

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

**July 27, 2004**

**Table of Contents**

	<b><u>Subject</u></b>	<b><u>Page No.</u></b>	<b><u>Exhibit</u></b>
1.	Approval of the Minutes of the Meeting held on June 29, 2004	3	
2.	Financial Reports for the Six Months Ended June 30, 2004	4	'2-A'
3.	Report from the President and Chief Executive Officer	5	
4.	Allocation of 5,150 kW of Hydro Power Resolution	6	'4A – 4-A2'
5.	New York City Public Utility Service – Extension of Term of Service Resolution	7	
6.	Banking Resolution Amendment to Reflect the Reestablishment of the Position of Vice President – Finance Resolution	9	
7.	Procurement (Services) Contract – DMJM+Harris, Chu & Gassman Consulting Engineers, PB Power and Con Ed Solutions – Authorization to Fund SENY Program and Contract Award Resolution	11	
8.	Procurement (Services) Contract – St. Lawrence/FDR Power Project Relicensing – J. E. Sheehan Contracting Corporation – Construction Services Resolution	16	
9.	Procurement (Services) Contract – Blenheim-Gilboa Power Project Supervisory Control and Data Acquisition (SCADA) Computer System Replacement – Expenditure Authorization Resolution	18	
10.	Procurement (Services) Contract – Micon Consulting – Billing and Customer Information System Consulting – Contract Award Resolution	21	
11.	Next Meeting	24	
12.	Closing	25	

Minutes of the Regular Meeting of the Power Authority of the State of New York held at the St. Lawrence/FDR Power Project at 11:00 a.m.

Present: Louis P. Ciminelli, Chairman  
Frank S. McCullough, Jr., Vice Chairman  
Timothy S. Carey, Trustee  
Joseph J. Seymour, Trustee  
Michael J. Townsend, Trustee

---

Eugene W. Zeltmann	President and Chief Executive Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Power Generation
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
Peter A. Barden	Senior Vice President – Public and Governmental Affairs
Joseph Del Sindaco	Senior Vice President and Chief Financial Officer
H. Kenneth Haase	Senior Vice President – Transmission
Robert L. Tscherne	Senior Vice President – Energy Services and Technology
Carmine J. Clemente	Deputy Secretary and Deputy General Counsel
Joseph J. Carline	Assistant General Counsel – Power and Transmission
Thomas P. Antenucci	Vice President – Project Management
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer
Gary Paslow	Vice President – Governmental Affairs and Policy Development
Donald A. Russak	Vice President – Finance
Anne Wagner-Findeisen	Vice President – Ethics and Regulatory Compliance
Thomas Warmath	Vice President and Chief Risk Officer
James H. Yates	Vice President – Major Accounts Marketing and Economic Development
Michael E. Brady	Treasurer
Dennis T. Eccleston	Chief Information Officer
Angela D. Graves	Deputy Secretary
John J. Suloway	Executive Director – Licensing Compliance and Implementation
Allen D. Schriver	Regional Manager – Northern New York
Janis E. Archer	Director – Product Design and Development
Arthur M. Brennan	Director – Internal Audit
Thomas J. Concadoro	Director – Accounting
Angelo S. Esposito	Director – Energy Services
Paul F. Finnegan	Director – Upstate Public and Governmental Affairs
John L. Murphy	Director – Public Relations
Mark D. O’Connor	Director – Real Estate
William V. Slade	Director – Environmental Programs
Daniel Wiese	Director – Corporate Security/Inspector General
Shalom Zelingher	Director – Research and Technology Development
Timothy Sheehan	Principal Attorney II/Managing Counsel
Edward Hubert	General Manager Transmission Maintenance – CEC
Michael J. Huvane	Manager – Business Marketing and Economic Development
James F. Pasquale	Manager – Business Power Allocations and Compliance
John Grzan	Senior Project Manager – Project Management

Lucy M. Labruzzo	Project Manager
Robert J. Hadler	Community Relations Manager
Peter Scalici	Deputy Inspector General – Investigations
Albert Swansen	Deputy Inspector General– Security
Mary Jean Frank	Associate Secretary
Lorna M. Johnson	Assistant Secretary
Julianne Sullivan	Account Executive
Bonnie Fahey	Executive Administrative Assistant
Noelle M. Zandri	Secretary to General Counsel
Steve Schoenwiesner	Senior Licensing Specialist
Maria Luisa Garcia-Toirac	Licensing Specialist
Michael Petralia	Chief – Public and Governmental Affairs, Port Authority of NY/NJ
Michael Caulfield	Power Manager, ALCOA
Karen White	Reporter, Courier Observer
Donald Lucas	Owner/Operator, Muskee Magic Charters and Representative of St. Lawrence County Fish Advisory Board
Pete Skomsky	Private Citizen
Pete Skomsky, Jr.	Private Citizen

---

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

1. **Approval of the Minutes of the Meeting held on June 29, 2004**

*The minutes of the meeting of June 29, 2004 were unanimously adopted.*

2. **Financial Reports for the Six Months Ended June 30, 2004**

*Mr. Bellis provided the Financial Reports for the six months ended June 30, 2004.*

**3. Report from the President and Chief Executive Officer**

*President Zeltmann stated that it was a bittersweet day for the Authority, as he wanted to acknowledge Mr. Tscherne's upcoming retirement on August 6 and Mr. Barden's resignation to accept a position in the private sector. President Zeltmann complimented Mr. Tscherne on the terrific job he had done as Senior Vice President – Energy Services and Technology, as well as in his previous positions with the Authority. He then thanked Mr. Barden for his outstanding work as Senior Vice President – Public and Governmental Affairs, and particularly his work on the relicensing efforts for the St. Lawrence and Niagara power projects. President Zeltmann also welcomed Mike Petralia, former head of Public and Governmental Affairs, to the meeting.*

*Chairman Ciminelli also thanked Mr. Tscherne and Mr. Barden for their service to the Authority. He said that he felt Mr. Tscherne had done an excellent job in transitioning from the financial division to Energy Services and Technology, and that Mr. Barden had been his “go to” person on matters related to public and governmental affairs since he had assumed his position as Chairman of the Authority. He ended by stating that he was excited for both of them as they moved on to a new phase of their careers.*

*President Zeltmann then asked Mr. Hiney to update the Trustees on the Life Extension and Modernization project at St. Lawrence. Mr. Hiney said that the Authority was well on its way toward its goal of bringing the 1950s technology at the project into the 21<sup>st</sup> century and extending the life of critical infrastructure at the plant for another 50 years.*

**4. Allocation of 5,150 kW of Hydro Power**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to approve two allocations of available Expansion Power (‘EP’), totaling 5,150 kW, to two industrial companies.

**BACKGROUND**

“Under Section 1005 (13) of the Power Authority Act, the Authority may contract to allocate or reallocate directly or by sale for resale, 250 megawatts (‘MW’) of firm hydroelectric power as EP to businesses in the state located within 30 miles of the Niagara Power Project (‘Project’), provided that the amount of power allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

**DISCUSSION**

“On October 22, 2003, the Authority, Niagara Mohawk, Empire State Development Corporation and the Buffalo Niagara Enterprise signed a Memorandum of Understanding (‘MOU’) that outlines the process to coordinate the marketing and allocation of Authority hydro power. Its intent is to better use the value of this resource to improve the economy of Western New York and the State of New York. Nothing in the MOU changes the legal requirements applicable to the allocation of hydro power. The entities noted above have formed the Western New York Advisory Group (‘Group’).

“Based on the Group’s discussions, staff recommends that the available power be allocated among two companies, as set forth in Exhibit ‘4-A.’ The Exhibit shows, among other things, the amount of power requested by each company, the recommended allocation and additional employment and capital investment information. These projects will help maintain and diversify Western New York’s industrial base and provide new employment opportunities. They are projected to result in the creation of 795 jobs.

**RECOMMENDATION**

“The Manager – Business Power Allocations and Compliance recommends that the Trustees approve the allocations of 5,150 kW of Expansion Power to Duraline Pres-On Abrasives, LLC and General Motors Corporation.

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Accounts – Marketing and Economic Development and I concur in the recommendation.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

**RESOLVED, That the allocation of 5,150 kW of Expansion Power to Duraline Pres-On Abrasives, LLC and General Motors Corporation be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further**

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

New York Power Authority  
Expansion Power  
Recommendations for Allocations

Exhibit "4-A"  
July 27, 2004

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage & Benefits	Power Recommended (kW)	Contract Term (1)
A-1	Duraline Pres-On Abrasives, LLC	Lockport	Niagara	150	25	\$625,000	\$21,000	150	5 years
A-2	General Motors Corporation	Tonawanda	Erie	<u>5,000</u>	<u>770</u>	<u>\$300,000,000</u>	<u>\$108,000</u>	<u>5,000</u>	5 years
	<b>Total EP Recommended</b>			5,150	795	\$300,625,000	\$129,000	5,150	

(1) Expansion Power resale agreements with NYSEG and NIMO have automatic extension provisions until 2013 should the Niagara Project license be extended.

## APPLICATION SUMMARY

### Expansion Power

<b>Company:</b>	Duraline Pres-On Abrasives, LLC
<b>Location:</b>	Lockport, New York
<b>County:</b>	Niagara
<b>IOU:</b>	New York State Electric and Gas Corporation
<b>Business Activity:</b>	Manufacturer of coated abrasive products for the metal and woodworking markets
<b>Project Description:</b>	The project includes purchasing a 30,000-sq.-ft. building in Lockport and renovating it to suit the company's needs. The company will be relocating all equipment from a facility in Illinois, including coaters, die cutting machines, slitters and general office equipment.
<b>Prior Application:</b>	No
<b>Existing Allocations:</b>	None
<b>Power Request:</b>	150 kW
<b>Power Recommended:</b>	150 kW
<b>Job Commitment:</b>	
<b>Existing</b>	N/A
<b>New</b>	25 jobs
<b>New Jobs/Power Ratio:</b>	167 jobs/MW
<b>New Jobs Avg. Wage and Benefits</b>	\$21,000
<b>Capital Investment:</b>	\$625,000
<b>Capital Investment Per MW</b>	\$4,200,000/MW
<b>Summary:</b>	Duraline Pres-On Abrasives offers a complete selection of abrasive products for metal and woodworking applications. A low-cost power allocation will aid in justifying the relocation of the company's plant from Illinois to New York. In addition, hydro power will help the company be competitive.

**APPLICATION SUMMARY**

**Expansion Power**

**Company:** General Motors Corporation

**Location:** Tonawanda, New York

**County:** Erie

**IOU:** NIMO

**Business Activity:** Manufacturer of automobile engines

**Project Description:** The project includes reconstruction of approximately 641,000 sq. ft of existing manufacturing space in Plant #1 in order to facilitate installation of two new modules of V6 engine capacity. The project includes installing new foundations, new lighting fixtures and lighting power distribution, installing new power transformers and redistribution of power as necessary to facilitate new equipment requirements. They will rework all mechanical utilities and install new equipment as required.

**Prior Application:** Yes

**Existing Allocations:** 2,725 kW RP and 15,700 EP kW

**Power Request:** 5,000 kW

**Power Recommended:** 5,000 kW

**Job Commitment:** 3,252 of which 770 are directly linked to and dependent upon implementation of the project

**Jobs/Power Ratio:** 154 jobs/mW

**Avg. Wage and Benefits** \$108,000

**Capital Investment:** \$300,000,000

**Capital Investment Per MW** \$60,000,000 Dollars/MW

**Summary:** GM's Tonawanda facility is part of the GM Powertrain Group which is a division of the General Motors Corporation. The engine plant was initially built in 1937. The buildings were expanded several times to bring the site to its current 3.45 million square feet. They currently produce five types of motor engines.

**5. New York City Public Utility Service – Extension of Term of Service**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to extend the term of service for 13.3 MW of power allocated temporarily to the New York City Public Utility Service (‘NYCPUS’) for an additional three years, from March 31, 2006 until March 31, 2009.

**BACKGROUND**

“The Authority entered into a contract with NYCPUS in 1985 for the sale and resale of, among other classes of power, a block of firm power to be allocated by the City of New York (‘City’) for economic development purposes. That block of power, which at the time totaled 50 MW, is sold under the terms of a 1990 agreement, and is resold by NYCPUS to businesses selected by the City and approved by the Authority.

“At their meeting of January 30, 2001, the Trustees approved a five-year, temporary increase of 11.3 MW in the Authority’s allocation of power to NYCPUS, bringing the total to 61.3 MW. The temporary increase was for a term of five years until March 31, 2006. The allocation was part of an agreement between the City and the Authority concerning the acquisition of a parcel of City-owned land at 23rd Street and Third Avenue in Brooklyn for one of the Authority’s Small Clean Power Plants, now known as the Joseph J. Seymour Power Project. The additional power allocated to NYCPUS was combined with other power available under NYCPUS’s contract with the Authority and allocated by that agency to a customer on Staten Island for economic development purposes.

“At their meeting of June 29, 2004, the Trustee approved a 2 MW increase in the temporary allocation, bringing the total temporary allocation up to 13.3 MW, but took no action on NYCPUS’s request to extend the term of the temporary allocation for three additional years to March 31, 2009 because issues concerning the acquisition of the power plant site had not been resolved.

**DISCUSSION**

“Since the time of the June 29, 2004 Trustees meeting, the Authority and the City have resolved the issues concerning the Authority’s acquisition from the City of the site for the Joseph J. Seymour Power Project in Brooklyn and hence, it is appropriate to grant NYCPUS the three-year extension of the total 13.3 MW temporary power allocation.

**RECOMMENDATION**

“The Executive Vice President, Secretary and General Counsel recommends that the Authority extend the term of service for the entire 13.3 MW temporary allocation to the New York City Public Utility Service for three years until March 31, 2009.

“I concur in the recommendation.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

**RESOLVED, That consistent with the foregoing resolution of the President and Chief Executive Officer, the Authority extend the term of service for the entire 13.3 MW temporary allocation to the New York City Public Utility Service for three years from March 31, 2006 until March 31, 2009; and be it further**

July 27, 2004

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

**6. Banking Resolution Amendment to Reflect the Reestablishment of the Position of Vice President – Finance**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to approve the attached Resolutions (‘Resolutions’), which amend the Banking Resolution adopted by the Trustees at their meeting of May 20, 1999, to reflect the reestablishment of the position of Vice President – Finance.

**BACKGROUND**

“The Vice President – Finance position was reestablished for the purpose of supervising the Authority’s Treasury function, asset risk management function and other matters related to the Authority’s corporate finances.

“The Banking Resolution adopted by the Trustees on May 20, 1999 establishes procedures and specifies those individuals by title who may, among other things, establish bank accounts, sign checks, invest Authority funds and execute agreements and other documents on behalf of the Authority, as well as establishes who may authorize other individuals within the Authority to sign checks, deposit money and transfer and invest funds on behalf of the Authority.

“The proposed amendments would add the Vice President – Finance to the existing individuals authorized to perform specified functions under the Banking Resolution. These amendments recognize the administrative changes resulting from the creation of the new position. The Vice President – Finance would have ongoing flexibility to update bank records and documents, while assuring appropriate controls that are consistent with the Authority’s policies and procedures.

“The proposed Resolutions also make certain technical changes to the provisions to incorporate trust companies within the scope of the provisions and to reflect changes in titles.

“The proposed Resolutions have been reviewed by and meet with the approval of the Authority’s Vice President – Controller and Director – Internal Audit.

**RECOMMENDATION**

“The Treasurer recommends that the Trustees approve the attached proposed Resolutions which amend the Banking Resolution adopted by the Trustees at their meeting of May 20, 1999, to reflect the reestablishment of the position of Vice President – Finance.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

**RESOLVED, That the resolution adopted by the Trustees at their meeting of May 20, 1999 relating to the Management of Authority Banking Relationships is hereby amended in its entirety to read as follows (added material in italics; deleted material in brackets):**

**“RESOLVED, That the following authorizations are established with respect to the national or state banks (hereinafter referred to individually as the “Bank”) or *trust companies organized under the laws of any state (hereinafter referred to individually as the “Trust Company”)* that may be designated as a depository of [this corporation] *the Authority* and the execution of account-related agreements or documents on behalf of the Authority:**

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

AND BE IT FURTHER RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolutions, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

**7. Procurement (Services) Contract – DMJM+Harris, Chu & Gassman Consulting Engineers, PB Power and Con Ed Solutions – Authorization to Fund SENY Program and Contract Award**

---

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize increased funding in the amount of \$230 million for the Southeastern New York (‘SENY’) public customer Energy Services Program (‘SENY ESP’). This amount would be in addition to the \$478 million previously approved by the Trustees. In addition, the Trustees are requested to approve contracts with the firms of DMJM+Harris, Chu & Gassman Consulting Engineers (‘Chu & Gassman’), Camp, Dresser and McKee, Inc. (‘CDM’), PB Power and Con Ed Solutions for an initial amount of \$150 million in aggregate for implementing contractor services in connection with the SENY ESP 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 require the 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 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, requires the Trustees’ approval.

“The Authority’s mission is to provide clean, economical and reliable energy consistent with our commitment to safety, while promoting energy efficiency and innovation for the benefit of our customers and all New Yorkers. In that regard, the Authority has provided energy services to reduce energy consumption for the SENY public customers and thereby decrease their overall energy costs. Additionally, the Authority has agreed, as part of the 500 MW Stipulation Agreement with the Natural Resources Defense Council (‘NRDC’) and other interested parties, to increase its base budget for energy efficiency programs implemented in the New York City (‘NYC’) area by a total of \$50 million over a five year period beginning in 2003.

“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 that reduce customers’ energy costs while providing them with infrastructure improvements.

“This program has enabled public customers that are program participants to reduce their operating costs and embark on energy-saving projects with no up-front capital expenditures, generating savings to pay for the overall improvements. To date, SENY ESP has resulted in approximately \$530 million in customer Total Installed Costs (i.e., program capital investments) and \$60 million in annual customer savings. In addition, through its initiatives, the Authority has reduced annual air emissions by more than 440,000 tons annually. These figures include Clean Air Bond Act funding previously authorized by the Trustees.

“The Authority provides services that include developing feasibility studies, engineering designs and life-cycle cost analyses; procuring equipment, contractor labor and hazardous waste disposal; managing projects/construction and financing projects. Measures include, but are not limited to, building envelope-related improvements; energy-efficient lighting systems; light-emitting diode (‘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’) and process controls and distributed generation and a variety of beneficial electrification technologies. For facilities where full program financing is provided by the

Authority, customer repayment is usually achieved in 10 years or less from energy cost savings and/or lump-sum payments. Where capital improvements have a useful life of 20 years or longer and require a longer loan amortization period for the project to be viable, repayment may be for as long as 20 years, as approved by the Trustees on March 26, 2002.

“To date, \$478 million has been authorized by the Trustees for SENY ESP funding. In discussions with various SENY customers regarding energy services initiatives, it is expected that \$230 million in additional funding will be required to fulfill customer requirements through mid-2007.

“The additional funding for SENY ESP will have the additional benefit of helping to execute projects for the Authority’s customers at State facilities in keeping with Governor Pataki’s Executive Order 111. This Order requires all State agencies and other affected entities to achieve a reduction of 35% in energy consumption by 2010 (relative to 1990 usage levels) in all State-owned, leased or operated buildings.

## DISCUSSION

“As the general contractor for SENY ESP, the Authority will contract for the installation of ESP measures with Implementation Contractors (‘ICs’). The services provided by the ICs will complement the Authority’s headquarters staff resources in implementing the ESP. The scope of work generally consists of the following:

- On-site screenings of participants’ facilities to determine which ones are likely candidates for realizing 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 the 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 proposed system and/or measure installation and project closeout (including waste management).

“In addition, the IC will be 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 April 2004, the Authority advertised in the New York State Contract Reporter a Request for Proposals (‘RFP’) soliciting firms interested in providing implementation services for the SENY ESP. As a result of that advertisement and invitations to bid, 36 firms were sent RFP packages. A bidders’ conference was held on May 5, 2004 to explain the proposed scope of work and provide an opportunity for potential bidders to ask questions and seek clarification. Twenty-six firms attended the mandatory pre-bid conference. The RFP was divided into three options: Option A – Energy Services, Option B – Water Treatment and Option C – Energy Services – Small Projects. The bidders could elect to submit a proposal for any one or two of the three options or for all of them.

“In May 2004, 11 firms submitted bids for one or more of the above options. These bids were analyzed and, as a result, staff recommends awarding contracts to the following five firms: DMJM+Harris; Chu & Gassman; CDM; PB Power and Con Ed Solutions. The bids were evaluated by a team of five staff members based on cost and a number of technical criteria for each of the three options, each of which was evaluated separately. These criteria

included: relevant experience of the firm; design and construction management experience in New York City; experience in 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 and proposal content and format. Multiple contracts were awarded for each option based on the anticipated level of program activity and to ensure the availability of qualified resources in the event that any contractor's performance does not meet the Authority's expectations.

"For Option A – Energy Services, the evaluation results were tabulated in a bid evaluation matrix in which DMJM+Harris and Chu & Gassman scored highest among the bidders and were ranked 1 and 2, respectively. In addition, a separate analysis was conducted based solely on overall cost in which DMJM+Harris and E2ECTA were equivalent and Syska & Hennessey, Select Energy and Chu & Gassman ranked 2, 3 and 4, respectively. The five-member committee disqualified Syska & Hennessey and Select Energy on the basis of its lack of construction management experience in the New York City area. E2ECTA was also disqualified based on its lack of relevant experience on large projects. Based on the evaluation of their experience and their fees, staff recommends that contracts for Option A be awarded to DMJM+Harris and Chu & Gassman.

"For Option B – Water Treatment, DMJM+Harris and CDM ranked 1 and 2, respectively in an analysis of overall cost. Both firms are currently under contract for this program and have performed well. From a cost and technical perspective, these firms are considered equivalent. Based on evaluation of their relative experience, their proposal fees and past performance on Authority projects, staff recommends that contracts for Option B be awarded to both firms.

"For Option C – Energy Services – Small Projects, DMJM+Harris, PB Power, Con Ed Solutions and E2ECTA were found to be equivalent in an analysis based solely on overall cost. A separate evaluation based on technical qualifications described in the RFP was performed and the results were tabulated in a bid evaluation matrix. DMJM+Harris, PB Power and Con Ed Solutions scored the highest and were ranked numbers 1, 2 and 3, respectively. From a cost and technical perspective, these firms are considered equivalent; therefore, staff recommends that contracts be awarded to DMJM+Harris, PB Power and Con Ed Solutions.

**PB Power, Inc.**

"PB Power has experience in designing mechanical and electrical systems, including energy conservation analysis; improved HVAC systems; central chiller and boiler plants; power distribution; plumbing and fire protection/life safety systems. PB Power has performed well on the design and implementation services it has provided for the Authority's School Coal Conversion Program and New York City Police Precincts.

**Camp, Dresser and Mc Kee, Inc.**

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

**DMJM+Harris, Inc.**

"DMJM+Harris, a full-service energy management company with strong in-house engineering services and project and construction management capabilities, has offices in New York City and Albany. DMJM+Harris has performed well on design and implementation services it has performed for the Authority on various programs. DMJM+Harris understands the Authority's processes and has proven utility program experience in all facility types (schools, municipal water treatment, courthouses, hospitals, universities, government buildings, etc.).

**Chu & Gassman Consulting Engineers, PC**

"Chu & Gassman is a New York State-certified minority business enterprise ('MBE'), with full-service electrical, HVAC, plumbing and process instrumentation engineering and construction management capabilities.

This company has a well-proven track record and has worked directly with a number of the Authority's SENY customers in the past.

**Con Ed Solutions**

“Con Ed Solutions, a wholly owned non-regulated subsidiary of Consolidated Edison Company of New York, Inc., is a provider of turnkey energy services. Con Ed Solutions has experience serving the governmental, health and hospitals and education sectors both inside and outside New York City.

“As noted above, the contracts for each of the five firms will be for three years, with an option to extend the contracts for two additional years. Upon the Trustees' approval, initial awards of \$20 million each will be made to DMJM+Harris, Chu & Gassman and CDM and initial awards of \$10 million each will be made to PB Power and Con Ed Solutions. The remaining balance will be awarded based on contractor performance. It is anticipated that at the end of two years, depending on the level of program activity, the Trustees may be asked to approve an additional \$100 million in funding to be allocated to these contracts.

**FISCAL INFORMATION**

“Additional funding of \$230 million is requested to implement the Authority's service offering under the SENY ESP. The funding will be provided from the proceeds of the Authority's Commercial Paper Notes and/or the Operating Fund. In addition, projects may be funded, in part, with monies from petroleum overcharge restitution ('POCR') funds. All Authority costs, including Authority overheads and the costs of advancing funds, but excluding the POCR grants, will be recovered with a repayment period not to exceed 20 years, consistent with other Energy Services and Technology Programs.

**RECOMMENDATION**

“The Senior Vice President – Energy Services and Technology and the Director – Energy Services recommend that the authorized funding for Southeastern New York be increased by \$230 million and that the contracts for public customer Energy Services Program services be awarded to PB Power, Inc., DMJM+Harris, Camp, Dresser and McKee, Inc., Chu & Gassman Consulting Engineers and Con Ed Solutions.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President – Public and Governmental Affairs, the Senior Vice President and Chief Financial Officer, the Vice President – Procurement and Real Estate and I concur in the recommendation.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

**RESOLVED, That the Trustees authorize the President and Chief Executive Officer, the Senior Vice President – Energy Services and Technology or such other officer designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority and Southeastern New York Energy Services Program (“Program”) participants, and to execute agreements and other documents**

with implementation contractors, such agreements having such terms and conditions as the executing officer may approve, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel, to facilitate the development of the Program and that the authorized funding level for the Program be \$230 million, in addition to the \$478 million previously authorized for the Program, as listed below:

<u>Commercial Paper Program/ Operating Fund/ POCR</u>	<u>Authorization</u>
SENY ESP	
Previously Authorized	\$478 million
Additional Funding	<u>\$230 million</u>
<b>Total Amount Authorized</b>	<b><u>\$708 million</u></b>

AND BE IT FURTHER RESOLVED, That in accordance with the Guidelines for Procurement Contracts adopted by the Authority and Expenditure Authorization Procedures, \$150 million of the foregoing amount be allocated to the approved contracts for DMJM+Harris, Chu & Gasman Consulting Engineers, PB Power, Inc., Camp, Dresser and McKee, Inc. and Con Ed Solutions, in the amounts and for the purposes listed below:

<u>Commercial Paper Program/ Operating Fund/ POCR</u>	<u>Ceiling</u>	<u>Date</u>
DMJM+Harris	<u>\$150 million</u> (aggregate)	<u>7/31/2007</u>
Chu & Gassman Consulting Engineers		
PB Power, Inc.		
Camp, Dresser & McKee, Inc.		
Con Ed Solutions		

AND BE IT FURTHER RESOLVED, That the Authority's Commercial Paper Notes, Series 1, Series 2 and Series 3, may be issued to finance Program costs and Operating Fund monies may be used to finance Program costs; and be it further

RESOLVED, That the Senior Vice President – Energy Services and Technology is authorized to determine which projects in the Program will be deemed to be energy services projects within the meaning of Section (7) of Part P of Chapter 84 of the Laws of 2002 (the “Section (7) PO CR Legislation”) to be funded in part with Petroleum Overcharge Restitution Funds allocated pursuant to the Section (7) PO CR Legislation; and be it further

RESOLVED, That Petroleum Overcharge Restitution funds allocated to the Authority by the Section (7) PO CR Legislation may be used to the extent authorized by such legislation, in such amounts as may be deemed necessary or desirable by the Senior Vice President – Energy Services and Technology to finance projects within the Program; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Energy Services and Technology, the Senior Vice President and Chief Financial Officer, the Treasurer, the Deputy Treasurer, the Deputy Secretary and Deputy General Counsel 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 resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

**8. Procurement (Services) Contract – St. Lawrence/FDR Power Project Relicensing –  
J.E. Sheehan Contracting Corporation – Construction Services**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to approve the award of a procurement contract to J. E. Sheehan Contracting Corporation (‘Sheehan’) for construction of recreational improvements at the St. Lawrence/FDR Power Project (‘Project’). The term of the contract will be from August 1, 2004, through January 31, 2006. The total cost of the contract is \$3,738,158.

**BACKGROUND**

“Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the 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 the Trustees’ approval.

“The Federal Energy Regulatory Commission (‘FERC’) issued the new license for the Project on October 23, 2003. The Trustees accepted the new license at their meeting of November 25, 2003. As part of the new license, the Authority is required to rehabilitate existing, and build new, recreational facilities. The Recreation Plan approved by FERC in June 2004 requires this work to start in 2004. At their meeting of December 16, 2003, the Trustees authorized a total of \$169.0 million for expenditures related to compliance with the new license, including the costs of recreation facilities.

**DISCUSSION**

“To meet the requirements of the new license, the Authority needs to hire a firm to construct the recreational improvements at four local recreation sites: Lisbon Town Beach and Campground, Waddington Town Beach, Whittaker Park and Massena Town Beach. This work is scheduled to begin in 2004 and be completed by 2005; this contract will run through January 2006.

“On April 16, 2004, the Authority issued a Request for Proposal (‘RFP’) for the above services, including a notice in the New York State Contract Reporter. Proposals were received from Perras Excavating, Inc. and Sheehan.

“Staff from the Authority’s Licensing, Environmental and Procurement divisions evaluated the proposals on the basis of cost, completeness, schedule, experience and commercial requirements of the bid inquiry. The Authority asked both bidders to review their estimates and to submit their best bid. Based on the revised bids, Sheehan was rated the lowest-cost qualified bidder. The contract award of \$3,738,158 reflects the revised bid price and clarifications of specific elements of the work at the four recreation sites. Therefore, it is recommended that the contract be awarded to Sheehan.

**FISCAL INFORMATION**

“Since these expenditures are related to the implementation of commitments in the new license and the settlement agreements, payments will be made from the Capital Fund.

RECOMMENDATION

“The Senior Vice President – Public and Governmental Affairs recommends that the Trustees authorize award of a contract to J. E. Sheehan Contracting Corporation for \$3,738,158 for construction of recreational improvements in support of compliance with the new license and the Local Government Settlement Agreement.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and Expenditure Authorization Procedures, approval is hereby granted to award a contract to J. E. Sheehan Contracting Corporation for the 18-month period from August 1, 2004 to January 31, 2006, in an amount not to exceed \$3,738,158, to implement improvements in compliance with the New License Settlement Agreement, as recommended in the foregoing report of the President and Chief Executive Officer, as listed below:**

<u>Contractor</u>	<u>Contract Approval</u>
J. E. Sheehan Contracting Corporation	<u>\$3,738,158</u>

**AND BE IT FURTHER RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.**

**9. Procurement (Services) Contract – Blenheim-Gilboa Power Project Supervisory Control and Data Acquisition (SCADA) Computer System Replacement – Expenditure Authorization**

---

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to approve capital expenditures of \$3,850,000 to replace hardware and software of the Supervisory Control and Data Acquisition (‘SCADA’) Computer System at the Blenheim-Gilboa Pump Storage Power Project (‘B-G’). The replacement will be a standard offering from an experienced SCADA System vendor and will be procured via competitive bid.

“In parallel with the turnkey replacement, Authority staff will be upgrading obsolete terminal equipment in the field and migrating custom applications onto separate computer servers as an in-house effort.

**BACKGROUND**

“Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the 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 contracts in excess of \$3,000,000, as well as personal services in excess of \$1,000,000 if low bidder, or \$500,000 if sole source or non-low bidder, requires Trustees’ approval.

“The B-G operators use the SCADA System to monitor and control the B-G Power Plant, the local 345 kV switchyard, several small hydro facilities and the Authority’s transmission system stations in central New York. Data is collected for, and control signals are received from the New York Independent System Operator (‘NYISO’) via the SCADA System. The Marcy 345/765 kV facilities, including the Flexible Alternating Current Transmission System (‘FACTS’) equipment, are also monitored and controlled via the SCADA System.

“These operations encompass plants and water control structures critical to the operation of water supply and barge transportation facilities in the area. The SCADA System also provides local water management and control capability required in agreements with the Federal Energy Regulatory Commission (‘FERC’) and downstream interests.

**DISCUSSION**

**Need for System Replacement**

“The existing JC6000 SCADA System has been an adequate and reliable operating tool. It has been fulfilling its critical role in the operation of the Authority’s Central Region Power System since 1998.

“The B-G SCADA System was designed to reuse the St. Lawrence JC6000 SCADA System software as a cost-saving measure. The Authority was able to recapture some of the costs of designing and building custom interfaces to communicate with field equipment that dates back to the 1970s.

“The implementation of the current B-G SCADA System in 1998 was a joint vendor/Authority effort. The original JC6000 vendor modified some code to run on state-of-the-art computer processors, and customized Automatic Generation Control for a pump storage facility. Authority staff developed SCADA database conversion utilities, an Oracle-based reports system and water monitoring/control programs on the SCADA Platform.

“However, the JC6000 is no longer a commercially viable product. Therefore, new features and upgrades are not being developed by the original supplier. The Authority has been performing modifications and upgrades

using internal resources. Changes that have been implemented include field equipment upgrades to use standard SCADA communications, implementation of network and network security upgrades and an upgrade of Oracle servers. However, the limitations of the native SCADA application hardware and software preclude timely implementation of additional upgrades.

“Problems that will begin to negatively affect operations if the hardware and software are not replaced include the following:

1. The hardware that communicates with remote substations is completely obsolete and is no longer supportable by the manufacturer. At the same time, most of the spare communications capability has been used.
2. The processors used to communicate data to the Energy Control Center for further communication to the NYISO are no longer available, either new or used, although adequate spares are on hand for now.
3. Overall system performance, while still acceptable, has begun to degrade compared to performance at system delivery.
4. The equipment is not readily adaptable for communications with new intelligent controls and equipment that may be installed as part of the upcoming life extension program.
5. The original JC6000 vendor (Johnson-Yokogawa, now ARINC) has gone through several ownership changes and is no longer focused on the utility SCADA market. Resources for vendor support are rapidly decreasing as ARINC’s staff leave or retire.

“Therefore, prudence dictates that the Authority initiate this SCADA replacement effort at this time.

### **System Replacement Approach**

“An analysis of current SCADA System commercial offerings has led to the recommendation that a standard utility-type SCADA System be procured and that custom Authority applications be implemented on separate hardware. The replacement of obsolete field equipment will also be accelerated as part of this effort.

“This approach differs from previous approaches where the Authority specified highly customized integrated systems. Purchase of a standard system will provide the Authority with a wider selection of system offerings that were not available in the past. It is expected that this approach will save the Authority \$300,000 compared to upgrading the existing system over an 8-10 year period. The bidders’ support capabilities will be a major component of the bid evaluation.

### **FISCAL INFORMATION**

“Payments will be made from the Capital Fund.

### **RECOMMENDATION**

“The Vice President and Chief Engineer – Power Generation and the Regional Manager – Central New York recommend that, in accordance with the Guidelines for Procurement Contracts adopted by the Authority and the Expenditure Authorization Procedures, the Trustees authorize a capital expenditure of \$3,850,000 for the replacement of the Blenheim-Gilboa Pumped Storage Power Project Supervisory Control and Data Acquisition Computer System.

“The Executive Vice President – Power Generation, the Executive Vice President – Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Public and Governmental Affairs, the Senior Vice President and Chief Financial Officer, the Vice President – Controller and I concur in the recommendation.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

**RESOLVED, That in accordance with the Guidelines for Procurement Contracts adopted by the Authority and Expenditure Authorization Procedures, capital expenditures are hereby approved to be committed for the Blenheim-Gilboa Pumped Storage Power Project Supervisory Control and Data Acquisition Computer System Replacement, in the amounts and for the purposes listed below:**

<u>Description</u>	<u>Current Request</u>
Engineering and Design	\$ 460,000
Procurement	\$2,850,000
Construction	\$ 357,000
Authority Direct/Indirect	<u>\$ 183,000</u>
	<u>\$3,850,000</u>

**AND BE IT FURTHER RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.**

**10. Procurement (Services) Contract – Micon Consulting – Billing and Customer Information System Consulting – Contract Award**

---

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to approve the award of an \$850,000 contract for consulting services to Micon Consulting (‘Micon’) for assisting the Authority with the Requirements Analysis, Product Selection and Product Acceptance testing for a Billing and Customer Information System (‘Billing/CIS’).

“The contract with Micon (Micon; Q-02-3164dg; PO # TBA) would commence on August 2, 2004. The purpose of this contract is to obtain advice and assistance for the Authority in its effort to design a billing process and select a new, integrated Billing/CIS to replace its existing billing systems. The contract would include assisting the Authority in defining its Billing/CIS strategy and requirements and in selecting vendors to provide the appropriate software and systems integration. This contract does not include the acquisition of the software or the actual implementation of the Billing/CIS.

**BACKGROUND**

“Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the 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 the Trustees’ approval when a personal services contract exceeds a cumulative change order value of \$500,000.

**DISCUSSION**

“The Authority currently uses multiple custom-developed and commercial software applications to generate \$1.6 billion in annual billings for the SENY-Governmental and Wholesale customers. Much of this billing software was developed and implemented in the mid -1980s and does not meet the flexibility requirements of the current deregulated energy market. Valuable customer information and consumption history is inaccessible for any purpose beyond bill generation. The systems’ underlying technologies, both hardware and software, are antiquated. Over time, sub-optimal, intensely manual billing business processes have developed to accommodate the restrictions imposed by the billing software and the operating environment. Replacing the current customer billing systems provides an opportunity to re-engineer and streamline the billing business processes and to apply better controls. Implementing a single, sophisticated billing engine will enable more flexible and responsive billing organization, reduce operating costs, provide customer and consumption data to a wider audience and allow for automated interfaces with other corporate systems.

“In April 2003, Requests for Proposal (‘RFP’) for Billing and Customer Information Consulting Services were sent to 49 firms including any that may have responded to a notice in the New York State Contract Reporter. Nineteen bids were received and evaluated by a multidisciplinary Authority team. In January 2004, the Authority re-issued the RFP as a Bid Addendum in order to reopen the bid evaluation.

“The vendor responses were subjected to a rigorous evaluation of the vendors’ experience, methodology, skills and resources. The evaluation team identified four short-list bidders and conducted extensive interviews with these vendors’ management and staff. The interviews identified two of the four vendors as the strongest candidates. These two vendors were then required to detail their approach and schedule with respect to the Authority’s specific requirements. With this in-depth information, the evaluation team unanimously agreed that Micon was the best choice for the Authority.

“Micon’s mission is to assist energy companies with selecting Billing/CIS solutions. Since Micon provides neither software products nor implementation services and maintains no alliances with firms that do, they are

uniquely positioned to provide unbiased guidance in vendor selection. Micon has extensive, current experience in the utility sector and has successfully assisted other energy companies that share characteristics in common with the Authority. The three individuals at Micon who would comprise the Authority's team have collectively completed 30 Billing/CIS projects in the last five years.

"The scope of the Micon engagement will include identifying detailed business requirements, evaluating current business processes for re-engineering and optimization, matching the Authority's requirements to commercial software products and, finally, comprehensive hands-on testing of the best-fit product(s). Micon's approach includes two significant components that will greatly reduce overall project risk and ensure selection of a solution that is both a good functional and a good technical fit. First, Micon places a strong emphasis on optimizing the business process and, second, the Micon methodology requires that the software vendor provide explicit, hands-on demonstration of the selected software's capabilities prior to purchase. Micon emphasizes the need for detailed cost estimation for both software and implementation and can provide the Authority with assistance in negotiating favorable terms with Billing/CIS product vendors.

"The billing process is a key contact point with the Authority's customers and represents a critical component of the Authority's revenue stream. In addition, the data accumulated within the billing systems represent an important Authority information asset. It is essential that the Billing/CIS consultant guide the Authority in balancing the multiple objectives to be met by the Billing/CIS project. Micon has demonstrated superior skills in integrating requirements at both executive management and operational levels.

"Five phases have been outlined for this consulting contract:

1. Gathering requirements and developing the business case.
2. Creating a Billing/CIS software RFP and evaluating the software bid responses.
3. Providing a detailed product assessment of the top Billing/CIS software product(s).
4. Developing an RFP for systems integration and evaluating implementation services bid responses and software product acceptance.
5. Assisting with vendor contract negotiations.

"Micon has demonstrated an effective methodology, great depth of business expertise, strong analytical skills and the ability to partner well with the Authority in this effort. Staff therefore, recommends the award of the subject contract to Micon, the most qualified bidder. Micon has identified a not-to-exceed cost of \$728,750 in consulting fees for all five phases outlined above. Travel and living expenses are estimated at a maximum of \$10,000 per month. The schedule for the five phases is projected at 35-53 weeks, resulting in a maximum travel cost of \$120,000. The intended term of this contract, therefore, may exceed one year (approximately 53 weeks), subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended, \$850,000, including travel and living.

#### FISCAL INFORMATION

"This project was not funded in the 2004 budget, but will be paid through projected underruns. It is anticipated that only a portion of the funding will be required in 2004 and the remaining will be requested in the 2005 O&M budget process.

RECOMMENDATION

“The Vice President – Controller, the Chief Information Officer – Information Technology and the Director – Electric Systems Marketing and Customer Billing recommend that the Trustees award the Billing and Customer Information System contract to Micon Consulting in the amount of \$850,000.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President and Chief Financial Officer and I concur in the recommendation.”

*Ms. Archer presented the highlights of staff's recommendations to the Trustees. In response to questions from Trustee Carey, Ms. Archer said that Micon would include outsourcing the billing and customer information system as one of the options it considered in its evaluation of available options and that, once Micon Consulting had made its recommendation on which billing and customer information system software and hardware should be selected, staff would return to the Trustees for approval of any subsequent implementation contract. Responding to a question from Trustee McCullough, Ms. Archer affirmed that staff was asking the Trustees to approve the consulting contract only.*

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and Expenditure Authorization Procedures, a contract in the amount of \$850,000 for a Billing and Customer Information System with Micon Consulting be awarded; and be it further**

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

**11. Next Meeting**

The next Regular Meeting of the Trustees will be held on **Monday, September 27, 2004, at 11:00 a.m., at the White Plains Office**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

**12. Closing**

Upon motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 11:20 a.m.

A handwritten signature in black ink that reads "David E. Blabey". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

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