, therefore, anticipated that no additional funding will be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2003, with no additional funding requested.

"The contract with **Katz Bookbinding Company (4500007808)** provides for bookbinding services for life-of-corporation, archival copies of the Resolutions adopted by the Trustees and the Minutes of their meetings. The original contract, which was competitively bid, became effective on June 29, 1999, for a term of one year. At their meeting of September 26, 2000, the Trustees approved an extension through June 28, 2001, to continue the binding of the Minutes and to provide related binding services as may be required. Due to the relocation of the Corporate Secretary's Office from New York to White Plains, as well as staff turnover, these tasks were not completed. An additional two-year extension is now requested in order to complete the aforementioned tasks and to continue such services as needed. In view of the specialized nature of such services, it would not be feasible, efficient or cost-effective to rebid at this time. The current contract amount is \$14,600; it is anticipated that no additional funding will be required for the extended term. The Trustees' approval is requested to extend the subject contract through June 28, 2003, with no additional funding requested.

"The contract with **Pioppi Video Entertainment Corp. (4500015186)** provides for video production and post-production services, including but not limited to: creative concept and program development, research, writing, booking talent and crew, field producing and directing, advising on equipment and software purchases and upgrades, consulting on new technologies, as well as performing editing, graphics and animation design services. The original award, which was competitively bid, became effective on November 1, 1999, for an initial term of one year, with an option to extend for an additional year. At their meeting of September 26, 2000, the Trustees approved a one-year extension to exercise this option in order to continue to provide such services, as well as to support the shutdown and dismantling of the video edit facility in the NYO and the planning, design and video engineering of the new studio in the WPO. The Trustees also approved a total contract amount of \$201,000; an additional \$20,000 was subsequently authorized in accordance with the Authority's Expenditure Authorization Procedures. In the absence of permanent staff positions to perform needed services in this specialized area, the Authority must continue to rely on the expertise of such contractors in order to support ongoing programs. It would not be prudent or cost-effective to rebid services at this time, since this contractor contributed to the design of the new video production/edit facility, as well as to several programs, which are already in pre-production. A two-year extension is now requested in order to continue the ongoing testing of the new edit facility, which is expected to be completed in 2002, and to complete several major video projects that have been delayed by edit facility construction (e.g., documentaries on the Power Now! Generation Project, the combined cycle plant at the Charles A. Poletti Project, Niagara Project relicensing, St. Lawrence – F. D. Roosevelt Project life extension and modernization project, and the Authority's supplier diversity program, etc.). In addition, this contractor has also served as in-house video production consultant and has facilitated the recent conversion to all-digital production and has identified quality products and services that have proven to be more cost-effective for the Authority, among other tasks. The current contract amount is \$221,000; it is anticipated that an additional \$250,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through October 31, 2003, and to approve the additional funding requested.

"The contract with **Robinson, Silverman, Pearce, Aronsohn & Berman, LLP (S98-03825)** provides for legal services relating to the arbitration of a lawsuit instituted on behalf of the Authority as a result of certain

damages sustained by a generator at the Authority's Charles A. Poletti Power Project in June, 1992. The original agreement became effective on June 24, 1998 for an initial term of up to one year. At their meeting of September 28, 1999, the Trustees approved a two-year extension through September 30, 2001 to continue services and to bring this case to a successful conclusion. The subject lawsuit, involving Industrial Risk Insurers, was brought before the Supreme Court, New York County. The Authority is seeking to have this lawsuit settled by arbitration, which is presently scheduled for the fall of 2001. An additional one-year extension is now requested in order to continue services, as may be required, through the conclusion of this matter. The current contract amount is \$25,000; it is anticipated that no additional funding will be required for the extended term. It should be noted that the fee is on a contingency basis. The firm would receive one-third of any monies that may be recovered by the Authority, whether recovered by litigation, award or settlement (after deducting reasonable and necessary expenses and disbursements). The Trustees' approval is requested to extend the subject contract through September 30, 2002, with no additional funding requested.

"The Authority has developed a condition monitoring system for high voltage circuit breakers and is currently implementing circuit breaker monitoring technology on such critical breakers throughout the transmission system. During the development stage, significant effort was directed at identifying key parameters that measured online the electrical and mechanical condition of the circuit breakers. An extensive test program was developed that subjected the monitoring hardware to extreme environmental conditions, electromagnetic interface, vibration, etc. This resulted in a circuit breaker monitoring system called MONITEQ, which can perform without failure in an 800 kV environment. Software programs were developed to transfer the information collected at the circuit breaker to a central processing and control station, where substation operators are informed of any abnormalities, which are flagged when preset limits are exceeded or deviations from specific operations are identified.

"To enhance the capability of the system and to provide knowledge-based diagnostics, expert systems rule sets were developed for critical breaker types. The rule sets provide the building blocks for the expert system. Each breaker type requires a unique rule set to characterize the operation of electrical and mechanical parameters. The next step is to implement the rule sets by entering the information into the expert system shell. Following completion of this work, the user interface will be capable of tracking the operation of the circuit breakers, analyzing the data and alerting substation personnel of any abnormality identified by the expert system. The contract with **SNEMO Ltd. (4500027541)** provides for the development and implementation of such expert system rule sets for the MONITEQ circuit breaker monitoring system installed at the Authority's Massena and Marcy substations and at the Blenheim-Gilboa Power Project. The original agreement became effective on September 14, 2000 for an initial term of less than one year, with an option to extend for up to two additional years. The contract was awarded on a sole-source basis, since SNEMO is the original equipment manufacturer of the MONITEQ system, which is commercially available exclusively through SNEMO. A two-year extension is now requested in order to exercise the option and to proceed with the implementation, test and installation phases of the expert system project, as outlined above. Implementation of the expert system will increase circuit breaker reliability, reduce operations and maintenance, and predict any abnormalities to prevent possible circuit breaker failure. Installation of the expert system for the breaker monitor will replace current maintenance intervals set at an arbitrary base to one based on actual breaker condition indicators. This system enhancement will assess the condition and monitor the operational status of the breakers in real-time, and alert the operators of a potential circuit breaker malfunction or problem, as well as suggest a cause for the problem and its solution. The current contract amount is \$78,500; it is anticipated that an additional \$270,000 will be required for the extended term. The Trustees' approval is requested to extend the subject contract through September 13, 2003, and to approve the additional funding requested.

"The contract with **Xenergy, Inc. (4500032984)** provides for consulting services in connection with the Authority's long-term strategic electricity supply planning to meet the needs of its customers. Such services include assessing the Authority's assets and the marketplace of available supply alternatives. Staff originally anticipated that the award of four contracts for such services would be most beneficial to the Authority in order to retain expertise in the areas of strategic supply plan development, negotiation of capacity and energy purchases, and translation of supply planning decisions on customer pricing. A total aggregate amount of \$300,000 was authorized for the award of four such contracts; of this total, \$100,000 was allocated to the Xenergy contract, with the balance allocated in various estimated amounts to the other three contracts. Subsequent to the awards, and upon further review, staff determined that it was more efficient and cost-effective to use Xenergy exclusively for all the work deemed necessary to date. The impressive approach and expertise of Xenergy's principal in undertaking the development of

a 'pricing translator' model and supporting the efforts pursued thus far justify this decision. The original contract, which was competitively bid, became effective on November 6, 2000 for an initial term of one year, with an option to extend for an additional year. Xenergy has assisted the Authority in crafting the strategy for going forward with the Request for Proposals ('RFP') for a long-term supply portfolio. If the bids received are not economically feasible, or if the Authority awards only a portion of its overall needs at this time, the RFP process will need to be repeated next year. This effort would require continued support from Xenergy. In any event, final negotiated contracts with successful bidders would not be completed until after November 6, 2001. A one-year extension is therefore requested in order to exercise the option to continue services as may be required. The current contract amount is \$100,000; it is anticipated that the \$200,000 balance remaining from the three inactive contracts may be required for the extended term of the Xenergy contract. The Trustees' approval is requested to extend the subject contract through November 5, 2002, and to approve the reallocation of the aforementioned \$200,000 balance from the three inactive contracts to the subject contract with Xenergy.

Increase in Compensation Ceiling:

"The six contracts with **HEPCO, Inc. (4500030335)**, **Lehigh Staffing (4500030339)**, **Rotator Staffing Services, Inc. (45000303340)**, **G.D. Barri & Associates, Inc. (4500030341)**, **Larkin Enterprises, Inc. (4500030343)**, and **SUN Technical Services, Inc. (4500030333)** provide for the services of temporary field engineering personnel to support the Authority's facilities as needed. Services may include engineers and designers in the following disciplines: electrical, mechanical, structural/civil, licensing, environmental, facility (HVAC, plumbing), fire protection, chemical, construction and construction management, project managers, cost and scheduling, instrumentation and control, planning, estimating, and start-up; inspectors, craftsmen, draftsmen, designers, engineering aides, and clerical aides. The original awards, which were competitively bid, became effective on October 1, 2000, for an initial term of one year, with an option to extend for an additional year. An aggregate amount of \$1,000,000 was approved in accordance with the Authority's Expenditure Authorization Procedures. Currently there are approximately ten such temporary field engineering personnel working under three active contracts on three long-term projects. They include the slide area rehabilitation at the Blenheim-Gilboa Project, the life extension and modernization at the St. Lawrence-F.D. Roosevelt Power Project, and the upgrade of the Niagara Power Project. A two-year extension is now requested to exercise the option to extend for a second year and also to continue services for a third year on an 'as needed' basis. Based on current and anticipated staffing needs, and due to the need for continuity and reliable staffing, it would not be feasible or cost-effective to rebid such staff augmentation services at this time. Such contracts will be closely monitored for utilization levels, available approved funding, and combined total expenditures. It should also be noted that the contracting firms have agreed to hold their mark-up rates firm for the additional two years. These markup rates are the lowest in the industry at less than 20%. The current contract amounts total \$1,152,785; it is estimated that an additional \$3,000,000 (which represents the combined amount for all six contracts) may be required for the extended term. The Trustees' approval is requested to extend the subject contracts through September 30, 2003, and to approve the additional funding requested, thereby increasing the combined compensation ceiling to \$4,152,785.

FISCAL INFORMATION

"Funds required to support contract services for various Business Units/Departments and the facilities have been included in the 2001 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. Funds required to support such contracts will be withdrawn from the Authority's Capital Fund and will be disbursed in accordance with the project's Capital Expenditure Authorization Request.

RECOMMENDATION

"The Regional Manager - Northern New York, the Regional Manager - Western New York, the Regional Manager - Central New York, the Regional Manager - Southeast New York, the Manager - Municipal & Cooperative Marketing, the Director - Performance Planning, the Director - Supply Planning, the Director -

Research & Technology Development, the Director - Corporate Services, the Executive Director - Hydro Relicensing, the Vice President - Project Management, the Vice President and Chief Engineer - Power Generation, the Deputy Secretary and Deputy General Counsel, and the Vice President - Procurement and Real Estate, recommend the Trustees' approval of the extensions, additional funding and increase in compensation ceiling of the procurement contracts listed in Exhibit '6-A'.

“The Senior Vice President – Public and Governmental Affairs, the Senior Vice President and Chief Financial Officer, the Senior Vice President – Energy Services & Technology, the Senior Vice President – Marketing & Economic Development, the Executive Vice President - Corporate Services and Human Resources, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, 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 "6-A" is hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed below, as recommended in the foregoing report of the President; and be it further

RESOLVED, That pursuant to the Authority's Expenditure Authorization Procedures, an increase in the compensation ceiling of the six contracts with Hepco, Inc., Lehigh Staffing, Rotator Staffing Services, Inc., G.D. Barri & Associates, Inc., Larkin Enterprises, Inc., and SUN Technical Services, Inc., be, and hereby are, approved as recommended in the foregoing report of the President, in the amounts and for the purposes listed below:

<u>O&M</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
Provide for the services of temporary field engineering personnel in support of the facilities as needed:		
HEPCO, Inc. (4500030335)		
Lehigh Staffing (4500030339)		
Rotator Staffing Services, Inc. (4500030340)		
G.D. Barri & Associates, Inc. (4500030341)		
Larkin Enterprises, Inc. (4500030343)		
SUN Technical Services, Inc. (4500030333)		
Additional Funding Requested	\$3,000,000	09/30/03
Previously Approved Amount	\$1,000,000	
Additional Authorized Amount	<u>\$ 152,785</u>	
REVISED COMPENSATION CEILING	<u>\$4,152,785</u>	

7. **Use of Operating Fund Monies for Payment, Purchase and/or Redemption of Subordinate Revenue Bonds**

The President submitted the following report:

SUMMARY

“The Trustees are requested to authorize the use of Operating Fund monies through 2004, for the purpose of the payment, purchase, defeasance, and/or redemption of Subordinate Revenue Bonds, within the aggregate monetary limit previously authorized by the Trustees in 1998 and 2000 for the payment, purchase and/or defeasance of Revenue Bonds and Commercial Paper Notes.

“The Trustees are also requested to extend the 1998 and 2000 authorizations to the end of 2004.

DISCUSSION

“To increase the staff’s flexibility, the Trustees are requested to expand the authorizations previously granted by the Trustees at their meetings of October 27, 1998 and July 25, 2000, which allowed for the use of Operating Fund monies, in an aggregate amount not to exceed \$400 million, for the payment, purchase and/or defeasance of Revenue Bonds and Commercial Paper Notes. The Trustees are requested to authorize the use of such Operating Fund monies, within the specified aggregate monetary limit, for the payment, purchase, defeasance, and/or redemption of Subordinate Revenue Bonds. Such authorization would extend through 2004.

“The Trustees are also requested to extend the authorizations granted at their meetings of October 27, 1998 and July 25, 2000, through 2004.

RECOMMENDATION

“The Treasurer recommends that the Trustees: (1) authorize the use of Operating Fund monies through 2004, within the aggregate monetary limit previously authorized for the payment, purchase, and/or defeasance of Revenue Bonds and Commercial Paper Notes, for the additional purpose of the payment, purchase, defeasance, and/or redemption of Subordinate Revenue Bonds, and (2) extend the authorizations granted in October 27, 1998 and July 25, 2000 through 2004.

“The Senior Vice President and Chief Financial Officer, the Executive Vice President, Secretary and General Counsel, and I concur in the recommendation.”

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

RESOLVED, That the Trustees are requested to authorize the use of Operating Fund monies through 2004 for the purpose of the payment, purchase, defeasance, and/or redemption of Subordinate Revenue Bonds, provided that the Operating Fund monies used for such purpose, when aggregated with those Operating Fund monies used for the purposes set forth in the resolutions adopted by the Trustees at their meetings of October 27, 1998 and July 25, 2000, do not exceed the aggregate amounts set forth in those resolutions, and provided further that the Treasurer provides the certification specified in such resolutions; and be it further

RESOLVED, That the authorizations for the use of Operating Fund monies set forth in the resolutions adopted by the Trustees in October 27, 1998 and July 25, 2000, are hereby extended through 2004; and be it further

September 25, 2001

RESOLVED, That the Chairman, the President and Chief Operating Officer, the Senior Vice President and Chief Operating Officer, the Treasurer and the Deputy Treasurer be, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

8. Authorization of Issuance of Series 2001 A Bonds and Series 2002 A Bonds

POWER AUTHORITY OF THE STATE OF NEW YORK

Excerpts from the minutes of a regular meeting of the Power Authority of the State of New York (the "Authority") held at the Authority's offices at 30 South Pearl Street, Albany, New York 12207-3425 on Tuesday, September 25, 2001, at 11:00 A.M.

There were present:

Joseph J. Seymour, Chairman
Louis P. Ciminelli, Vice Chairman
Timothy S. Carey
Gerard D. DiMarco
Frank S. McCullough, Jr.

Constituting a majority of the trustees and a quorum.

Eugene W. Zeltmann, President and Chief Operating Officer
David E. Blabey, Executive Vice President, Secretary and General Counsel
Robert A. Hiney, Executive Vice President for Project Operations
Vincent C. Vesce, Executive Vice President - Corporate Services and Human Resources
Carmine J. Clemente, Deputy General Counsel
Michael H. Urbach, Senior Vice President and Chief Financial Officer
Wes Collins, Treasurer
William Ernsthaf, Assistant General Counsel
Michael Brady, Deputy Treasurer
Anne Wagner-Findeisen, Deputy Secretary
John Connorton and Ivan Loncar, of Hawkins, Delafield & Wood, Bond Counsel to the Authority

Mr. Seymour, Chairman, presided and Mr. Blabey, Secretary, kept the minutes.

PLAN OF FINANCE

The Chairman stated that a matter to be presented at the meeting was consideration of the plan of finance relating to the refunding of the Authority's Series 1998 B Revenue Bonds (the "Series 1998 B Bonds"). The Chairman asked Michael Brady, the Deputy Treasurer of the Authority, to present the plan of finance to the Trustees. Mr. Brady stated that the Series 1998 B Bonds were issued in 1998 as part of the Authority's refunding of all of its then outstanding General Purpose Bonds. Mr. Brady further stated that the Series 1998 B Bonds were initially issued as taxable fixed rate bonds with mandatory tender dates of November 15, 2001 in the case of \$242,430,000 principal amount of Series 1998 B Bonds (the "2001 Tender Bonds") and November 15, 2002 in the case of \$256,980,000 principal amount of Series 1998 B Bonds (the "2002 Tender Bonds"). He further advised that as a hedge against fixed rate bond interest rates increasing to unacceptable levels at the time of the mandatory tenders of the 2001 Tender Bonds and the 2002 Tender Bonds, the Authority entered into forward floating-to-fixed interest rate swap agreements (the "1998 Swap Agreements") at the time of the issuance of the Series 1998 B Bonds. If it became necessary to activate the hedge (i.e., if fixed rate bonds were at unacceptable interest rate levels on the mandatory tender dates), the Authority would issue tax exempt variable rate debt to refund the Series 1998 B Bonds. This variable rate debt, coupled with the 1998 Swap Agreements, would effectively be transformed into fixed rate debt, thus locking-in the interest rates for such variable rate debt refunding at the 1998 interest rate level. He further stated that if, however, fixed rate bonds were at an acceptable interest rate level, it was anticipated that fixed rate bonds would be issued to refund the 2001 Tender Bonds and 2002 Tender Bonds, and the portion of 1998 Swap Agreements allocable to the Series 1998 B Bonds being refunded with tax-exempt debt (the "Allocated

Swap Agreements") would be terminated. Mr. Brady then advised the Trustees that the proposed plan of finance, if adopted by the Trustees, would consist of the following components:

1. **Termination of the 1998 Swap Agreements.** The Allocated Swap Agreements would be terminated in consideration of the benefits that could be achieved through a fixed rate refunding of 2001 Tender Bonds and forward fixed rate refunding of 2002 Tender Bonds when compared to the 1998 interest rates locked-in by the Allocated Swap Agreements and the remarketing fees, liquidity fees, issuance costs, and basis spread (as described below), associated with the anticipated variable rate debt that formed part of the hedge strategy. These benefits would include elimination of counterparty risk, liquidity facility renewal risk, and a reduced administrative burden associated with the variable rate debt that would have been hedged by the Allocated Swap Agreements. The 1998 Swap Agreements other than the Allocated Swap Agreements would also be terminated.

Pursuant to the 1998 Swap Agreements, the Authority will have to pay a termination fee to the swap counterparties in connection with the termination of such 1998 Swap Agreements, which fee would be determined by market prices on the date of termination. The termination fee relating to the Allocated Swap Agreements would be paid from the proceeds of the Series 2001 A Bonds (as defined below) and the Series 2002 A Bonds (as defined below). The termination fee relating to the 1998 Swap Agreements other than the Allocated Swap Agreements would be paid from internal funds of the Authority.

2. **Refunding of the 2001 Tender Bonds with proceeds of Series 2001 A Bonds and taxable Commercial Paper Notes, Series 3 (the "Series 3 CP Notes").** Tax-exempt fixed rate senior lien revenue bonds (the "Series 2001 A Bonds") would be issued on or prior to November 15, 2001 under the Authority's General Resolution Authorizing Revenue Obligations, adopted on February 24, 1998 (the "General Resolution"), in order to refund virtually all of the 2001 Tender Bonds. The portion of the 2001 Tender Bonds which cannot be refunded with tax-exempt bonds would be refunded with proceeds of the Authority's taxable Series 3 CP Notes.
3. **Refunding of the 2002 Tender Bonds with proceeds of Series 2002 A Bonds and Series 3 CP Notes.** Tax-exempt fixed rate senior lien revenue bonds (the "Series 2002 A Bonds") would be issued under the General Resolution in order to refund all or a portion of the 2002 Tender Bonds and all or a portion of the taxable Series 3 CP Notes that were used to refund the 2001 Tender Bonds. The Series 2002 A Bonds would be sold to underwriters of such Bonds at such time between October 1, 2001 and November 5, 2002 as is determined by the Authority staff to be the most favorable time for the Authority to access the market given, among other considerations, the level of interest rates at such time, expectations as to future interest rate levels, and the premium that would have to be paid to the investors in the case of a forward delivery. The Series 2002 A Bonds would be issued and delivered to the underwriters on or immediately prior to November 15, 2002. The portion of the 2002 Tender Bonds which cannot be refunded with tax-exempt bonds would be refunded with proceeds of the Authority's taxable Series 3 CP Notes.

Such plan of finance is subject to the following limitations:

1. The Contracts of Purchase relating to the Series 2001 A Bonds and the Series 2002 A Bonds that are authorized below shall not be executed and delivered by any authorized officer of the Authority unless (A) the relevant Allocated Swap Agreements are terminated, and (B) the present value of the debt service that would be payable on the Series 2001 A Bonds or the Series 2002 A Bonds (which debt service is calculated based on the interest rates that are specified in the relevant Contract of Purchase), as the case may be, is no greater than the sum of (a) \$1 million, (b) the present value of debt service that would be payable on the variable rate debt, excluding the taxable Series 3 CP Notes to be issued, which debt service calculation is based on the fixed interest rate that is payable by the Authority to the counterparty pursuant to the relevant Allocated Swap Agreements that relate to such variable rate debt, that at the time of the issuance of the Series 1998 B Bonds were contemplated to be issued for the purpose of the refunding of such 2001 Tender Bonds or 2002 Tender Bonds, as the case may be, and (c) the estimated present value of the remarketing fees, liquidity facility fees,

issuance costs and the basis spread between the variable rate debt that would have been issued and the BMA index, that would be payable in connection with such variable rate debt, excluding the taxable Series 3 CP Notes to be issued.

2. In the event that the disclosure in (i) Part 2 of the Preliminary Official Statement relating to the Series 2002 A Bonds, and (ii) Part 2 of the final Official Statement that is prepared in connection with the sale of the Series 2002 A Bonds, is materially different from the disclosure in the draft form of the Preliminary Official Statement that was presented at this meeting, the Authority would not permit the distribution of such preliminary or final Official Statement relating to the Series 2002 A Bonds unless such distribution is authorized by a subsequent resolution of the Trustees.

Mr. Brady introduced Mr. Brett Matteo of Public Financial Management. Mr. Matteo provided a review of the bond-restructuring program, noting that the program has produced impressive debt service savings. Mr. Matteo explained the nature and operation of anticipatory interest rate hedges.

Mr. Matteo went on to detail the benefits of the transaction authorizing the issuance of Series 2001 A and Series 2002 A bonds.

Messrs. Brady and Ernsthaft assisted in the presentation of this report and answered questions from Chairman Seymour and Vice Chairman Ciminelli concerning the logistics of the bond issuance process.

Mr. Ernsthaft also went through the language of all of the various resolutions the Trustees were being asked to adopt. This included the Fourth Supplemental Resolution and resolutions concerning Series 2001 A Bonds, Series 2002 A Bonds, Series 3 Commercial Paper Notes and 1998 Swap Agreements. In response to questioning from Chairman Seymour, Mr. Brady explained that interest rates have dropped more than 100 basis points since 1998 and that the alternative to the proposed fixed rate bonds was variable rate bonds. Mr. Collins also explained, in response to questions from Trustee McCullough, that the ending of the swap transaction with issuance of the new bonds was essentially a break-even transaction and that staff would provide the Trustees in November with a report on the Authority's outstanding swap engagements.

Finally, in response to an inquiry from Chairman Seymour, Mr. Urbach advised that he recommended approval of the transaction.

AUTHORIZATION OF SERIES 2001 A REVENUE BONDS AND SERIES 2002 A REVENUE BONDS

The Chairman stated that a matter to be presented at the meeting was consideration of the advisability of adopting the Fourth Supplemental Resolution Authorizing Series 2001 A Bonds and Series 2002 A Bonds (the "Fourth Supplemental Resolution"), which authorizes the issuance of the Series 2001 A Bonds and the Series 2002 A Bonds, in an aggregate principal amount not to exceed \$525 million, in order to (i) refund all or a portion of the Series 1998 B Bonds (ii) in the case of Series 2002 A Bonds, to refund all or a portion of the Authority's Series 3 CP Notes that were issued to refund a portion of the 2001 Tender Bonds, (iii) pay certain termination fees relating to the Allocated Swap Agreements, and (iv) pay certain costs and

expenses incurred in connection with the issuance of the Series 2001 A Bonds and the Series 2002 A Bonds, including reimbursement of costs and expenses expended by the Authority in connection therewith.

On motion duly made and seconded, the Fourth Supplemental Resolution (attached hereto as Exhibit 1), together with such changes, insertions, deletions and amendments thereto as the Chairman of the Authority may approve, which shall be deemed to be part of such resolutions as adopted, was unanimously adopted.

**CONTRACT OF PURCHASE, PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT
FOR SERIES 2001 A BONDS**

The Chairman presented a copy of a form of Contract of Purchase proposed to be entered into with J.P. Morgan Securities Inc., Goldman, Sachs & Co., UBS PaineWebber Inc., Barr Brothers and Company Inc., Bear, Stearns & Co. Inc., GMS Group Inc., Dain Rauscher, Inc., A.G. Edwards & Sons, Inc., First Albany Corporation, First Union Corporation, Lehman Brothers Inc., Morgan Stanley & Co. Incorporated, Ramirez & Co. and Salomon Smith Barney Inc., providing for the sale of the Series 2001 A Bonds to said purchasers. The Chairman also presented a draft form of the Preliminary Official Statement relating to the Series 2001 A Bonds (attached hereto as Exhibit 2). Said proposed Contract of Purchase and draft form of the Preliminary Official Statement were considered by the Trustees, and thereupon, on motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that all the Series 2001 A Bonds shall be sold, subject to the limitations described below, to J.P. Morgan Securities Inc., Goldman, Sachs & Co., UBS PaineWebber Inc., Barr Brothers and Company Inc., Bear, Stearns & Co. Inc., GMS Group Inc., Dain Rauscher, Inc., A.G. Edwards & Sons, Inc., First Albany Corporation, First Union Corporation, Lehman Brothers Inc., Morgan Stanley & Co. Incorporated, Ramirez & Co. and Salomon Smith Barney Inc., or such other purchasers that may be approved by the Chairman (collectively, the "2001 A Underwriters"), at such prices, with accrued interest, if any, on such Series 2001 A Bonds from the date of said Series 2001 A Bonds to the date of delivery and payment for said Bonds, as the Chairman may accept and as will be in compliance with the requirements of the Fourth Supplemental Resolution, pursuant to a Contract of Purchase, in substantially the form of the Contract of Purchase relating to the Series 2001 A Bonds submitted at this meeting (attached hereto as Exhibit 3), as such Contract may be modified as hereinafter provided, and upon the basis of the representations therein set forth; and

FURTHER RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Treasurer and Deputy Treasurer be, and each of them hereby is, authorized on behalf of the Authority, subject to the limitations described below, to execute a Contract of Purchase substantially in the form submitted at this meeting, providing for the sale of the Series 2001 A Bonds to said purchasers, with such changes, insertions, deletions, amendments and supplements as the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Treasurer or Deputy Treasurer may approve, subject to the requirements of the Fourth Supplemental Resolution, and to deliver it to said purchasers; and that said officers and all other officers of the Authority are hereby authorized and directed to carry out or cause to be carried out all obligations of the Authority set forth in said Contract of Purchase upon execution thereof; provided, however, that such Contract of Purchase shall not be executed and delivered by any authorized officer of the Authority unless (A) the Allocated Swap Agreements relating to the 2001 Tender Bonds being refunded by the Series 2001 A Bonds are terminated and (B) the present value of the debt service that would be payable on the Series 2001 A Bonds (which debt service is calculated based on the interest rates that are specified in such Contract of Purchase) is no greater than the sum of (a) \$1 million, (b) the present value of debt service that would be payable on the variable rate debt, excluding the taxable Series 3 CP Notes to be issued (which debt service calculation is based on the fixed interest rate that is payable by the Authority to the counterparty pursuant to the Allocated Swap Agreements that relate to such variable rate debt) that at the time of the issuance of the Series 1998 B Bonds were contemplated to be issued for the purpose of the refunding of such 2001 Tender Bonds, and (c) the estimated present value of the remarketing fees, liquidity facility fees, issuance costs, and

the basis spread between the variable rate debt that would have been issued and the BMA index, that would be payable in connection with such variable rate debt, excluding the taxable Series 3 CP Notes to be issued, (the "Series 2001 A Bond Contract of Purchase Requirement"); and

FURTHER RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Treasurer, and Deputy Treasurer be, and each of them hereby is, authorized to make such changes, insertions, deletions, amendments and supplements, to or from the draft form of the Preliminary Official Statement relating to the Series 2001 A Bonds as may be approved by such officer, and upon the completion of any such modifications, such officer is authorized to execute such certificates as may be requested by the 2001 A Underwriters to certify on behalf of the Authority that such Preliminary Official Statement is "deemed final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, subject to the omission of such information as is permitted by the Rule, and the distribution of the Preliminary Official Statement relating to the Series 2001 A Bonds of the Authority is hereby approved to all interested persons in connection with the sale of such Bonds; and

FURTHER RESOLVED, that the Chairman be, and hereby is, authorized to adopt and execute on behalf of the Authority a final Official Statement of the Authority relating to Series 2001 A Bonds, in such form and substance as the Chairman deems necessary or desirable, and the delivery of said Official Statement to the purchasers of said Series 2001 A Bonds is hereby authorized, and the Authority hereby authorizes said Official Statement and the information contained therein to be used in connection with the sale and delivery of the Authority's Series 2001 A Bonds; and

FURTHER RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Executive Vice President, Secretary and General Counsel, Treasurer, Deputy Treasurer, and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those actions, certificates, agreements and other documents described in the Fourth Supplemental Resolution, the Contract of Purchase and the other documents approved today, which they, or any of them, may deem necessary or advisable in order to (i) consummate the lawful sale, issuance and delivery of the Series 2001 A Bonds, (ii) implement any action permitted to be taken by the Authority under the Fourth Supplemental Resolution, the Contract of Purchase relating to the Series 2001 A Bonds and the other agreements and documents approved today following the issuance of the Series 2001 A Bonds, and (iii) effectuate the purposes of the transactions and documents approved today.

CONTRACT OF PURCHASE, PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT FOR SERIES 2002 A BONDS

The Chairman presented a copy of a form of Contract of Purchase proposed to be entered into with Salomon Smith Barney Inc., J.P. Morgan Securities Inc., and Goldman, Sachs & Co., providing for the sale of the Series 2002 A Bonds to said purchasers. Said proposed Contract of Purchase was considered by the Trustees, and thereupon, on motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that all the Series 2002 A Bonds shall, subject to the limitations described below, be sold to Salomon Smith Barney Inc., J.P. Morgan Securities Inc., and Goldman, Sachs & Co., or such other purchasers that may be approved by the Chairman (collectively, the "2002 A Underwriters"), at such prices, with accrued interest, if any, on such Series 2002 A Bonds from the date of said Series 2002 A Bonds to the date of delivery and payment for said Bonds, as the Chairman may accept and as will be in compliance with the requirements of the Fourth Supplemental Resolution, pursuant to a Contract of Purchase, in substantially the form of the Contract of Purchase relating to the Series 2002 A Bonds submitted at this meeting (attached hereto as Exhibit 4), as such Contract may be modified as hereinafter provided, and upon the basis of the representations therein set forth; and

FURTHER RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Treasurer, and Deputy Treasurer be, and each of them hereby is, authorized on behalf of the Authority, subject to the limitations described below, to execute a Contract of Purchase substantially in the form submitted at this meeting, providing for the sale of the Series 2002 A Bonds to said purchasers, with such changes, insertions, deletions, amendments and supplements as the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Treasurer or Deputy Treasurer may approve, subject to the requirements of the Fourth Supplemental Resolution, and to deliver it to said purchasers; and that said officers and all other officers of the Authority are hereby authorized and directed to carry out or cause to be carried out all obligations of the Authority set forth in said Contract of Purchase upon execution thereof; provided, however, that such Contract of Purchase shall not be executed and delivered by any authorized officer of the Authority unless (A) the Allocated Swap Agreements relating to those 2002 Tender Bonds being refunded by the Series 2002 A Bonds are terminated and (B) the present value of the debt service that would be payable on the Series 2002 A Bonds (which debt service is calculated based on the interest rates that are specified in such Contract of Purchase) is no greater than the sum of (a) \$1 million, (b) the present value of debt service that would be payable on the variable rate debt, excluding the taxable Series 3 CP Notes to be issued (which debt service calculation is based on the fixed interest rate that is payable by the Authority to the counterparty pursuant to the Allocated Swap Agreements that relate to such variable rate debt) that at the time of the issuance of the Series 1998 B Bonds were contemplated to be issued for the purpose of the refunding of such 2002 Tender Bonds, and (c) the estimated present value of the remarketing fees, liquidity facility fees, issuance costs and the basis spread between the variable debt that would have been issued and the BMA index, that would be payable in connection with such variable rate debt, excluding the taxable Series 3 CP Notes to be issued (hereinafter the "Series 2002 A Bond Contract of Purchase Requirement"); and

FURTHER RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Treasurer and Deputy Treasurer be, and each of them hereby is, authorized, subject to the limitation described below, to make such changes, insertions, deletions, amendments and supplements, to or from the draft form of the Preliminary Official Statement relating to the Series 2001 A Bonds which was presented at this meeting, as may be approved by such officer, and upon the completion of any such modifications, such officer is authorized to execute such certificates as may be requested by the 2002 A Underwriters to certify on behalf of the Authority that such Preliminary Official Statement is "deemed final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, subject to the omission of such information as is permitted by the Rule, and the distribution of the Preliminary Official Statement relating to the Series 2002 A Bonds of the Authority is hereby approved to all interested persons in connection with the sale of such Bonds; provided, however, in the event that the disclosure in (i) Part 2 of the Preliminary Official Statement relating to the Series 2002 A Bonds, and (ii) Part 2 of the final Official Statement that is prepared in connection with the sale of the Series 2002 A Bonds, is materially different from the disclosure in the draft form of the Preliminary Official Statement that was presented at this meeting, the Authority shall not permit the distribution of such preliminary or final Official Statement relating to the Series 2002 A Bonds unless such distribution is authorized by a subsequent resolution of the Trustees; and

FURTHER RESOLVED, that the Chairman be, and hereby is, authorized, subject to the limitation described above, to adopt and execute on behalf of the Authority a final Official Statement of the Authority relating to Series 2002 A Bonds, in such form and substance as the Chairman deems necessary or desirable, and the delivery of said Official Statement to the purchasers of said Series 2002 A Bonds is hereby authorized, and the Authority hereby authorizes said Official Statement and the information contained therein to be used in connection with the sale and delivery of the Authority's Series 2002 A Bonds; and

FURTHER RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Executive Vice President, Secretary and General Counsel, Treasurer, Deputy Treasurer and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those actions, certificates, agreements and other documents described in the Fourth Supplemental

Resolution, the Contracts of Purchase and the other documents approved today, which they, or any of them, may deem necessary or advisable in order to (i) consummate the lawful sale, issuance and delivery of the Series 2002 A Bonds, (ii) implement any action permitted to be taken by the Authority under the Fourth Supplemental Resolution, the Contract of Purchase relating to the Series 2002 A Bonds and the other agreements and documents approved today following the issuance of the Series 2002 A Bonds, and (iii) effectuate the purposes of the transactions and documents approved today.

**APPOINTMENT OF REGISTRAR AND
PAYING AGENT UNDER GENERAL RESOLUTION**

RESOLVED, that The Chase Manhattan Bank is hereby appointed as Registrar and Paying Agent for the Series 2001 A Bonds and the Series 2002 A Bonds under the General Resolution.

AUTHORIZATION OF CONTINUING DISCLOSURE AGREEMENTS

RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Treasurer, and Deputy Treasurer be, and each of them hereby is, authorized to execute a Continuing Disclosure Agreement relating to the Series 2001 A Bonds, between the Authority and The Chase Manhattan Bank, as Trustee under the General Resolution, and a Continuing Disclosure Agreement relating to the Series 2002 A Bonds, between the Authority and The Chase Manhattan Bank, as Trustee under the General Resolution, each in substantially the form set forth in Appendix C to Part 1 of the draft Preliminary Official Statement to be issued in connection with the sale of the Series 2001 A Bonds submitted at this meeting, each with such changes, insertions, deletions, and supplements, as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval.

COMMERCIAL PAPER NOTES, SERIES 3

RESOLVED, the Trustees hereby authorize the issuance of the Series 3 CP Notes and the application of proceeds of sale thereof for the purpose of refunding that portion of the Series 1998 B Bonds that will not be refunded with proceeds of the Series 2001 A Bonds or the Series 2002 A Bonds; and

1998 SWAP AGREEMENTS

RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Executive Vice President, Secretary and General Counsel, Treasurer, and Deputy Treasurer be, and each of them hereby is, authorized to terminate each of the Allocated Swap Agreements, subject to Clause (B) of the Series 2001 A Bond Contract of Purchase Requirement or the Series 2002 A Bond Contract of Purchase Requirement, as the case may be, described above, and the requirement that the Authority either (A) receives a termination fee or (B) if required to pay a termination fee or fees, such payment or payments either (a)(i) in the case of the Allocated Swap Agreements relating to the 2001 Tender Bonds, do not exceed in the aggregate \$15 million, and (ii) in the case of the Allocated Swap Agreements relating to the 2002 Tender Bonds, do not exceed in the aggregate \$25 million, or (b) in the case of any of the Allocated Swap Agreements, such payment is approved in writing by the Treasurer or the Deputy Treasurer and one of the other above-referenced authorized officers; and

FURTHER RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Executive Vice President, Secretary and General Counsel, Treasurer, and Deputy Treasurer be, and each of them hereby is, authorized to terminate each of the 1998 Swap Agreements other than the Allocated Swap Agreements subject to the requirement that the Authority either (A) receives a termination fee or (B) if required to pay a termination fee or fees, such payment or payments (a) do not exceed in the aggregate \$8 million or (b) is approved in writing by the Treasurer or Deputy Treasurer and one of the other above-referenced officers; and

FURTHER RESOLVED, that Operating Fund monies are authorized to be used in amounts that are necessary for the payment of certain fees relating to the termination of the 1998 Swap Agreements other than the Allocated Swap Agreements subject to the limitations in the above resolution.

AGREEMENTS FOR BOND AND SPECIAL COUNSEL SERVICES

RESOLVED, that the General Council be, and hereby is, authorized on behalf of the Authority to execute letter agreements between the Authority and the law firm of Hawkins, Delafield & Wood, for the provision by such firm of bond counsel services to the Authority, and with the law firm of Nixon Peabody LLP for the provision by such firm of special counsel services to the Authority, all in connection with the Series 2001 A Bonds and the Series 2002 A Bonds and the related transactions authorized hereby, with such agreements having such terms and conditions as the General Council may approve.

ADDITIONAL AUTHORIZATION

RESOLVED, that the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Executive Vice President, Secretary and General Counsel, Treasurer, Deputy Treasurer, Deputy Secretary, and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to effectuate the foregoing resolutions.

EXHIBITS

- Exhibit 1: Fourth Supplemental Resolution Authorizing Series 2001 A Revenue Bonds and Series 2002 A Revenue Bonds
- Exhibit 2: Draft of Preliminary Official Statement relating to the Series 2001 A Bonds
- Exhibit 3: Draft of Contract of Purchase relating to the Series 2001 A Bonds
- Exhibit 4: Draft of Contract of Purchase relating to the Series 2002 A Bonds

9. Authorization to Fund SENY and Statewide Energy Services Programs and Award Contracts to the Firms of PB Power Inc., DMJM+Harris, Inc., and Camp Dresser and McKee, Inc.

The President submitted the following report:

SUMMARY

“The Trustees are requested to authorize increased funding in the amount of \$150 million for the Southeast New York (‘SENY’) public customer Energy Services Program (‘SENY ESP’) and \$100 million for the Statewide Energy Services Program (‘Statewide ESP’). In addition, the Trustees are requested to approve contracts with the firms of DMJM+Harris, Inc., PB Power, Inc. and Camp, Dresser and McKee, Inc. for an initial amount of \$100 million in aggregate for implementation of contractor services in connection with the SENY initiative. The contract term would be for three years with an option to renew for two additional years.

BACKGROUND

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

“As part of the SENY Long Term Energy Partnership Agreement (‘LTEPA’), the Authority provides energy services to reduce the SENY public customers’ overall energy costs. As a full-service comprehensive energy provider in this market, the Authority meets public customers’ needs by offering low cost competitive power and by providing value-added energy services. The services rendered are not limited to program specific offerings but, rather, are flexible to allow customers to request services specific to their individual needs. Customer-tailored, project-specific offerings complement the Authority’s existing menu of programs and allow flexibility in the design of services which add overall customer value by enabling customers to reduce their energy costs and make infrastructure improvements. To date, customer savings associated with SENY ESP initiatives amount to over \$45 million annually with CO₂ avoidance totaling over 350,000 tons per year.

“Similar services are also offered to selected public facilities and, to a lesser extent, Industrial Economic Development and Power for Jobs customers across the State as part of the Authority’s Statewide ESP initiatives. Under this program, turn-key, direct installation services are provided to a broad number of facilities including State Office Buildings, SUNY campuses, County Facilities, and school districts. These efforts are coordinated closely with Intergovernmental Affairs as part of the Authority’s stakeholder and image management efforts. Customer savings associated with Statewide ESP amount to \$25 million annually and CO₂ avoidance of 140,000 tons per year.

“Both of these programs have enabled public customers and program participants to reduce their operating costs and embark on energy savings projects with no up-front capital, generating savings to pay for the overall improvements.

“The Authority provides services which include the development of feasibility studies, engineering designs, life cycle cost analyses, equipment procurement, contractor labor, hazardous waste disposal, project/construction management and full program financing. Measures include, but are not limited to, building envelope-related improvements, energy efficient lighting systems, LED lighting technologies, occupancy sensors, HVAC modernization including energy efficient chillers, boilers and controls, high efficiency motors and variable speed drives, energy management systems (‘EMS’), as well as distributed generation and a variety of beneficial electrification technologies.

DISCUSSION

“Based on the LTEPA executed with SENY customers, the Authority committed to perform up to \$401.4 million in energy services projects over a ten-year period. To date, \$328 million has been authorized by the Trustees for this purpose. In discussions with various SENY customers regarding LTEPA and other energy services initiatives, it is expected that \$150 million in additional funding will be required to fulfill customer requirements through mid 2003. This amount includes funding for customers that have exceeded their LTEPA allocation but have asked the Authority to provide design, engineering, and construction services for which long term financing is not provided. Payment for all such services is received immediately upon project completion. For facilities where full program financing is provided by the Authority, customer repayment is achieved in ten years or less from energy cost savings and/or customer cash contributions. In addition, based on anticipated levels of program activity, \$100 million in additional funding for the Statewide ESP is being requested. It should be noted that the Trustees previously authorized \$80 million for these programs, all of which is committed. The additional funds will be earmarked for projects at Buffalo City Schools, City of Rochester, Utica/Oneida Counties, Albany City Schools, East Ramapo Schools, and Long Beach Schools, among others. Additionally, projects in support of hydro project relicensing efforts such as Malone Schools, SUNY Canton, Niagara County and the SUNY College at Buffalo will be undertaken utilizing this additional funding. A Request for Proposal (‘RFP’) for implementation of contractor services associated with these projects and funds (\$100 million) is currently scheduled to be issued later this year.

“This additional funding for both SENY and Statewide will also be utilized to execute projects at state facilities in keeping with Governor Pataki’s Executive Order 111. This order calls for all State agencies and other affected entities to achieve a reduction in energy consumption in all buildings they own, lease or operate by 35% by 2010 relative to 1990 energy usage levels.

“As the General Contractor for SENY and Statewide ESP, the Authority has contracted for the installation of ESP measures through the use of Implementation Contractors (‘ICs’). The services provided by the ICs complement the Authority’s headquarters staff resources in the implementation of ESP. The scope of work consists of the following:

- On-site screening of participant facilities to determine which facilities are likely candidates to realize significant energy and operational cost savings from installing energy efficiency measures.
- On-site surveys, energy audits and technical feasibility studies to identify potential applications for energy efficiency measures approved for ESP.
- Detailed engineering studies and analyses of specific energy efficiency measures or systems.
- Design of proposed systems and/or measures.
- Preparation of project proposal documents and solicitation of competitive bids.
- Procurement of equipment and installation services.
- Construction management and oversight of installation of proposed systems and/or measures, and project closeout (including waste management).

“In addition, the IC is required to work directly with the participant from facility audit to the final acceptance of equipment installation. Procurement of materials and installation of the recommended energy efficiency measures will be competitively bid by the IC. The IC will be required to guarantee the quality of all work performed.

“In May 2001, the Authority advertised in the Contract Reporter an RFP soliciting firms interested in providing implementation services for the SENY ESP. As a result of that advertisement and invitations to bid, 17 firms were sent RFP packages. A bidders’ conference was held on June 5, 2001 to explain the proposed scope of work and provide an opportunity for potential bidders to ask questions and seek clarification. Thirteen firms

attended the conference. Attendance at the conference was mandatory. The RFP was divided into three options; Option A: Energy Services, Option B: Wastewater/Clean water, and Option C: Small Projects. The bidders could elect to submit a proposal on any one of the three options or all of them. Each option has been evaluated separately.

“In June 2001, six firms submitted bids for one or more of the above options. These bids were analyzed, and as a result, staff recommends awarding contracts to DMJM+ Harris, Inc., PB Power, Inc. and Camp Dresser and McKee, Inc. The bids were evaluated by an interdepartmental team of eight staff members (from Procurement and Energy Services) based on a number of technical criteria for each of the three options. These criteria included: relevant experience of the firm; experience implementing energy efficiency projects; organization of the project team; qualifications of the support staff; familiarity with codes and permitting processes; financial capabilities; location(s) of support offices; proposal format and construction management experience.

“For Option A, the results of the evaluations were tabulated in a bid evaluation matrix in which DMJM+Harris, Inc. and PB Power, Inc. scored the highest amongst the bidders and were ranked numbers 1 and 2 respectively. In addition, separate analysis was conducted based solely on overall cost in which PB Power, Inc. HEC Energy and Design Services, and DMJM+Harris, Inc. ranked 1, 2 and 3 respectively. The eight-member committee disqualified HEC on the basis of limited resources, location of its field personnel, unsatisfactory performance in past assignments for the Authority, and the fact that none of the projects referenced in its proposal were performed by the individuals comprising the proposed project team.

“For Option B, Water Treatment projects, two bids were received from DMJM+Harris, Inc. and Camp, Dresser and McKee, Inc. (‘CDM’). Based on the evaluation of the relative experience of both of these firms and their proposal fees, staff recommends that contracts for Option B be awarded to both firms.

“For Option C, Energy Services-Small Projects, three proposals were received from PB Power, Inc., DMJM+Harris, Inc. and HEC Energy and Design Services. Based on technical and cost evaluations, it is recommended that a contract be awarded to PB Power, Inc. the lowest qualified bidder, for Option C.

PB POWER, INC.

“PB Power, Inc. specializes in the design of mechanical and electrical systems, including energy conservation analysis, design of improved HVAC systems, central chiller and boiler plants, power distribution, plumbing and fire protection/life safety systems. PB Power, Inc. has provided design and implementation services for the Authority in the New York City school coal conversion program and has performed well.

CAMP, DRESSER and McKEE, INC. (‘CDM’)

“CDM is a full-service consulting, engineering, construction, and operations firm specializing in environmental, infrastructure, and industrial projects. CDM's services include energy audits, efficiency analyses, feasibility studies, rate studies, process improvement design and construction, power generation, bio-solids management, reliability studies, power conditioning, efficiency planning, operations optimization, and troubleshooting.

DMJM+HARRIS, INC.

“DMJM+Harris, Inc. is a full-service energy management company with strong in-house engineering and project management capabilities with New York State offices in New York City and Albany. DMJM+Harris, Inc. has provided design and implementation services for the Authority in the past on various programs, and the Authority has been pleased with Harris’ efforts in other programs. Harris understands Authority processes and has proven utility program experience in all facility types (schools, municipal water treatment, hospitals, universities, government buildings, etc.).

“As noted above, the contracts for PB Power Inc., DMJM+Harris, Inc. and CDM will be for three years with an option for two additional years. Initial awards of \$20 million will be made to PB Power, Inc. and DMJM+Harris, Inc., respectively, and \$10 million to CDM, upon approval by the Trustees. The remaining balance

of \$50 million will be awarded based on contractor performance. It is anticipated that at or near the end of two years, and as dictated by the level of program participation, additional funding in the amount of \$100 million may be requested for Trustee authorization and allocated to these contracts.

FISCAL INFORMATION

“Additional Energy Services Program funding of \$250 million is requested to fund the Authority's service offering under the SENY LTEPA Energy Services Program (\$150 million) and the Statewide Energy Services Program (\$100 million). Energy Services Program expenditures are currently funded primarily from the Energy Conservation Effectuation and Construction Fund, using the Tax Exempt Commercial Paper Program. All costs, including Authority overheads and the cost of advancing funds, will be recovered within a repayment period not to exceed ten years. For SENY customers requesting projects above LTEPA allocations, payment will be made in its entirety upon project completion. Collection experience to date has been excellent. There have not been any defaults on loans made through these initiatives.

RECOMMENDATION

“The Director - Energy Services and the Senior Vice President – Energy Services and Technology recommend that the authorized funding for Southeast New York and Statewide Energy Services Programs be increased by \$150 million and \$100 million, respectively, and that contracts for Southeast New York Energy Services Program services be awarded to PB Power, Inc., DMJM+Harris, Inc., and Camp, Dresser and McKee, Inc.

“The Senior Vice President – Public and Governmental Affairs, the Senior Vice President and Chief Financial Officer, the Senior Vice President – Marketing and Economic Development, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation.”

Following Mr. Esposito's presentation, Chairman Seymour commented that this was like a revolving fund to include prior materials and inquired whether all the costs were included; Mr. Esposito responded affirmatively.

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

RESOLVED, That the Senior Vice President – Energy Services and Technology, or his designee, is hereby authorized to execute Cost Recovery Agreements and other documents between the Authority and its SENY and Statewide Energy Services Program participants and contractors to facilitate the implementation of the ESP program, as recommended in the foregoing report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel;

AND BE IT FURTHER RESOLVED, That the authorized funding levels for the Southeast New York Energy Services Program and Statewide Energy Services Program be increased by \$150 million and \$100 million, respectively.

**Energy Conservation
and Effectuation
Construction Fund**

**Expenditure
Authorization**

**SENY ESP
Previously Authorized
Additional Funding**

**\$328 million
\$150 million**

Total Amount Authorized	<u>\$478 million</u>
Statewide ESP	
Previously Authorized	\$ 80 million
Additional Funding	\$100 million
Total Amount Authorized	<u>\$180 million</u>

AND BE IT FURTHER RESOLVED, That pursuant to the Authority’s Guidelines for Procurement Services Contracts, that \$100 million of the foregoing amount be allocated and contracts awarded to DMJM+Harris, Inc., PB Power, Inc., and Camp, Dresser and McKee, Inc., respectively, in the amounts and for the purposes listed below:

<u>Energy Conservation and Effectuation Construction Fund</u>	<u>Compensation Ceiling</u>	<u>Projected Closing Date</u>
Implementation of New SENY Projects		
DMJM+Harris, Inc. PB Power, Inc. Camp, Dresser & McKee, Inc.	\$100 million (aggregate)	9/30/2004

10. Motion to Conduct Executive Session

“Mr. Chairman, I move that the Authority conduct an executive session in connection with matters relating to collective negotiations pursuant to Article 14 of the Civil Service Law and in connection with discussions concerning contract claim negotiations with particular corporations as well as matters concerning particular litigation.”

On motion duly made and seconded, an Executive Session was held at 12 p.m. for the purpose of discussing matters concerning contract claim negotiations with particular corporations as well as matters concerning particular litigation.

11. Collective Bargaining Agreement Between the Authority and the Utility Workers Union of America, Local 1-2 – Extension

The President submitted the following report:

SUMMARY

“The Trustees are requested to approve an Agreement for Contract Extension (‘Agreement’) to the Collective Bargaining Agreement between the Authority and Local 1-2 of the Utility Workers Union of America, AFL-CIO (‘UWUA’). This Agreement, which increases the term of the existing collective bargaining agreement by four years and expires on January 17, 2004, covers 66 production, maintenance and clerical employees at the Authority's Charles Poletti Power Project.

BACKGROUND

“The Authority and the UWUA are parties to an agreement that was effective from January 18, 1996 through January 17, 2000. Negotiations for an extension agreement or a successor agreement began in the first quarter of 2000 and continued through the first half of 2001. During this period, the terms of the contract with a January 17, 2000 expiration date remained in effect while negotiations proceeded. During negotiations the Authority closed on the sale of its Indian Point 3 Nuclear Power Plant (‘IP3’) to Entergy. All of the production, maintenance and clerical employees working at that plant were covered by the terms of the collective bargaining agreement between the Authority and the UWUA. The sale and the transfer of IP3 personnel to Entergy reduced the size of the unit of bargaining personnel represented by the UWUA from nearly 400 employees to 66 employees.

“During the initial negotiation sessions, the parties agreed in principle to the concept of a contract extension; however, a number of additional negotiation sessions were necessary to resolve the term of the extension and appropriate wage increases. The parties' negotiating committees reached a final agreement and concluded negotiations for such an extension on July 16, 2001.

DISCUSSION

“Attached is the Agreement for Contract Extension (Exhibit ‘11-A’) between the Authority and the UWUA subject to approval by the Trustees. The union membership ratified the extension Agreement on August 9, 2001 by a vote of 38 in favor and 18 opposed.

“The union members will receive a 3.5% general wage increase retroactive to January 18, 2000; a 3.5% general wage increase retroactive to January 18, 2001; a .5% general wage increase retroactive to July 1, 2001; a 4.0% general wage increase effective January 18, 2002; and a 3.5% general wage increase effective January 18, 2003. These wage increases are nearly identical to the wage increases granted by Entergy in an extension agreement it reached with the UWUA covering the bargaining unit employees who work at IP3. Except for modest adjustments in the health benefit plan, pension, welfare and other benefits, the Authority's employees at Poletti will be maintained at their existing levels. The no-layoff pledge that was contained in the expired agreement was extended until January 16, 2004. In an effort to increase reliability and productivity, the Authority achieved its objective in expanding job qualification requirements for operators and increasing the scope of responsibilities for janitors.

FISCAL INFORMATION

“The wage increases for the term of the Agreement are consistent with the Authority's long term financial forecast. The estimated annual costs are:

2000 - \$147,882
2001 - \$163,991
2002 - \$181,484
2003 - \$165,150

Payment will be made from the Operating Fund.

RECOMMENDATION

The Executive Vice President - Corporate Services and Human Resources, the Executive Vice President, Secretary and General Counsel, the Executive Vice President - Power Generation, and I recommend that the Agreement reached be approved by the Trustees.

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

RESOLVED, That the Director, Compensation and Employee/Labor Relations be, and hereby is, authorized on behalf of the Authority to execute an Agreement for Contract Extension dated July 16, 2001, extending the collective bargaining agreement with Local 1-2, Utility Workers Union of America, AFL-CIO, covering specified production, maintenance and clerical employees employed at the Charles Poletti Power Project with such changes to that agreement as described in the foregoing report of the President and the attached Agreement (Exhibit “11-A”), subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

AGREEMENT FOR CONTRACT EXTENSION

BETWEEN

POWER AUTHORITY OF THE STATE OF NEW YORK

AND

UTILITY WORKERS UNION OF AMERICA, LOCAL 1-2

Subject to ratification of the membership of Local Union 1-2 and the approval of the Power Authority's Trustees, it is agreed to amend the collective bargaining agreement ("Agreement") between the parties dated October 13, 1994, which had been previously extended, and to further extend such Agreement until January 17, 2004 with the changes as listed below:

Preamble:

Because the parties recognize they are involved in an increasingly changing and more competitive industry, there exists a desire for some measure of predictability. To the extent that wage and benefit levels can be determined, this agreement achieves that objective. However, in order to keep pace with changing business conditions and to remain competitive, they also recognize the need to continuously review present work practices. Therefore, the parties agree to continue to meet and discuss and attempt to resolve any pertinent issue that may arise in this regard in connection with the current collective bargaining agreement and in conformance with the requirements of the Public Employment Relations Board or the National Labor Relations Board, as applicable.

1. Term of the Extension:

Term to run from January 18, 2000 (retroactive) through January 17, 2004.

2. Wage Increases:

Effective January 18, 2000: a 3.5% wage increase for all regular employees to be applied to each eligible employee's basic straight-time hourly rate in effect on January 17, 2000 and the minimum and maximum rate for each job title will be increased by 3.5%.

Effective January 18, 2001: a 3.5% wage increase for all regular employees to be applied to each eligible employee's basic straight-time hourly rate in effect on January 17, 2001 and the minimum and maximum rate for each job title will be increased by 3.5%.

Effective July 1, 2001: a 0.5% wage increase for all regular employees to be applied to each eligible employee's basic straight-time hourly rate in effect on June 30, 2001 and the minimum and maximum rate for each job title will be increased by 0.5%.

Effective January 18, 2002: a 4.0% wage increase for all regular employees to be applied to each eligible employee's basic straight-time hourly rate in effect on January 17, 2002 and the minimum and maximum rate for each job title will be increased by 4.0%.

Effective January 18, 2003: a 3.5% wage increase for all regular employees to be applied to each eligible employee's basic straight-time hourly rate in effect on January 17, 2003 and the minimum and maximum rate for each job title will be increased by 3.5%.

3. Variable Pay:

If the Authority provides for a Variable Pay plan for salaried non-bargaining unit employees, bargaining unit employees shall be eligible to participate in a Variable Pay plan for the calendar years 2000, 2001, 2002, and 2003.

4. Benefits:

Pension, welfare and miscellaneous other benefits to be maintained at current levels. Effective with the ratification of this Contract Extension: the Long Term Disability maximum monthly plan benefit of \$2,000 shall be increased to \$3,000; the Dental plan benefit maximum of \$1,200 per person per year shall be increased to \$1,500; the lifetime major medical maximum of \$1,000,000 shall be increased to \$2,000,000; and the Business Travel Life Insurance of \$100,000 shall be increased to \$200,000.

5. Job Security:

The no layoff clause contained in the current collective bargaining agreement shall remain in effect until January 16, 2004.

6. Wage Progression Plan:

Wage progression increases shall be forty (40) cents per hour effective on April 9, 2000 (retroactive), August 13, 2000 (retroactive), April 8, 2001 (retroactive), August 12, 2001, April 7, 2002, August 14, 2002, April 13, 2003, and August 10, 2003.

7. Safety and Housekeeping:

Effective with the ratification of this Contract Extension, completion of the annual physical examination and qualification/respirator fit testing will be at the Authority's expense and become a mandatory job requirement for all craft positions.

Effective with the ratification of this Contract Extension, the side-bar agreement regarding Janitors will be revised to include cleaning in plant areas (but not on plant equipment). All Janitors will be routinely assigned to this task.

For the Authority:

For Local 1-2:

Date: ____/____/____

12. Collective Bargaining Agreement Between the Authority and Local Unions 2032 and 2104, International Brotherhood of Electrical Workers – Successor Agreement

The President submitted the following report:

SUMMARY

“The Trustees are requested to approve the Collective Bargaining Agreement (‘Agreement’) dated July 13, 2001, between the Authority and Local Unions 2032 and 2104 of the International Brotherhood of Electrical Workers (‘IBEW’). This Agreement, if approved, will have an effective date of July 1, 2001 and will expire on March 31, 2006. It covers employees at the Authority's St. Lawrence/FDR Power Project (‘St. Lawrence’), Niagara Power Project (‘Niagara’), Blenheim-Gilboa Pumped Storage Project (‘B-G’), and Fredrick R. Clark Energy Center (‘Clark’).

BACKGROUND

“The Authority and the IBEW have been parties to collective bargaining agreements since 1961. This collective bargaining Agreement is the first general agreement negotiated between the parties since the expiration of their 1994 labor contract. Shortly before the expiration of the 1994 contract, the Authority and the IBEW entered into an agreement extending the 1994 labor contract for an additional two years. The parties agreed on two additional extension agreements in 1996 and again in 1998.

“The Authority's negotiating committee was chaired by John R. Bopp, Director, Compensation and Employee/Labor Relations. The committee also consisted of Gerard V. Loughran, Assistant General Counsel, Human Resources & Labor Relations; Joseph Gryzlo, Human Resources Consultant; Ronald Ciamaga, Regional Manager, Western Region; James McCarthy, Regional Manager, Central Region; and Stephen Colan, Facility Manager, Human Resources, Niagara. The IBEW had representatives from both locals and from each facility where the IBEW represents employees at the Authority. Michael Flanagan, an International Representative, chaired the union's negotiating committee.

“Agreement on a new contract was not reached before the expiration of the prior extension agreement. As a consequence, the extension agreement that was set to expire on June 30, 2001 was extended during the course of negotiations which concluded on July 13, 2001. The Agreement reached by the Authority's and the Union's negotiating committees was ratified by the union membership on August 1, 2001, by a vote of 394 in favor to 47 opposed.

“The attached (Exhibit ‘12-A’) is a summary of the negotiations describing amendments to the predecessor agreement, as well as understandings reached between the parties concerning certain matters not addressed in the agreement.

DISCUSSION

“The Agreement is for 57 months with general wage increases of 3.75% effective July 1, 2001; 4.0% effective July 1, 2002; 4.0% effective July 1, 2003; 3.5% effective July 1, 2004; and 3.0% effective July 1, 2005. Despite modest improvements in certain benefit areas, increases in major medical and dental plan deductibles, the maximum out-of-pocket expense provision and the prescription plan's co-payments, and other health plan modifications will generate more than \$300,000 in overall benefit savings annually. Although prior collective bargaining agreements were generally for three-year terms, a longer agreement was sought in this instance to avoid contract negotiations coinciding with a union election campaign. In addition, the timing of the expiration of this Agreement will dovetail with the Authority's budget planning cycle.

“Our Agreement compares favorably to contracts between other generating plant operators in New York (Con Edison, Entergy, Keyspan, Orion) and the unions representing employees at such plants (IBEW, UWUA, Teamsters). It is important to note that in most instances the employees at these other generating plants received

general wage increases of 3.5% in 2000 while the IBEW-represented employees at Authority plants received a 3.0% general wage increase. Generally, other generating plant operators have agreed to annual wage increases ranging between 3.5% and 3.75% during the years 2001 through 2004.

“Considerable cost savings will be achieved through centralization of transmission operations and purchasing activities in the Central Region. Such centralization will be introduced during the term of this Agreement. In conjunction with the shift of transmission to the Central Region, the Authority will close the Baldwinsville and Monticello Service Centers and eliminate line positions at Niagara. Extension and expansion of agreements on provisional employees, craft switching, fringe work and job site reporting will further enhance the productivity improvements and cost savings achieved in this contract.

“The Agreement reflects adjustments in shift differential, per diem and meal payments. Such items had not been increased for ten years. In addition, this Agreement provides an extra annual holiday and accelerates the opportunity for employees with more than 20 years of service to receive additional vacation time. The additional day off takes place at a time that minimizes its impact on operations. A job security feature that has been an element of all extension agreements is included in this Agreement but the no-layoff pledge will expire on October 31, 2003. Any extension beyond that date will depend on the extent of productivity gains achieved during the first two years of the new Agreement.

FISCAL INFORMATION

“The wage increases for 2001 are in the 2001 O&M Approved Budget. The increases for the 2002 - 2005 period are consistent with the Authority's long-term financial forecast. The estimated annual costs are:

2001 -	\$1,411,503
2002 -	\$1,562,064
2003 -	\$1,624,546
2004 -	\$1,478,337
2005 -	\$1,311,496

“Payment will be made from the Operating Fund.

RECOMMENDATION

“The Executive Vice President - Corporate Services and Human Resources, the Executive Vice President, Secretary and General Counsel, and the Executive Vice President - Power Generation and I recommend that the Agreement reached be approved by the Trustees.”

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

RESOLVED, That the Director, Compensation and Employee/Labor Relations be, and hereby is, authorized on behalf of the Authority to execute a collective bargaining Agreement with Local Unions 2032 and 2104, International Brotherhood of Electrical Workers, AFL-CIO, covering specified operating and maintenance employees of the St Lawrence/FDR, Niagara, Blenheim-Gilboa and Clark facilities with changes to that Agreement as described in the foregoing report and attached summary (Exhibit “12-A”), subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

July 13, 2001

2001 LABOR AGREEMENT NEGOTIATIONS

BETWEEN

POWER AUTHORITY OF THE STATE OF NEW YORK

And

**LOCAL UNIONS 2032 and 2104, INTERNATIONAL
BROTHERHOOD of ELECTRICAL WORKERS,
A.F.L.- C.I.O.**

The Negotiating Committees of the Power Authority and Local Unions 2032 and 2104 and the International Representative of the I.B.E.W. have reached agreement, subject to ratification of the memberships of the Local Unions and the approval of the Power Authority's Trustees and the I.B.E.W. International Office, as follows:

The provisions of the agreement between the parties dated September 10, 1991 as amended by extension agreements dated October 19, 1995 and January 21, 1998 to be incorporated in the new agreement with changes and additions substantially as indicated below:

1. Term of Agreement (Article XV, §§ 1 and 2)

Term to run from July 1, 2001 through March 31, 2006.

2. Wage Increases (Article VII)

General wage increases of: 3.75% effective July 1, 2001; 4.0% effective July 1, 2002, 4.0% effective July 1, 2003, 3.5% effective July 1, 2004, and 3.0% effective July 1, 2005.

3. Variable Pay

If the Authority provides for a Variable Pay plan for salaried non-bargaining unit employees, bargaining unit employees shall be eligible to participate in a Variable Pay plan for that calendar year.

4. Medical Benefits (Article IX)

Exhibit A contains the agreed upon changes to various benefits provisions.

5. Shift Premium (Article V, § 2, subsection [f])

Increased to \$1.25 per hour effective July 1, 2001.

6. Holidays (Article V, § 11)

One additional holiday as follows: December 28, 2001, July 5, 2002, December 26, 2003, May 28, 2004, and September 2, 2005.

7. Vacation (Article VIII, § 2 and 7)

The number of years of completed service to earn 5 weeks of vacation is reduced to 22 years in 2002, 21 years in 2003, and 20 years in 2004.

Sub-section 7 (b) revised to provide for one-half day increments.

8. Sick Leave Pay-out (Article VIII, § 15(h))

The payment is changed to "...two-thirds of his/her accumulated hours of sick leave (not exceeding a maximum pay-out of one hundred (100) days)..."

9. Death-in-Family (Article VIII, § 17)

Sub-section (a) revised to delete "...up to a maximum of...but no less than two (2)".

10. Safety Glasses (Article VI, § 4(b))

Safety glasses will be replaced when an employee's prescription changes, or if such glasses are worn out as a result of normal wear-and-tear, or if the glasses become damaged while in use during working hours. Previously employees received a new pair on an annual basis.

11. Per Diem (Article VI, §§ 11 and 12)

The room and board rate is increased to \$100 per day.

12. Meals (Article VI, § 14)

The meal payment in sub-sections (g) and (h) is increased to \$23. Sub-section (h) is revised deleting "...at the employee's election, ...or the actual reasonable cost of his/her meal." References in sub-sections (a), (b), (d), and (e) to 1-1/2 hours are changed to 2 hours.

13. Job Site Reporting (Article VI, § 10)

Renumbered existing Section 10 as Section 10(a) and create new Section 10(b):

Employees may be required to report directly to certain work locations other than their normally designated headquarters on the second day of work after notice is given provided such notice is given to an employee at or before the end of his/her regular or extended workday. Thus, if notice is given on Monday (Tuesday) [Wednesday], an employee so notified shall report directly to work at the job site on Wednesday (Thursday) [Friday]. Notice given on Friday shall be sufficient notice to require an employee to report to the job site on the following Monday morning. Employees notified to return to work at their normal reporting headquarters shall do so on the next work day following notice. These work locations include: at St. Lawrence: Massena Substation, shoreline erosion, structure grouting and dike mowing; at Niagara: ice boom, Adams Slip, and intake gates; at B/G: the Visitors Center's complex/Minekill Park; at CEC: the Jarvis Small Hydro facility. Additional work locations may be included by mutual agreement. Transmission related work shall not be covered by this provision. The Authority will reimburse employees for additional transportation expenses incurred as a result of such job site reporting (i.e., the difference between the actual transportation to the job site and the transportation to the normally designated headquarters).

14. BG/Clark Assignments

The language below which appeared in the preamble of the prior agreement, will be incorporated in the collective bargaining agreement with changes as follows:

Personnel from B-G or Clark may be utilized at the other facility for assignments of at least one week, unless a shorter time frame is mutually agreed to. The normal reporting location will maintain the lead role of each crew so assigned; the ratio of the local facility for janitor/laborer classifications will not exceed 1/1, but crafts (Mechanics, Electricians, Technicians) shall be assembled on a 2/1 basis.

15. On-the-Job Injuries-Subsequent Treatment(s) (Article VI, § 16 [SUMMARY LANGUAGE])

During negotiations the Authority initiated discussions concerning subsequent treatments associated with on-the-job injuries. While the Authority acknowledged that Article VI, Section 16, provides for time off with pay for up to four hours for employees who are injured on the job and require subsequent treatments, the provision is not designed to provide a guarantee of four hours off with pay for each subsequent treatment. Without any change in contract language it was agreed that when an employee is injured on the job and requires subsequent treatment in connection with such injury, such employee is responsible for arranging appointments for subsequent treatment so as to minimize the impact of the time for such treatments on work time.

16. Bulletin Boards (Article VI, § 25)

Add the following new sentence at the end of Article VI, §25:

Any Union notice or announcement must be delivered to the Facility Manager of Human Resources or his or her designee who will be responsible for actually posting such notice on the applicable bulletin boards within six (6) business hours.

17. Grievance Procedure (Article XII, § 1)

The language in steps (b) and (c) of the grievance procedure shall be modified as follows:

Step (b) Between a member or members of the Grievance Committee (unless mutually agreed, not to exceed three (3) employees) designated by the Union and the immediate supervisor(s) of the management representative (unless mutually agreed, not to exceed three (3) employees) referred to in Step (a) hereof, who shall decide the matter within five (5) days or the dispute will be automatically referred to Step (c);

Step (c) Between a member or members of the Grievance Committee (unless otherwise agreed, not to exceed three (3) employees) designated by the Union and the Regional Manager or designee (unless otherwise agreed, not to exceed three (3) employees) who shall decide the matter within five (5) days or the dispute will be automatically referred to Step (d);

The following sentence shall be added at the end of Article XII, § 1, step (d):

Notwithstanding the foregoing, any grievance concerning a discharge from employment may be initiated at Step (d).

18. Panel of Arbitrators (Article XII, § 2(b), also 1985 Summary of Negotiations, Item 31):

Article XII, §2(b) and the 1985 Summary of Negotiations, Item 32 shall be changed to reflect the following:

The Panel of Arbitrators shall be reduced from ten (10) to eight (8).

Arbitrators Fred Denson and Martin Scheinman shall be deleted from the roster.

19. Prior Summary Items

The parties agreed to delete the following provisions from prior summaries of negotiations:

1991-Numbers 25, 26, 27, 31

1988-Numbers 11, 29, 31, 32, 33

1979-Number 33

20. Operating Memo 12

The parties agreed to the changes as contained in Exhibit B.

21. Hydro and Transmission Apprenticeship Training Program

All references to the classifications Drafter and Technician shall be deleted from the program agreement. The qualifications for Operator shall be revised to reflect a 85% passing grade on the Operator aptitude test in lieu of a 2-year degree. The rating guide for Operators shall be:

Below 65	=	Not Qualified
65 - 90	=	Well Qualified
91 - 100	=	Outstanding

22. Shared Services

Revised the Shared Services Agreement (Exhibit C) from the January 1998 Extension Agreement to extend it to JAF, IP-3, Poletti and various combustion turbine facilities in New York City and Long Island. In addition, such revision shall indicate that shared services includes forced outages, work in switchyards, substations, transformer work and work on other equipment issues that may affect Authority power purchases on behalf of its customers.

23. Overtime (Article V, § 8)

The parties agreed to modify the language in Article V, §8 and provide emphasis as follows:

Employees are expected to work overtime, including responding to call outs. Overtime work shall be distributed equitably among the employees in each classified group if they are qualified and available. Overtime records shall be made available to an authorized Union representative upon request.

24. Job Descriptions (Article X)

During negotiations the Authority proposed revisions in several job descriptions while the Union proposed negotiations on other job descriptions to occur within six months after ratification and approval of the Agreement.

The parties agree to meet at a mutually agreeable time after the agreement has been signed regarding the following concepts or titles:

Purchasing Clerk

Electrician

Messenger/Driver

Journeyman Lineman

Clarification of "equivalency" qualifications

In addition the parties reached an understanding regarding the use of digital imaging technology by employees in performing their job and redefined casual photography by other than photographers.

25. Centralized Purchasing

During general contract negotiations, the Authority and the Union engaged in impact negotiations concerning the Authority's decision to consolidate site purchasing at Clark during the term of the Agreement. It was agreed that the incumbent Purchasing Clerks will remain at their current work location and that the MRM Planners will be able to do some purchasing as an integral part of their job.

26. Small Hydro Operator

It was agreed to modify the Memorandum of Understanding dated April 6, 1998 as follows: *upon closure of the Monticello site, the routine inspection and surveillance activities associated with the Marcy South under-river Hudson River Crossing will be assigned to the Resident Small Hydro Operators. Operations support for major outage maintenance activities (multi-day) will be provided from B/G.*

27. Fringe Work Committees

The Fringe Work Committees will be reinstated per the 1995 Contract Extension. Duties of the Janitor and Laborer and the Equipment Operator and Mechanic will be included in the review. The date for unresolved issues to be forwarded to the Regional Manager and Business Manager is March 31, 2002.

28. Temporary Employee Unit

The parties revised the agreement covering temporary employees deleting all references to temporary employees at JAF and their terms and conditions of employment. In addition the parties noted the addition of provisional employees as well as seasonal grounds attendants, laborers and janitors in such unit. (Exhibit F)

29. Centralized Transmission

During general contract negotiations, the parties engaged in impact negotiations concerning the Authority's decision to close two facilities and curtail maintenance activities at a third facility. Exhibit I contains the understandings reached.

30. Provisional Employee Agreements

Agreement regarding use of provisional employees at Niagara (Exhibit D) was reached using the St. Lawrence agreement as a model. The St. Lawrence agreement (Exhibit E) was updated and provision made for use of it in the Central Region when applicable.

31. Fire Retarding Clothing

The parties revised the Fire Retardant Clothing program that was in effect on a trial basis and agreed to incorporate it into the contract. (Exhibit G)

32. Reschedules

During negotiations each party made proposals to modify the reschedule provision. After both sides engaged in extensive discussions concerning their proposals, they agreed to withdraw the proposals with the understanding that neither party will introduce evidence of the other party's proposal to modify the reschedule clause or withdraw such modification proposal in any forum. The Union agreed to hold all pending reschedule grievances and requests for arbitration in connection with reschedule grievances until November 30, 2001. At that time Local 2104 agrees that it will notify the Authority whether it intends to continue processing such grievances.

33. Job Security

The no lay-off provision of the existing agreement is extended until October 31, 2003. Further extension of this provision will be based upon the anticipated productivity gains achieved during the first 28 months of the agreement.

34. Full Time Union Representatives

The existing agreement for full time union representatives will be continued for the term of this Agreement with modifications to the pay rate and replacement time.

35. Drug and Alcohol Program

The language was updated to delete references to the nuclear program and the Drug Concentration Level chart was updated to conform with standards of the Department of Transportation. (Exhibit H)

36. Successor Clause (Article I, § 1)

Agreement to be applicable to the Authority and its *successors or assigns*.

37. Contract Language Updates

All references to JAF and the nuclear specific items will be deleted. The parties also reviewed items from the last two contract extension documents and Supplemental Agreement booklet that will be updated or incorporated into the contract or deleted as no longer applicable. Additionally, the parties will meet within ninety days after the Agreement is signed to identify all memoranda of understanding/agreement, side bars, past practices and grievance settlements that are valid and that should be incorporated into the collective bargaining agreement.

38. Craft Switching

During general contract negotiations the subject of craft switching was discussed extensively by the parties. Up until this time craft switching had only taken place at the St. Lawrence-FDR Project. Both sides acknowledged that with appropriate training craft switching made sense in certain situations. After ratification of the agreement by the Union and approval of it by the Authority's Trustees, the Authority and the Union agree to meet in joint-committee at the local level to discuss equipment appropriate for single component switching. Thereafter on July 1, 2004, craft switching on single components, by the craft doing the work on that component, will apply to all sites. Until that time, craft switching will continue at St. Lawrence. If any issue considered by the committee in connection with craft switching remains unresolved on March 31, 2004, the committees shall refer such unresolved issues to the appropriate Regional Manager for the Authority and Business Manager for the Union who shall attempt to resolve such issues. To the extent any issues remain unresolved after their review, the appropriate Regional Manager may implement and the Union may initiate a grievance in writing at the (d) step of the grievance procedure set forth in Article XII of the Agreement. Thereafter, except as provided for otherwise, the procedures outline in Article XII shall apply. The standard shall be whether the switching work is consistent with the foregoing description of such.

39. Respirators

All Operators will be required to maintain respirator certification (medically approved and fit tested). Operators who cannot be medically qualified will be handled on an individual basis.

2001 SUMMARY OF NEGOTIATIONS

NYPA-IBEW

EXHIBIT A

The following benefits are effective January 1, 2002:

1. Eye examination for active employees - reimbursed up to \$50 yearly.
2. Hearing aids for active employees - reimbursed up to \$1000 once every three years.
3. Medicare Part B premium reimbursement (retiree only) - \$100 maximum.
4. Dental Plan:
 - Orthodontia - 75% reimbursement, \$3,000 maximum
 - Deductible - \$50 person/\$100 family
 - Maximum benefit - \$1,200 per person per year
5. Major Medical:
 - Lifetime maximum - \$2,000,000
 - Deductible - \$200 person/\$600 family
6. Out-of-Pocket maximum - \$650person
7. Prescription Plan:
 - \$0 generic
 - \$5 brand if no generic is available
 - \$20 brand
 - mail order - same as above
8. Domestic Partner - medical and dental per policy for salaried employees
9. Mammography - per American Cancer Society guidelines
10. Cancer Protector Care - Offered to employee or family; employee pays full cost of premium
11. Claims run-out provision - 1 year
12. Managed Care - pre-certification admission, case management and concurrent utilization review mandatory for inpatient hospital
13. Emergency Medical Expense - treatment within 72 hours for injury, 24 for illness
14. Three-month carry-over feature for deductible eliminated

Any increase in premium costs for health, dental, disability and life insurance (excluding retiree's life insurance, in which case the Authority and the retiree shall equally share any increase in a premium) programs during the term of the Agreement shall be paid in full by the Authority.

2001 SUMMARY OF NEGOTIATIONS

NYPA-IBEW

EXHIBIT B

MEMO 12

- Replace cover Memorandum of Understanding with : *This understanding embodies an agreement which applies to the Operating departments at the St. Lawrence-FDR, Niagara and Blenheim-Gilboa Projects. It includes provisions from understandings currently followed in the operating departments at the aforesaid facilities and it reflects revisions to existing provisions and inclusion of new provisions. As such it supersedes all previous side-bar agreements, arbitrated decisions, grievance settlements and internal memoranda on this subject.*

The collective bargaining agreement negotiated between the Power Authority and the IBEW is the controlling document in connection with terms and conditions of employment for Operations department personnel. However, in the event that a term, condition, or circumstance is expressly provided for in this Understanding, the terms of the Operating Memorandum 12 shall prevail over the provisions of the Collective Bargaining Agreement. In all other instances, the provisions of the Collective Bargaining Agreement shall prevail.

- Delete all references in the document to JAF and Clark.
- Section A-replace with:
 - A. *Shift Relief Time*
To insure consistent and efficient operations, certain Operations personnel shall be required to address shift turnover issues for a limited period prior to the start of their scheduled shift.
- Section I-Item 2 deleted effective 7/1/05.
- Section K-Replace with :

K. FILLING SHIFT VACANCIES-
UNSCHEDULED ABSENCES & SCHEDULED ABSENCES

B/G, St. Lawrence

1. *If the schedule indicates that a Senior Operator, Journeyman Operator or qualified Apprentice Operator is available, the only action required is to inform the shift coming on that one of the Operators has called in sick.*
 - (a) *If an Operator in or above classification is available to fill the vacancy, s/he should be utilized.*
 - (b) *If an extra Operator in or above classification is available, s/he should be used including roll down.*
 - (c) *If an Operator or Extra Operator in or above classification is being used to fill a regular shift, a qualified Apprentice Operator should be used to roll up.*
 - (d) *If steps a, b, or c above cannot be accomplished, call Operations Supervision.*
 - (e) *An operator who is not relieved by either a, b, c or d above remains on shift until calls can be made in the following order:*
 1. *If the vacancy occurs Monday through Friday on a different shift than the extra Operator is working and an extra operator is available (on his/her normally assigned extra schedule) reschedule the extra operator.*
 2. *Call an Operator in the classification where the vacancy occurs.*
 3. *Call a qualified Operator in the next lower classification.*
 4. *Call an operator in the next higher classification.*
 5. *Use two 12-hour shifts of operators in the same classification.*

6. *By upgrading Operators on shifts. If this is done, the last upgraded position will be the vacated position to be filled by the above procedures.*
7. *If any of the above steps result in having all positions in the Control Room occupied by Operators temporarily upgraded on any shift other than Monday through Friday day shift, call an operator in the same classification as the vacancy.*

All other subparagraphs of this section remain unchanged

NIAGARA

Incorporate change in memo dated 4/28/86 P. 14, currently in use at Niagara:

Delete "...as a 'guide'.."

2. *Overtime is to be distributed as equitably as reasonably possible within operators in the same classification, however, an Operator may work a full 8-hour shift without involving the rest time section of the general agreement. In instances other than 1. above, make calls in the following order to fill the vacancy. If an operator is not available in a., proceed to b., etc.*

III. All other subparagraphs of this section remain unchanged.

2001 SUMMARY OF NEGOTIATIONS

NYPA-IBEW

EXHIBIT C

SHARED SERVICES

The intent of this Shared Services work is related to outages or emergent problems associated with switchyard/substation/transformer equipment at JAF, IP-3, Poletti/Flynn or the in-city Combustion Turbines.

This Shared Services Agreement recognizes:

- 1) the NYPA customer economics and New York State grid impacts of the outage of the above-critical units, and
- 2) the expertise and skill of NYPA technical and craft resources, equipment, tools, etc. related to switchyard/substation/transformer equipment;

and provides a process for NYPA hydro/transmission resources to address a critical "time is of the essence" emergency.

- If the Authority elects to use IBEW bargaining unit personnel in connection with switchyard/substation/transformer work at any of the above facilities, the Business Manager will be contacted, and then necessary personnel will be selected from both Locals. The Authority would staff this work by soliciting volunteers for such assignments consistent with B-G/CEC/St. Lawrence/Niagara local needs and schedules. Although the Authority intends to solicit volunteers for such assignments, it reserves the right to select the personnel from such volunteers. In the event there are insufficient volunteers, the Authority will select from among the craft personnel who are qualified for such work. Selection in such cases will be by inverse seniority order or the overtime list.
- Employees on a Shared Services assignment are subject to applicable site regulatory requirements such as fitness-for-duty, access control and ALARA.
- Employees will work within the scope of their job descriptions and under the direction of hydro/transmission supervision/chiefs while on a Shared Services assignment.
- Although no specific amount of overtime is guaranteed, the intent of this agreement would involve overtime work.
- Transportation while on Shared Services assignment will be provided by the Authority.
- Based on the nature of this work, for downstate facilities, the Authority will arrange for housing at its cost, and reimburse meal expenses for employees. Employees will have the option to convert to a room and board rate based on the CONUS rate of the location. Per Diem (\$100) would be used for work under Shared Services at JAF.
- The Authority will make arrangements for the maintenance of fire retardant clothing while employees are away from their headquarters site in accordance with this Agreement.
- In order to properly manage outage work activities it may be desirable to stagger assigned employees' return trip to their designated headquarters in lieu of the provision in Article VI, Section 13. If staggered, the following procedure will be utilized:
 - Approximately one third (1/3) of the assigned employees will return during the Saturday-Sunday ending week #2;
 - Approximately one third (1/3) of the assigned employees will return during the Saturday-Sunday ending week #3;
 - Approximately one third (1/3) of the assigned employees will return during the Saturday-Sunday ending week #4;

Transportation to the designated headquarters and return to the assigned work location will be arranged by the Authority. Generally, travel will be on Fridays and Mondays.

2001 SUMMARY OF NEGOTIATIONS

NYPA-IBEW

EXHIBIT D

Memorandum of Agreement

Upgrading and Provisional Employees

Niagara Project

The use of internal forces for routine and extraordinary work during special projects or major work like the RMNPP upgrade or LPGP overhaul at Niagara is a common objective of the Authority and IBEW Local 2104. Both parties agree that upgrading regular full time employees, in certain classifications, and supplementing the workforce with a new category of provisional employees are efforts to this objective. Therefore, the following titles will be accreted to the existing unit containing Temporary and Provisional employees: Provisional Mechanic, Provisional Electrician, Provisional Drafter, Provisional Equipment Operator, Provisional Warehouse Person, Provisional Security Guard, Provisional Clerk, Provisional Laborer, Provisional Janitor, and Provisional Messenger/Driver.

It is further agreed that:

1. Regular full time employees will be given an opportunity to upgrade to Electrician Helper, Mechanic Helper, Warehouse Person, Equipment Operator and Drafter A declaring a preference through the post and bid provisions of the collective bargaining agreement. Upgraded positions will be made in accordance with the Authority's projected needs. The senior qualified bidder(s) will receive the job award(s).
2. The number of employees required for upgrade may vary at any particular time. If a reduction in the number of upgrades in a particular classification is necessary, employees will return to their previous classification in order of reverse seniority within their discipline. However, the Authority will be able to retain a less senior employee for up to one week for job continuity.
3. Certain skilled employees may be upgraded to Electrician B or Mechanic B positions. They will be subject to return to their previous classifications as delineated in item 2 above.
4. Upgraded employees who are not able to perform the work or whose performance is unsatisfactory may be returned to their former positions. The Authority will consult with the union prior to any such action.
5. Automatic progression is applicable. An upgraded employee who demonstrates to the satisfaction of supervision reasonable aptitude for the work and establishes a satisfactory record during the period of the upgrade will be eligible for automatic progression. This is to say that future upgrading will occur at the next step. The minimum accumulated time in each upgraded progression will be as follows:

Classification	Progresses to:	Minimum Accumulated Time
Elect. Helper	Elect. A	9 months
Elect. A	Elect. B	3 years
Mech. Helper	Mech. A	9 months
Mech. A	Mech. B	3 years
<i>Drafter A</i>	<i>Drafter B</i>	<i>1 year</i>

6. In the event that an upgraded employee is awarded an apprenticeship position, the experience and training received while in an upgraded position will be evaluated for advanced placement in the apprenticeship program.

7. The Authority may supplement its regular forces with these provisional employees to replace upgraded regular employees or to perform work, which it may otherwise have tendered to contractors.
8. Provisional employees may be retained for any duration and are subject to layoff as work diminishes. Individuals initially hired as Provisional Security Guards will return to that position when recalled after layoff. If discharged prior to completion of the job, provisional employees shall have no recourse under the grievance adjustment procedure.
9. Provisional employees are eligible for hospital, surgical, prescription drug, and major medical, and short term disability benefits effective the date of their employment. They are not eligible for dental, hearing, eye exam, long term disability, life insurance or educational assistance benefits. They are eligible to join the New York State Retirement System.
10. The rate of pay for Provisional Mechanics, Electricians, Drafters and Equipment Operators will be not less than \$19.00 per hour. For Provisional Warehouse Persons, Security Guards, Clerks, Laborers, Janitors and Messenger/Driver the rate will be \$10.00 per hour during the first year, \$11.00 after one or more cumulative years (2080 hours). These rates will be frozen until expiration of the existing general agreement.
11. At the completion of one year of cumulative service (2080 hours), a provisional employee shall be granted 5 days of vacation and 5 days of sick leave. If hired as a regular employee, such employees will be granted an additional 5 days of vacation and 5 days of sick leave. After one year as a regular employee, they shall be granted 10 days of vacation and 10 days of sick leave. Thereafter, they will be eligible for vacation in accordance with their hire date as a provisional employee. If permanently hired, the time spent as a provisional employee will count toward the new employee's probationary period.
12. Provisional employees shall be eligible for other leave provisions in accordance with the collective bargaining agreement except for community service leave.
13. The seniority date for provisional employees hired as regular employees shall be the date they are hired for regular employment for all purposes except vacation. Such employees' vacation shall be calculated from the date of hire as a provisional employee.
14. The union shall be entitled to the benefits of Article VI, Section 26, subdivisions (a) and (b) of the general agreement which relate to payroll deductions for duly authorized union dues and assessments and for agency shop deductions.
15. Nothing in this agreement alters the existing Collective Bargaining Agreement provisions, including supplemental agreements, pertaining to the use of contractors.
16. This agreement shall not limit, in any manner, the Authority's right to determine staffing. However, it is understood that the authority intends to continue to replace regular employees vacating the classifications applicable to this agreement on an as needed basis, but not less than one hire for every third regular employee separation in a department. It is also understood that the Authority intends that fifty percent of the new hires in the skilled trades will be for apprenticeship positions. Provisional Employees shall be given first consideration if outside hiring is necessary.
17. Both parties may cancel this agreement with six months written notice after 7/1/2001 or upon shorter notice if agreeable.

PROVISIONAL SIDE BAR AGREEMENTS - NIA

Upgrade of a Provisional Employee:

A provisional employee may be upgraded to helper or other category. The rate is calculated as follows:

<u>Upgrade to Helper</u>	
Beginning Rate Mechanic Helper*	\$18.09
New Permanent Laborer Rate *	<u>\$16.09</u>
Increase in Rate	\$ 2.00
<hr/>	
Provisional Laborer Rate	\$10.00
Upgrade	<u>\$ 2.00</u>
1 st 1040 Hours New Rate	\$12.00
Final Rate After 1040 Hours	\$10.00
Upgrade Final Rate	<u>\$ 2.71</u>
Upgrade Final Rate	\$12.71
<hr/>	

*Note: The above rates will be revised to reflect the 2001 contract wage rates.

IV. Apprentice

If a permanent employee is upgraded under the Provisional Agreement and then is awarded an apprentice position, the employee's rate of pay will not be reduced upon entering the program. The apprentice rate will catch up through normal progression.

Overtime for Upgraded Regular Full Time Employees

Overtime will be paid at the rate of the classification in which the overtime occurs. For example, a Janitor upgraded to Helper who accepts overtime for janitorial work will be paid at the Janitorial overtime rate.

OVERTIME GUIDELINES FOR PROVISIONAL EMPLOYEES - NIA

Scheduled Overtime (including special jobs with overtime)

Priority shall be given to all full time regular employees before overtime is offered to Provisional Employees

1. Offer overtime to all regular full time employees within the department first.
2. Offer overtime to all regular full time employees in the same classification in other departments
3. Offer overtime to all upgraded employees on temporary positions.
4. After 1, 2 and 3 above are offered, then offer to Provisional Employees in the department where the overtime occurs.

Call-Out or Scheduled Overtime Impacting on Regular Schedule (e. g. snow removal)

1. Offer to all regular full time employees in department first.
2. Offer to Provisionals in department.
3. Offer to regular full time employees in other departments (if necessary).

Security Department (where special qualifications exist in Security Guard Act)

1. Offer overtime to regular full time employees available for overtime (on or off shift).
2. Offer to Provisional Employees after all regular full time employees, in # 1 above, have been offered.

Forced Overtime-All Full Time Employees shall be Forced to Work Before Provisionals are Forced.

Problems arising during implementation shall be resolved between Management and Union before overtime assignments.

2001 SUMMARY OF NEGOTIATIONS

NYPA-IBEW

EXHIBIT E

Memorandum of Agreement

Upgrading and Provisional Employees

St. Lawrence Project

The use of internal forces for routine and extraordinary work during the Life Extension and Modernization Program (LEM) at the Robert Moses St. Lawrence/FDR Project is a common objective of the Authority and IBEW Local 2032. Both parties agree that upgrading regular full time employees, in certain classifications, and supplementing the workforce with a new category of provisional employees are efforts to this objective. Therefore, the following titles, applicable to St. Lawrence only, will be accreted to the existing unit containing Temporary and Provisional employees: Provisional Mechanic, Provisional Electrician, Provisional Drafter, Provisional Equipment Operator, Provisional Warehouseperson, Provisional Security Guard, Provisional Clerk, Provisional Laborer, Provisional Janitor, and Provisional Messenger/Driver. This agreement may only be expanded to other sites within IBEW Local 2032 after concurrence by union and management.

It is further agreed that:

18. Regular full time employees in the Janitor, Laborer, Security Guard, and Messenger/Driver classifications will be given an opportunity to upgrade to Electrician Helper, Mechanic Helper, and Drafter A declaring a preference through the post and bid provisions of the collective bargaining agreement. Upgraded positions will be made in accordance with the Authority's projected needs.
19. The number of employees required in either helper or the Drafter A classification may vary at any particular time. If a reduction in the number of helpers or Drafters is necessary, employees will return to their previous classification of Janitor, Laborer, Security Guard or Messenger/Driver in order to reverse seniority within their discipline. However, the Authority will be able to retain a less senior employee for up to one week for job continuity.
20. Certain skilled employees presently in the Janitor, Laborer, or Security Guard positions may be upgraded to Electrician B or Mechanic B positions. They will be subject to return to their previous classifications as delineated in item 2 above.
21. Upgraded employees who are not able to perform the work or whose performance is unsatisfactory may be returned to their former positions. The Authority will consult with the union prior to any such action.
22. Automatic progression is applicable. An upgraded employee who demonstrates to the satisfaction of supervision reasonable aptitude for the work and establishes a satisfactory record during the period of the upgrade will be eligible for automatic progression. This is to say that future upgrading will occur at the next step. The minimum accumulated time in each upgraded progression will be as follows:

Classification	Progresses to:	Minimum Accumulated Time
Elect. Helper	Elect. A	9 months
Elect. A	Elect. B	3 years
Mech. Helper	Mech. A	9 months
Mech. A	Mech. B	3 years
<i>Drafter A</i>	<i>Drafter B</i>	<i>1 year</i>

23. In the event that an upgraded employee is awarded an apprenticeship position, the experience and training received while in an upgraded position will be evaluated for advanced placement in the apprenticeship program.
24. The Authority may supplement its regular forces with these provisional employees to replace upgraded regular employees or to perform work, which it may otherwise have tendered to contractors.
25. Provisional employees may be retained for any duration and are subject to layoff as work diminishes. Individuals initially hired as Provisional Security Guards will return to that position when recalled after layoff. If discharged prior to completion of the job, provisional employees shall have no recourse under the grievance adjustment procedure.
26. Provisional employees are eligible for hospital, surgical, prescription drug, and major medical, and short term disability benefits effective the date of their employment. They are not eligible for dental, hearing, eye exam, long term disability, life insurance or educational assistance benefits. They are eligible to join the New York State Retirement System.
27. The rate of pay for Provisional Mechanics, Electricians, Drafters and Equipment Operators will be not less than \$19.00 per hour. For Provisional Warehousepersons, Security Guards, Clerks, Laborers, Janitors and Messenger/Driver the rate will be \$10.00 per hour during the first year, \$11.00 after one or more cumulative years (2080 hours). These rates will be frozen until expiration of the existing general agreement.
28. At the completion of one year of cumulative service (2080 hours), a provisional employee shall be granted 5 days of vacation and 5 days of sick leave. If hired as a regular employee, such employees will be granted an additional 5 days of vacation and 5 days of sick leave. After one year as a regular employee, they shall be granted 10 days of vacation and 10 days of sick leave. Thereafter, they will be eligible for vacation in accordance with their hire date as a provisional employee. If permanently hired, the time spent as a provisional employee will count toward the new employee's probationary period.
29. Provisional employees shall be eligible for other leave provisions in accordance with the collective bargaining agreement except for community service leave.
30. The seniority date for provisional employees hired as regular employees shall be the date they are hired for regular employment for all purposes except vacation. Such employees' vacation shall be calculated from the date of hire as a provisional employee.
31. The union shall be entitled to the benefits of Article VI, Section 26, subdivisions (a) and (b) of the general agreement which relate to payroll deductions for duly authorized union dues and assessments and for agency shop deductions.
32. Nothing in this agreement alters the existing Collective Bargaining Agreement provisions, including supplemental agreements, pertaining to the use of contractors.
33. This agreement shall not limit, in any manner, the Authority's right to determine staffing. However, it is understood that the authority intends to continue to replace regular employees vacating the classifications applicable to this agreement on an as needed basis, but not less than one hire for every third regular

employee separation in a department. It is also understood that the Authority intends that fifty percent of the new hires in the skilled trades will be for apprenticeship positions. Provisional Employees shall be given first consideration if outside hiring is necessary.

34. Both parties may cancel this agreement with six months written notice after 7/1/2001 or upon shorter notice if agreeable.

PROVISIONAL SIDE BAR AGREEMENTS - STL**Upgrade of a Provisional Employee:**

A provisional employee may be upgraded to helper or other category. The rate is calculated as follows:

<u>Upgrade to Helper</u>	
Beginning Rate Mechanic Helper*	\$18.09
New Permanent Laborer Rate *	<u>\$16.09</u>
Increase in Rate	\$ 2.00
Provisional Laborer Rate	\$10.00
Upgrade	<u>\$ 2.00</u>
1 st 1040 Hours New Rate	\$12.00
Final Rate After 1040 Hours	\$10.00
Upgrade Final Rate	<u>\$ 2.71</u>
Upgrade Final Rate	\$12.71

*Note: The above rates will be revised to reflect the 2001 contract wage rates.

V. Apprentice

If a permanent employee is upgraded under the Provisional Agreement and then is awarded an apprentice position, the employee's rate of pay will not be reduced upon entering the program. The apprentice rate will catch up through normal progression.

Overtime for Upgraded Regular Full Time Employees

Overtime will be paid at the rate of the classification in which the overtime occurs. For example, a Janitor upgraded to Helper who accepts overtime for janitorial work will be paid at the Janitorial overtime rate.

OVERTIME GUIDELINES FOR PROVISIONAL EMPLOYEES - STL**Scheduled Overtime (including special jobs with overtime)**

Priority shall be given to all full time regular employees before overtime is offered to Provisional Employees

5. Offer overtime to all regular full time employees within the department first.
6. Offer overtime to all regular full time employees in the same classification in other departments
7. Offer overtime to all upgraded employees on temporary positions.
8. After 1, 2 and 3 above are offered, then offer to Provisional Employees in the department where the overtime occurs.

Call-Out or Scheduled Overtime Impacting on Regular Schedule (e. g. snow removal)

4. Offer to all regular full time employees in department first.
 5. Offer to Provisionals in department.
 6. Offer to regular full time employees in other departments (if necessary).
- Security Department (where special qualifications exist in Security Guard Act)
3. Offer overtime to regular full time employees available for overtime (on or off shift).
 4. Offer to Provisional Employees, after all regular full time employees in # 1 above, have been offered.

Forced Overtime-All Full Time Employees shall be Forced to Work Before Provisionals are Forced.

Problems arising during implementation shall be resolved between Management and Union before overtime assignments.

2001 SUMMARY OF NEGOTIATIONS

NYPA-IBEW

EXHIBIT F

TEMPORARY EMPLOYEE UNIT

WHEREAS, the Power Authority recognized the International Brotherhood of Electrical Workers, Local Unions 2032 and 2104 (the "Union") as the exclusive representatives of a unit of temporary employees at the James A. FitzPatrick Nuclear Power Plant ("JAF"); and

WHEREAS, in furtherance of such recognition the Power Authority and the Union entered into a Supplemental Agreement on September 26, 1986 establishing a unit of temporary employees at JAF; and

WHEREAS, the Power Authority and the Union entered into additional agreements with respect to temporary employees on December 1, 1986; April 2, 1987 and October 19, 1995 amending or adding to the September 26, 1986 Supplemental Agreement concerning the Temporary Employee Unit; and

WHEREAS, on August 18, 1999 the Power Authority and the Union entered into a Memorandum of Understanding, entitled "Upgrading and Provisional Employees" in which a new category of employees, provisional employees, were accreted into the Temporary Employee Unit.

NOW THEREFORE, the Power Authority and the Union agree:

- 1) That the terms of the September 26, 1986 Supplemental Agreement and all subsequent amendments or modifications shall continue for the term of the collective bargaining agreement with an effective date of July 1, 2001, except that all references to JAF shall be deleted; and
- 2) That the terms and conditions of employment for temporary employees shall be as prescribed in the September 26, 1986 Supplemental Agreement and subsequent amendments or modifications thereto; and
- 3) That the terms of the August 18, 1999 Memorandum of Agreement entitled "Upgrading and Provisional Employees" (St. Lawrence-FDR) shall continue for the term of the collective bargaining agreement with an effective date of July 1, 2001.

2001 SUMMARY OF NEGOTIATIONS

NYPA-IBEW

EXHIBIT G

FIRE RETARDANT CLOTHING

This Memorandum of Understanding is the product of discussions at the Management-Union Mini-Safety Committee meeting on November 15, 2000 and negotiations between committees representing the International Brotherhood of Electrical Workers, Local Unions 2032 and 2104 and the New York Power Authority on January 22-24, 2001, and June-July negotiations in 2001.

In an effort to meet the intent set forth in 29CFR1910.269(l)(6)(iii), the New York Power Authority (hereinafter "NYPA") will provide fire retardant clothing made of NOMEX IIIA ("FRC") to all electricians, technicians, and operators (hereinafter "employees") at the Blenheim-Gilboa, Clark, Niagara and St. Lawrence Projects. NYPA will select a vendor to supply employees with FRC. Employees will receive

- a combination of ten (10) garments consisting of
 - shirts (a shirt counts as one (1) garment),
 - pants (a pair of pants(choice of trousers or jeans) counts as one (1) garment, and
 - one-piece coveralls (coveralls count as two (2) garments).
- one (1) winter jacket and coveralls with bib
- one (1) lighter weight spring/fall jacket
- rain wear

Subject to availability and provided the NYPA selected vendor offers such FRC at the lowest quoted cost, employees will be given an opportunity to select styles and colors of FRC. Employees are responsible for maintaining their FRC and cleaning it as well. NYPA will provide employees with a stipend for such cleaning. In 2001, the stipend will be paid in the month after employees have been furnished with FRC. Employees will receive \$18.33/month for each month that remains in the year. In January 2002, and in each January thereafter, NYPA will provide employees with an annual stipend of \$220.00, less applicable taxes.

Employees who are provided with FRC must be in it when they start work and wear it at all times while at work. Underwear or other layers of clothing that employees may wish to wear will not be furnished by NYPA. Such underwear or other layers of clothing, as indicated in 29CFR1910.269(l)(6)(iii), shall not contain the following types of fabrics, either alone or in blends: *acetate, nylon, polyester, rayon*. NYPA will offer training to employees on the subject of FRC and prohibited fabrics or blends.

Employees may remove a fire retardant garment when the conditions in the applicable regulation governing FRC do not require an employee to wear such apparel. However, there is **no excuse** for employees who do not wear FRC when so required by the applicable regulation. When an employee removes a fire retardant garment in accordance with this paragraph, it is the employee's responsibility to insure that the fire retardant garment remains close at hand.

NYPA will replace all fire retardant garment(s) based on normal wear and tear or on an "as- needed" basis provided in the case of all replacements the "worn" or damaged fire retardant garment is surrendered at the time the

replacement fire retardant garment is issued. No insignias, attachments or markings of any kind, either permanent or temporary, shall be affixed or placed on FRC except by the vendor.

While not part of the FRC program, NYPA will provide line personnel at Niagara and Blenheim-Gilboa with "Carharts" (insulated outerwear). Currently at St. Lawrence-FDR and Clark, NYPA cleans such outerwear and replaces it on an as needed basis. NYPA agrees that it will continue such practice at St. Lawrence-FDR/Clark to the extent that it has been doing so and it will extend such cleaning and replacement practices to Niagara and Blenheim-Gilboa on the same basis. Additionally, line personnel will be provided with two pairs of jeans at the locations that have not already provided them. Cleaning of the jeans is the employee's responsibility.

Mechanics had been eligible for and received FRC. With the introduction of this FRC program, mechanics are no longer eligible for FRC. While not part of the FRC program, NYPA will permit mechanics that received FRC under the trial program to retain such previously issued FRC (provided NYPA purchases such FRC from the vendor who supplied mechanics with FRC). In lieu of FRC, when the mechanics' previously issued FRC is sufficiently worn, they may secure from NYPA up to two pairs of coveralls as replacements. In order to obtain replacements mechanics must surrender the previously issued FRC. Cleaning of the above items is the mechanic's responsibility.

2001 SUMMARY OF NEGOTIATIONS

NYPA-IBEW

EXHIBIT H

**NYPA EMPLOYEES ASSISTANCE DRUG AND ALCOHOL AND
REHABILITATION PROGRAM**

PREAMBLE

The Power Authority of the State of New York (hereafter "Authority"), and Local Unions 2032 and 2104 of the International Brotherhood of Electrical Workers (hereafter "Union") recognize that drug and alcohol abuse present a major problem throughout our society. The Authority and the Union are committed to providing a safe working environment, maintaining reliable electric service, and preserving the public confidence placed in the Authority and its employees. In an effort to address drug, alcohol, and substance abuse problems among its employees, the Authority and the Union have negotiated this Employees' Assistance, Drug and Alcohol and Rehabilitation Program, and as evidence of its commitment the Authority shall provide an Employee Assistance Program which includes services to reduce drug, alcohol, and substance abuses. The Authority shall also provide benefits for rehabilitation and counseling as shown on exhibit A.

DRUG ABUSE

An employee is prohibited from using, possessing, distributing or selling an illegal drug at any time on Authority property or elsewhere when working.

SUBSTANCES OF ABUSE

No employee shall report to work who is impaired by a substance of abuse and any employee whose performance is impaired by the use of a substance of abuse is in violation of this agreement.

ALCOHOL

No employee shall report to work who is impaired by alcohol. Further, no employee shall possess or consume alcoholic beverages (except as provided below) at any time on Authority property or elsewhere when working.

The possession of alcoholic beverages in the employee's personal vehicle on or off Authority property is not prohibited by this agreement provided such possession is in compliance with state and local laws.

Employees may consume in moderation, alcoholic beverages at Authority- sanctioned events provided the President or his designee has authorized in writing the serving of alcoholic beverages. Inappropriate or irresponsible behavior at an Authority-sanctioned event is a violation of this agreement.

NOTICES

An office, locker, desk, file cabinet or other repository provided to an employee by the Authority on Authority property is the property of the Authority. Such repositories are furnished by the Authority exclusively for the storage by employees of work-related items or materials. Thus, there is neither a superior claim of privacy nor a reasonable expectation on the part of any employee in connection with such repositories furnished by the Authority or their contents. If an employee uses his own lock on his/her Authority assigned locker such use while permitted by the Authority shall not create any expectation of privacy in such locker.

In the event a supervisor reasonably believes it is necessary, in connection with an investigation of a violation of this agreement, a security representative or supervisor(s) may, after obtaining approval from the Regional Manager or his designee, search in the presence of a Steward and the employee, if the employee is available, an office, locker, desk, filing cabinet or other repository provided to an employee by the Authority.

If there is probable cause to believe that an employee possesses illegal drugs, or alcohol in violation of this policy, employees may be searched by a security representative or supervisor(s) after securing approval from the Regional Manager or his designee. Such search shall not involve a "pat-down"; the searcher shall not place his/her hands on the employee subject to a search. An employee shall be required to empty his/her pockets and turn such pockets inside out. Searches may include personal possessions and personal vehicles located on Authority property. An

employee subject to a search is entitled to have a Steward present during a search. An employee who refuses to cooperate in connection with any search is in violation of this agreement.

Prescription drugs may be possessed and used as prescribed by the employee's physicians. The user shall advise his/her supervisor if the use of such drugs may safely affect his/her ability to drive or work safely.

TESTING

The Authority may require employees to submit to tests for the presence of drugs or alcohol or substances of abuse under any of the following circumstances subject to prior approval by the Regional Manager or his designee:

-If there is reasonable belief an employee's behavior on Authority property and/or during working hours is impaired by the use of illegal drugs, substances of abuse, or alcoholic beverages:

-If an employee is involved in a work-related accident for which there is no apparent explanation and there is reasonable belief that the employee may have been impaired:

-When an employee has been approved for return to work at the completion of approved treatment for drug, alcohol or substance abuse:

-During the one year immediately following an employee's return to work after supervisory referral for treatment for drug, alcohol or substance abuse. (An employee who voluntarily participates in drug or alcohol abuse counseling or treatment prior to a direction by the Authority to submit to testing or to seek EAP counseling, is not subject to such periodic testing.);

An employee's failure to follow a supervisor's directive to submit to a test for any of the foregoing reasons is a violation of this agreement.

Tests for the presence of drugs includes an initial EMIT test and, if such test yields a positive result, a confirmatory GAS CHROMOTO-GRAPHY/MASS SPECTROMETRY TESTS. Tests for the presence of alcohol include a breathalyzer and, if such test yields a positive result, a confirmatory chemical analysis of the subject's blood. Employees may decline to take a blood test, however, in such event, the results of the breathalyzer shall be binding and conclusive evidence as to the blood alcohol concentration.

When an employee is required to submit to tests for any of the foregoing reasons he/she is entitled to have a Steward or other Union designee present during the administration of the test.

An employee required to submit to tests for the presence of alcohol or drugs or substances of abuse shall be relieved of duty pending receipt in writing by the Authority of the test results. During such time the employee shall remain on pay status. If the test results are negative and the employee is fit for duty, the

Authority shall return the employee to work. If the test results are positive the Authority may, depending on the circumstances, make an EAP referral, place the employee on medical leave or a leave of absence without pay. In addition the Authority may reserve its right to impose discipline prior to, during or after completion of the EAP referral or medical leave or leave of absence without pay.

TRAINING AND REHABILITATION

Supervisors and Union Stewards and Officers shall be trained to recognize the signals and warning signs associated with behavior which may be impaired by the use of drugs or alcohol and will receive specific instruction regarding their role in intervening with and referring employees to the Employee Assistance Program.

Employees and their families shall be provided information about topics to enhance awareness of the problems and dangers associated with drugs and alcohol, and the availability of Authority assistance.

Employees with drug, alcohol or other problems, are encouraged to request assistance voluntarily through the Authority's Employee Assistance Program ("EAP") or other such available programs. Such employees shall not jeopardize their employment by voluntary participation in EAP, however, work performance must be satisfactory.

An employee who has completed approved treatment through supervisory referral shall be required to undergo unannounced urinalysis and breathalyzer tests for a period of up to one year from the date of return to work which verify abstinence from drugs or alcohol as a condition of continuing employment. An employee's failure to submit to such tests shall be a violation of this agreement. Any employee who undergoes tests and who tests positive one time

for any drug or alcohol shall be referred again for evaluation and, if necessary, treatment and may be subject to disciplinary action for job related misconduct. When cleared to return to work, he/she shall be required to undergo unannounced tests for up to a period of one year from that date of return to work and any positive drug or alcohol test shall result in immediate termination. Any violation of this agreement during a period of five years thereafter shall result in immediate termination. Records of prior violations of this agreement by an employee shall be expunged if such employee does not violate this agreement during such five-year period. Employees who are terminated as a result of a drug or alcohol problem will be considered for reemployment after at least one year from termination if they can provide proof of rehabilitation satisfactory to the Authority and test negative for the presence of alcohol or drugs. A requirement of reemployment shall be periodic unannounced tests for up to a period of one year, which verify the abstinence from drugs and/or alcohol.

VIOLATION

Any violation of this policy may lead to disciplinary action up to and including termination of employment. Nothing in this agreement alters an employee's right to request a Union representative or pursue rights reserved in the collective bargaining agreement.

DRUG & ALCOHOL COOPERATIVE COMMITTEE

After the employee has been tested and found positive, the Regional Manager or his designee and the Business Manager or his designee shall meet to assure that the employee receives proper consultation and direction towards assistance and rehabilitation which is embodied in this agreement. All pertinent facts and information pertaining to the case shall be provided to both parties and confidentiality shall be assured.

SPLIT SAMPIE

The Authority agrees that in connection with a urinalysis the employee providing the specimen or a Union Steward may request that a second urine sample be obtained at the same time that the initial specimen is furnished. Such second specimen shall be sent to the laboratory designated by the Union. In the event that the initial specimen yields a positive result, the Union may, if it elects, obtain an analysis of the second urine sample. The Union shall select a laboratory certified by the State of New York for any such analysis.

The Union shall assume the responsibility for assuring that appropriate chain-of-custody procedures are maintained throughout the process. The Authority agrees to pay for costs associated with testing the second sample, however, not to exceed the costs of the same tests conducted by the laboratory used by the Authority. All other costs shall be borne by the Union.

Records of drug screens conducted in accordance with this program shall be maintained at three (3) locations: 1) at the project where the tested employee is assigned, 2) at the office of the consulting Medical Director retained by the Authority and 3) at the lab where the blood and/or urine was analyzed.

Project records shall be maintained in separate files for the period of time specified in the section entitled "Training and Rehabilitation" and, except as otherwise provided by law, access to such records shall be limited to the tested employee, the Executive Vice President of Human Resources, the Regional Manager and the Human Resource Manager at the project where the tested employee is assigned.

DEFINITIONS

Illegal Drugs - Those controlled substances enumerated in Reference 5.3 (Article 220 Penal law of the State of New York), and including without limitation: narcotic drugs, hallucinogens, hallucinogenic substances, and controlled stimulants and depressants. For purposes of this agreement illegal drugs shall also include marijuana and methadone.

Substances of Abuse - Any substance other than a controlled substance covered by section 19.03 (C) (1) of the Mental Hygiene Law and, including without limitation, non-controlled substances such as stimulants, depressants, sleeping medicines, inhalants, over-the-counter medications and other psychotropic substances which render an individual unfit for duty when misused.

Alcohol - Means and includes alcohol, spirits, liquor, wine, beer, cider and every liquid or solid, patented or not, containing alcohol, spirits, wine, or beer.

Impairment - Alteration of the alertness, judgment, sensory perception, equilibrium or state of consciousness of a person in a manner adversely affecting psychological or physiological functions.

Reasonable Belief - An opinion, which a prudent person would form, based on observation or testimony from credible sources. Observation includes, but is not limited to, sensory facts (what a person saw, heard, smelled, tasted, or touched).

Reasonable belief must be specifically directed to behavioral observations of a specific person or persons and be based on specific articulable and logical facts and reasonable inferences drawn from those facts in light of experience.

Objective factors that should be taken into consideration in determining reasonable suspicion are:

- a. the nature of the information;
- b. the reliability of the person or source providing the information;
- c. the extent of any confirmation; and,
- d. any other factors contributing to the belief or the lack thereof.

Not all of these factors must exist to find reasonable belief, but all must be examined.

Probable Cause - Reason based upon specific articulable sensory facts and/or reliable information which, when taken together with rational inferences from these facts and/or that information would warrant a cautious person to believe that violation of this agreement has occurred.

Medical Evaluation - an evaluation conducted on behalf of the Authority which would include, at a minimum, an evaluation of vital signs and a test for the presence of alcohol, substances of abuse, and drugs as listed below.

Medical Professional - an individual certified by the State of New York to perform certain medical functions. Depending on the services required, the individual may be a physician, registered nurse, counselor, paramedic, laboratory technician, or other health professional.

Positive Test - In instances other than a return to work or unannounced periodic test the Authority considers an alcohol test positive when through chemical (blood) analysis or comparable breathalyzer, an individual is reported as having a greater than .05 blood alcohol level (BAC). In instances of a return to work or unannounced periodic tests the Authority considers an alcohol test positive when through chemical (blood) analysis an employee has any detectable blood alcohol level (BAC). Employees may decline to take a blood test, however, in such event the results of a breathalyzer shall be binding and conclusive evidence as to the blood alcohol concentration.

The Authority considers a urine sample positive when the test discloses the presence of any of the drugs listed below at the corresponding concentration levels.

Detectable drug levels as defined below and testing procedures and methodologies have been established so as to preclude false positive results due to the so called passive inhalation of marijuana, and use of over-the-counter or prescription medication. All Authority drug tests, except where otherwise provided will be confirmed and verified prior to taking any action.

Urine samples will be screened for the following substances:

Screenings - Initial Tests	Cut off Levels	All specimens identified as positive on initial test shall be confirmed by GC/MS (gas chromatography/mass spectrometry) at the following cutoff levels:
Marijuana Metabolites	50 ng/ml	15
Cocaine Metabolites	300	150
Opiate Metabolites	2,000	
Morphine		2,000
Codeine		2,000

6-Acetylmorphine		10
Phencyclidine	25	25
Amphetamines	1,000	
Amphetamines		500
Methamphetamine		500

EMPLOYEE SAFEGUARDS

Nothing in this agreement is intended to permit the Authority to administer a drug test when administration of such test would be prohibited by New York State or, applicable federal law.

Exhibit A

NYPA EMPLOYEE ASSISTANCE, DRUG, ALCOHOL AND REHABILITATION PROGRAM
BENEFITS FOR EMPLOYEES AND ELIGIBLE DEPENDENTS

INPATIENT

8 weeks per individual
per calendar year detoxification
and rehabilitation in:
Rehabilitation Center, Treatment
Center, Hospital. (The waiting
Period, if any, for admission
into a program is not included
in these 8 weeks of coverage.)

OUTPATIENT

60 visits per individual per calendar
year in: Rehabilitation Center,
Treatment Center, Hospital, or to a Certified
Social Worker or other individual licensed or
certified by the State of New York to provide
such outpatient alcohol, drug or substance abuse
treatment

FAMILY COUNSELING

For family members of an alcohol or drug abuser, 60 visits per individual, per calendar year, will be provided at a Rehabilitation Center, Treatment center, Hospital, or by a Certified Social Worker or other individual licensed or certified by the State of New York to provide such outpatient alcohol, drug or substance abuse treatment.

All of the above benefits shall be payable at 100% of reasonable and customary charges, with no deductible.

SHORT TERM DISABILITY BENEFITS

The maximum weekly benefit is \$225. This benefit applies to all covered disabilities.

2001 SUMMARY OF NEGOTIATIONS

NYPA-IBEW

EXHIBIT I

TRANSMISSION

During general contract negotiations, the Authority and the Union engaged in impact negotiations concerning the Authority's decision to close two facilities and curtail maintenance activities at a third facility. Pursuant to an overall objective of consolidating operations that will enhance efficiencies, the Authority decided to centralize its upstate transmission organization at its Clark Energy Center ("CEC"). To such end the Authority notified the Union about its plans to close the Baldwinsville and Monticello facilities by July 1, 2002. In addition, effective January 1, 2002 the line department personnel at Niagara will no longer be responsible for line maintenance activities outside the Niagara Project.

Employees assigned to work at Baldwinsville and Monticello will be allowed to transfer to the Blenheim-Gilboa ("BG") or CEC facilities. If they elect to transfer, they will be eligible for relocation assistance as described in the Authority's relocation policy, EP 3.8, dated 1/21/99. In lieu of relocation assistance, transferring employees may elect to receive a fixed stipend of \$12,000 less applicable withholding taxes. Employees must notify the Authority on or before March 31, 2002 of their decision to relocate. If they plan to relocate, they must notify the Authority at the same time whether they will need relocation assistance or whether they will elect to receive a fixed stipend of \$12,000.

Employees who do not elect to transfer to BG or CEC will be eligible for an enhanced severance package consisting of 3 weeks pay for each year of service (prorated for partial years of service) up to a maximum of one year plus one year of medical benefits (the same type and level of benefits in existence at the time separation).

Employees classified at or above journeyman linemen at Niagara may retain their titles and pay rate if they remain at Niagara after July 1, 2002. Although they will continue to perform the duties they have been performing at Niagara within the switchyard, they will receive appropriate training in electrician tasks. When trained they will be expected to perform electrician functions in addition to the tasks they had performed within the Niagara switchyard prior to July 1, 2002. In the alternative such journeyman linemen will be eligible to transfer to CEC. If they elect to transfer they will be eligible for relocation assistance as described in the Authority's relocation policy, EP 3.8 dated 1/21/99. In lieu of relocation assistance, transferring employees may elect to receive a fixed stipend of \$12,000 less applicable withholding taxes. Employees must notify the Authority on or before March 31, 2002 of their decision to relocate. If they plan to relocate, they must notify the Authority at the same time whether they will need relocation assistance or whether they will elect to receive a fixed stipend of \$12,000.

A former Niagara lineman who had been temporarily assigned as a planner will be converted to the planner title. The apprentice lineman at Niagara will be converted to an apprentice electrician.

A new electrician job description, attached and dated 7/1/01, will cover the tasks that the journeyman linemen as well as all electricians at Niagara will be expected to perform after July 1, 2002. The apprentice module for electricians at Niagara will be modified to reflect the former tasks that journeyman linemen performed in the Niagara switchyard. As journeyman linemen positions become vacant at Niagara, the Authority will no longer post apprentice or journeyman linemen positions. Any postings after the departure of linemen at Niagara, posting will be for apprentice or journeyman electrician positions.

JOURNEYMAN ELECTRICIAN (Niagara)

DUTIES:

Under general supervision, maintains, tests, installs, repairs and removes electrical equipment under the jurisdiction of the Niagara Project. This equipment may be located in a variety of locations, including generating plants, switchyards, river intakes and municipal electric stations. Switchyard responsibilities include all equipment/systems “within the fence” including overhead equipment and structures (i.e. above the bushing-disconnect switches, catenaries, etc.) and overhead and underground distribution lines, and lighting for station, switchyard and roadways. Uses electrical test instruments to perform routine testing and troubleshooting as necessary to analyze and maintain electrical equipment.

May be required to operate mobile equipment. May be required to maintain a Commercial Driver’s License to support electrical maintenance activities.

QUALIFICATIONS:

1. Four (4) years experience as apprentice Electrician or equivalent.

OR

2. Must have successfully completed and be certified by the NYPA Apprenticeship Program.

7/1/01

13. **Motion to Resume Meeting in Open Session**

“Mr. Chairman, I move to resume the meeting in Open Session.”

On motion duly made and seconded, the meeting resumed in open session at 1:45 p.m.

14. **Next Meeting**

The regular meeting of the Trustees will be held on **Tuesday, October 30, 2001, at the White Plains Office at 11:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

15. **Closing**

Upon motion made and seconded, the meeting was closed at 1:50 P.M.

David E. Blabey
Executive Vice President,
Secretary and General Counsel

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