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

January 29, 2008

Table of Contents

January 29, 2008

Minutes of the Regular Meeting of the Power Authority of the State of New York held via video conference at the following participating locations at 11:25 a.m.:

1) New York Power Authority, 123 Main Street, White Plains, NY
2) Harris Beach, PLLC, 99 Garnsey Road, Pittsford, New York

The following Members of the Board were present at the following locations:

Present:
Frank S. McCullough, Jr., Chairman (White Plains, NY)
Michael J. Townsend, Vice Chairman (Pittsford, NY)
Elise M. Cusack, Trustee (White Plains, NY)
Robert E. Moses, Trustee (White Plains, NY)
Thomas W. Scozzafava, Trustee (White Plains, NY)
James, A. Besha, Sr., Trustee (White Plains, NY)
D. Patrick Curley, Trustee (White Plains, NY)

Roger B. Kelley	President and Chief Executive Officer
Thomas J. Kelly	Executive Vice President, General Counsel and Chief of Staff
Joseph Del Sindaco	Executive Vice President and Chief Financial Officer
Gil C. Quiniones	Executive Vice President – Energy Marketing and Corporate Affairs
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
Steven J. DeCarlo	Senior Vice President – Transmission
Angelo S. Esposito	Senior Vice President – Energy Services and Technology
William J. Nadeau	Senior Vice President – Energy Resource Management and Strategic Planning
Edward A. Welz	Senior Vice President and Chief Engineer – Power Generation
James H. Yates	Senior Vice President – Marketing and Economic Development
Arnold M. Bellis	Vice President and Controller
John M. Hoff	Vice President – Procurement and Real Estate
Donald A. Russak	Vice President – Finance
William V. Slade	Vice President – Environment, Health and Safety
Thomas Warmath	Vice President and Chief Risk Officer
Thomas P. Antenucci	Vice President – Project Management
Benjamin C. Wong	Project Manager – Project Management
Stephen P. Shoenholz	Deputy Vice President - Public Affairs
Daniel Wiese	Inspector General and Vice President – Corporate Security
Brian C. McElroy	Treasurer – Corporate Finance
Anne B. Cahill	Corporate Secretary
Angela D. Graves	Deputy Corporate Secretary
Dennis T. Eccleston	Chief Information Officer
Paul F. Finnegan	Vice President – Intergovernmental and Community Affairs
John J. Suloway	Executive Director – Licensing, Implementation and Compliance
Jordan Brandeis	Director – Power Resource Planning and Acquisitions
James F. Pasquale	Director – Business Power Allocations, Compliance and Municipal and Cooperative Marketing
Michael A. Saltzman	Director – Media Relations
Mary Jean Frank	Associate Corporate Secretary
Lorna M. Johnson	Assistant Corporate Secretary
Jack Murphy	Temporary Public Relations Counsel

Chairman McCullough presided over the meeting. Secretary Cahill kept the Minutes.

1. Motion Providing for the Establishment of a Consent Agenda as Part of the Monthly Trustees' Meeting Agenda

The Chairman submitted the following Resolution:

WHEREAS, at nearly every meeting of the Board of Trustees of the New York Power Authority, the proposed agenda contains items that are considered routine and do not require discussion or debate; and

WHEREAS, it is appropriate parliamentary practice governing board proceedings that in such instances a consent agenda be established; and

WHEREAS, there has been discussion among and between the Trustees and the Chairman providing for the establishment of a consent agenda as part of the agenda of the Trustees' regular monthly agenda;

NOW, THEREFORE, BE IT RESOLVED, that the New York Power Authority's Board of Trustees hereby adopts the use of a consent agenda for the conduct of its meetings according to the following protocols:

1. **A consent agenda may be presented by the Chairman at the beginning of each meeting of the Trustees.**

2. **Items may be removed from the consent agenda on the request of any one Trustee.**

3. **Items not removed may be adopted by general consent without debate.**

4. **Removed items may be taken up either immediately after the consent agenda or placed later on the agenda at the discretion of the Chairman.**

5. **No item may be placed on the consent agenda if it is reasonably expected that the proposed action on an item would require that a Trustee disclose a potential conflict or abstain from voting.**

2. **Consent Agenda:**

a. **Minutes of the Regular Meeting held on December 18, 2007**

The Minutes of the Regular Meeting held on December 18, 2007 were unanimously adopted.

b. <u>Power for Jobs Program – Extended Benefits</u>

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve extended benefits for 24 Power for Jobs ('PFJ') customers as listed in Exhibit '2b-A.' These customers have been recommended to receive such extended benefits by the Economic Development Power Allocation Board ('EDPAB').

BACKGROUND

"In July 1997, the New York State Legislature approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants receive three-year contracts for PFJ electricity.

"The PFJ program originally made 400 megawatts ('MW') of power available. The program was to be phased in over three years, with approximately 133 MW made available each year. In July 1998, as a result of the initial success of the program, the Legislature amended the PFJ statute to accelerate the distribution of the power and increase the size of the program to 450 MW.

"In May 2000, legislation was enacted that authorized another 300 MW of power to be allocated under the PFJ program. Legislation further amended the program in July 2002.

"Chapter 59 of the Laws of 2004 extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an 'electricity savings reimbursement' rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

"PFJ customers whose contracts expired on or prior to November 30, 2004 were eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005.

"PFJ customers whose contracts expired after November 30, 2004 were eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expired through December 31, 2005.

"Approved contract extensions entitled customers to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer's local utility. Separate allocation contracts between customers and the Authority contained job commitments enforceable by the Authority.

"In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006. Chapter 645 of the Laws of 2006 included provisions extending program benefits until June 30, 2007. Chapter 89 of the Laws of 2007 included provisions extending program benefits until June 30, 2008.

"At its meeting of October 18, 2005, EDPAB approved criteria under which applicants whose extended benefits EDPAB had reduced for non-compliance with their job commitments could apply to have their PFJ benefits reinstated in whole or in part. EDPAB authorized staff to create a short-form application, notify customers of the process, send customers the application and evaluate reconsideration requests based on the approved criteria.

DISCUSSION

"At its meeting on January 29, 2008, EDPAB recommended that the Authority's Trustees approve electricity savings reimbursement rebates to the 24 businesses listed in Exhibit '2b-A.' Collectively, these organizations have agreed to retain more than 39,000 jobs in New York State in exchange for the rebates.

"The Trustees are requested to approve the payment and funding of rebates for the companies listed in Exhibit '2b-A' in a total amount currently not expected to exceed $4.3 million. Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of such amount, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. Staff expects to present the Trustees with requests for additional funding for rebates to the companies listed in the Exhibit in the future.

FISCAL INFORMATION

"Funding of rebates for the companies listed in Exhibit '2b-A' is not expected to exceed $4.3 million. Payments will be made from the Operating Fund. To date, the Trustees have approved $106.7 million in rebates.

RECOMMENDATION

"The Executive Vice President and Chief Financial Officer and the Director – Business Power Allocations, Compliance and Municipal and Cooperative Marketing recommend that the Trustees approve the payment of electricity savings reimbursements to the Power for Jobs customers listed in Exhibit '2b-A.'

"The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President – Energy Marketing and Corporate Affairs, the Senior Vice President – 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.

WHEREAS, the Economic Development Power Allocation Board ('EDPAB') has recommended that the Authority approve electricity savings reimbursements to the Power for Jobs ('PFJ') customers listed in Exhibit "2b-A";

NOW THEREFORE BE IT RESOLVED, That to implement such EDPAB recommendations, the Authority hereby approves the payment of electricity savings reimbursements to the companies listed in Exhibit "2b-A," and that the Authority finds that such payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the PFJ program and in the public interest; and be it further

RESOLVED, That based on staff's recommendation, it is hereby authorized that payments be made for electricity savings reimbursements as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to $4.3 million, and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further

RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Vice President – Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Senior Vice President – Marketing and Economic Development or his designee be, and hereby is, authorized to negotiate and execute any and all documents necessary or desirable to effectuate the foregoing, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff; 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 resolution, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff.

New York Power Authority | **Exhibit "2b-A"**

Power for Jobs - Extended Benefits | **January 29, 2008**

Recommendation for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Job Committed	Jobs in Application	Over (under)	% Over (under)	Compliance	Recommended Allocation KW	Jobs/MW	Type	Service
1	Bank of New York	New York	New York	Con Ed	4,700	6180	6,339	159	3%	Yes	4,700	1,349	Large	Banking Services
2	East Harlem Arts & Education Local Devel. Corp	New York	New York	Con Ed	100	32	20	-12	-38%	No	60	333	NFP	Facilities to house arts education & social services
3	New York Presbyterian Hospital	New York	New York	Con Ed	5,000	8,540	8,423	-117	-1%	Yes	5,000	1,685	NFP	Medical care
4	NYU Medical Center	New York	New York	Con Ed	4,000	11,414	10,924	-490	-4%	Yes	4,000	2,731	NFP	Medical Center
5	Pepsi Cola Bottling Company	College Point	Queens	Con Ed	2,200	990	1,015	25	3%	Yes	2,200	461	Large	Manufacturer & distributes of soft drinks
6	Streamline Plastics Co., Inc.	Bronx	Bronx	Con Ed	140	57	59	2	4%	Yes	140	421	Small	Miscellaneous plastics products
	Total Con Ed		**Subtotal**	**6**	**16,140**	**27,213**	**26,780**				**16,100**			
7	American Technical Ceramics	Huntington Station	Suffolk	LIPA	200	424	675	251	59%	Yes	200	3,375	Small	Ceramic Capacitor
8	North Shore Health System	Manhasset	Nassau	LIPA	2,600	6,471	6,500	29	0%	Yes	2,600	2,500	NFP	Medical Services
	Total LIPA		**Subtotal**	**2**	**2,800**	**6,895**	**7,175**				**2,800**			
9	Albany International Corp.	Homer	Cortland	N. Grid	1,000	113	110	-3	-3%	Yes	1,000	110	Large	Paper machine clothing and engineered woven textiles
10	Albany Molecular Research, Inc.	Albany	Albany	N. Grid	600	395	393	-2	-1%	Yes	600	655	Large	Pharmaceutical & organic research and manufacturing
11	Borg Warner Morse Tech Corp	Cortland	Cortland	N. Grid	1,500	236	216	-20	-8%	Yes	1,500	144	Large	Manufacturer of Auto Components
12	Cascades Tissue Group	Waterford	Saratoga	N. Grid	600	160	142	-18	-11%	No	530	268	Large	Large Industrial towel manufacturer
13	Cooper Hand Tools	Cortland	Cortland	N. Grid	1,330	123	123	0	0%	Yes	1,330	92	Large	Metal machining and casting
14	Dielectric Laboratories, Inc.	Cazenovia	Madison	N. Grid	400	190	190	0	0%	Yes	400	475	Large	Ceramic capacitors and ceramic packaging
15	Diemolding Corporation	Canastota	Madison	N. Grid	200	269	238	-31	-12%	Yes*	200	1,190	Small	Thermoset plastic forming
16	General Electric Plastics	Selkirk	Albany	N. Grid	5,000	519	504	-15	-3%	Yes	5,000	101	Large	Plastic materials & resins
17	Interface Solutions, Inc.	Fulton	Oswego	N. Grid	1,000	161	142	-19	-12%	No	940	151	Large	Makes backing for vinyl flooring and fiber gaskets
18	Intertek Testing Services	Cortland	Cortland	N. Grid	600	303	306	3	1%	Yes	600	510	Large	Independent test lab
19	Mohawk Paper Mills	Cohoes	Albany	N. Grid	2,250	424	488	64	15%	Yes	2,250	217	Large	Manufacturer of text and cover papers
20	Natrium Products, Inc.	Cortland	Cortland	N. Grid	90	21	21	0	0%	Yes	90	233	Small	Manufacturer of sodium bicarbonate
21	OAB Holdings, Inc.	Buffalo	Erie	N. Grid	5,000	595	595	0	0%	Yes	5,000	119	Large	Metal manufacturing
22	Organichem, Inc.	Rensselaer	Rensselaer	N. Grid	1,000	310	256	-54	-17%	No	825	310	Large	Manufacturing of active pharmaceutical ingredients
23	Welch Allyn Data Collection Inc.	Skaneateles Falls	Onondaga	N. Grid	2,000	1,275	1,302	27	2%	Yes	2,000	651	Large	Medical and dental diagnostic equipment manufacturer
	Total National Grid		**Subtotal**	**15**	**22,570**	**5,094**	**5,026**				**22,265**			
24	Agri-Mark, Inc	Chateaugay	Franklin	NYSEG	500	112	115	3	3%	Yes	500	230	Large	Cheese Manufacturer
	Total NYSEG		**Subtotal**	**1**	**500**	**112**	**115**				**500**			
			Total	**24**	**42,010**	**39,314**	**39,096**				**41,665**	**938**		

*This company has had all or part of its allocation restored through the reconsideration process or was deemed compliant based on program processes.

3. <u>Financial Reports for the Year Ended December 31, 2007</u>

Mr. Arnold Bellis presented the highlights of the financial reports to the Trustees and commended Mr. Thomas Davis and his staff for the precision of their work on the financial forecast for 2007. In response to a question from Trustee James Besha, Mr. Bellis said that the Authority's voluntary payments to New York State are listed under "Other Expenses" in the income statement.

NEW YORK POWER AUTHORITY

FINANCIAL REPORTS

FOR THE YEAR ENDED DECEMBER 31, 2007

PRELIMINARY

Financial Reports
Table of Contents

NEW YORK POWER AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

($ in millions)

Financial Summary	2007 YTD Preliminary* Actual	2007 YTD Preliminary* Budget	December 2007 Actual	December 2007 Budget
Net operating revenues (loss)	$181.8	$242.2	($69.0)	$18.8
Non-operating income (expense)	55.4	(66.3)	67.5	(7.7)
Net revenues (loss)	237.2	175.9	(1.5)	11.1
O&M (incl. administrative)	280.9	281.2	30.5	25.4
Generation (gwh's)	26,320	26,374	2,177	2,265

	Current	Prior Month	December 2006
Reserves	$284	$451	$348

Net revenues for the year ended December 31, 2007 were $237.2 which was $61.3 higher than anticipated including net non-recurring charges of $18 not included in the budget. These items included the accrual of an additional voluntary contribution to the State Treasury of $90 partially offset by the recognition of $72 additional income related to the revised value sharing agreements with Entergy. (With respect to the voluntary contributions, in December, the Trustees authorized $205 in additional payments, of which $115 had been accrued in prior periods). Excluding these items, net revenues were $79.3 higher than budgeted resulting from higher non-operating income ($49.8) and higher net operating revenues ($29.5). Non-operating income included higher earnings on investments (due to higher balances), a mark-to-market gain on the Authority's investment portfolio, and lower than anticipated costs on variable rate debt. Net operating revenues were higher at Blenheim-Gilboa ($14.7) and the SCPP'S ($8.1) due mainly to a higher volume of market-based sales and higher prices for capacity. The favorable variance at the transmission facilities ($7.1) was due primarily to higher than anticipated congestion payments to the Authority due to a higher level of congestion across the central-east interface (assigned to FACTS project TCC's). These positives were partially offset by a negative variance at Flynn ($6.9) due to the repair of the generator rotor.

For the month of December, the Authority experienced a loss of $1.5 which was $12.6 worse than anticipated. This was primarily due to net non-recurring charges of $18 during the month, not included in the budget (see detail above). Excluding these items, net revenues were $5.4 higher than budgeted primarily due to higher investment earnings and lower costs on variable rate debt. Production for December was 4% lower than anticipated resulting in year-to-date generation (26,320 gwh) which was slightly lower than the budget (26,374 gwh). For the year, lower hydro production (240 gwh) was substantially offset by higher fossil generation (187 gwh). The decrease in the operating reserve balance was the result of a $175 voluntary contribution paid to New York State in December.

Subject to adjustments resulting from the external audit and a true-up of estimates to actual amounts.

NYPA
Net Revenues
For The Year ended December 31, 2007
($ in 000'S)

PRELIMINARY

	Actual	Budget	Variance Favorable/ (Unfavorable)
Operating Revenues			
Customer	$1,859,122	$1,826,709	$32,413
Market-Based Power Sales	911,095	755,057	156,038
Ancillary Services	59,273	67,499	(8,226)
NTAC and Other	87,383	81,764	5,619
Total Market-Based and ISO	1,057,751	904,320	153,431
	2,916,873	**2,731,029**	**185,844**
Operating Expenses			
Purchased Power:			
Entergy	159,954	155,371	(4,583)
Other	921,489	826,705	(94,784)
Ancillary Services	103,213	73,734	(29,479)
Fuel Consumed - Oil & Gas	536,554	519,481	(17,073)
Wheeling	327,697	325,867	(1,830)
Operations & Maintenance	280,940	281,154	214
Other expenses	237,433	142,607	(94,826)
Depreciation & Amortization	179,354	176,446	(2,908)
Allocation to Capital	(11,552)	(12,681)	(1,129)
	2,735,082	**2,488,684**	**(246,398)**
Net Operating Revenues	**181,791**	**242,345**	**(60,554)**
Interest Income and Realized Gains	82,617	56,743	25,874
Mark to Market Adjustment	10,745	1,000	9,745
Entergy Value Sharing Agreements	72,000	-	72,000
Investment and Other Income	165,362	57,743	107,619
Interest and Other Expenses	109,979	124,194	14,215
Net Revenues	**237,174**	**175,894**	**61,280**

New York Power Authority
Net Revenues by Facility
For the Year ended December 31, 2007
($ in 000's)

PRELIMINARY

	Niagara/ St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues									
Customer	$ 335,804	$ 8,115	$ 1,139,319	$ 590	$ 233,056	$ 89,622	$ 84,321	$ (31,705)	$ 1,859,122
Market-Based Power Sales	161,432	96,523	555,350	146,096	43,750			(92,056)	911,095
Ancillary Services	50,299	3,018	5,402	818				(264)	59,273
NTAC and Other							87,383		87,383
Total Market-Based and ISO	211,731	99,541	560,752	146,914	43,750	-	87,383	(92,320)	1,057,751
	547,535	**107,656**	**1,700,071**	**147,504**	**276,806**	**89,622**	**171,704**	**(124,025)**	**2,916,873**
Operating Expenses									
Purchased Power:									
Entergy			159,954						159,954
Other	110,374	58,594	617,924	8,118	265,391		45	(138,957)	921,489
Ancillary Services	31,527	319	59,836	166	11,365				103,213
Fuel Consumed - Oil & Gas			402,730	74,219		59,605			536,554
Wheeling	10,035		306,507		10,666	489			327,697
Operations & Maintenance	96,761	26,231	56,030	18,574	1,409	17,639	64,296		280,940
Other expenses	24,866	3,495	16,816	1,425	52,493	850	11,957	125,531	237,433
Depreciation & Amortization	38,405	6,852	58,979	28,525	874	5,289	40,430		179,354
Allocation to Capital	(4,975)	(1,398)	(1,957)	(51)		(382)	(2,789)		(11,552)
	306,993	**94,093**	**1,676,819**	**130,976**	**342,198**	**83,490**	**113,939**	**(13,426)**	**2,735,082**
Net Operating Revenues	**240,542**	**13,563**	**23,252**	**16,528**	**(65,392)**	**6,132**	**57,765**	**(110,599)**	**181,791**
Investment and Other Income	10		7,619	125		20	208	85,380	93,362
Entergy Value Sharing Agreements								72,000	72,000
Interest and Other Expenses	(29,737)	1,134	(32,896)	(24)	(47)	(2,389)	(26,763)	(19,257)	(109,979)
Net Revenues (loss)	210,815	14,697	(2,025) *	16,629	(65,439)	3,763	31,210	27,524	237,174
Budget	208,798	(375)	(12,396)	8,422	(63,915)	10,087	22,216	3,057	175,894
Variance	$ 2,017	$ 15,072	$ 10,371	$ 8,207	$ (1,524)	$ (6,324)	$ 8,994	$ 24,467	$ 61,280

*** Revenues for SENY include $9.9 million from the application of an energy charge adjustment to recover variable costs under the LT Supplemental Energy Supply Agreement.**

NEW YORK POWER AUTHORITY
VARIANCE FROM BUDGET
MAJOR FACTORS
For the Year Ended December 31, 2007
(Millions)
PRELIMINARY

		Better/(Worse) than budget	
Niagara/St. Lawrence	o Higher customer revenues	$ 26.0	
	o Higher purchased power costs (primarily higher congestion)	(13.5)	
	o Higher ancillary service costs (residual adjustments)	(11.1)	
	o Lower St. Lawrence site O&M (lower than anticipated maintenance costs)	1.8	
	o Other	(1.2)	
			$2.0
Blenheim-Gilboa	o Higher market-based revenues (higher volumes & ICAP prices)	20.6	
	o Higher purchased power costs (higher volumes)	(5.5)	15.1
SENY	o Higher customer revenues (higher than anticipated ECA revenue)	33.4	
	o Higher market-based sales (higher volumes)	72.0	
	o Higher purchased power costs (higher volumes & prices)	(69.2)	
	o Higher ancillary service costs (primarily local reliability)	(15.3)	
	o Higher fuel costs (higher prices & higher generation)	(18.7)	
	o Other (primarily lower interest costs)	8.2	10.4
SCPP	o Higher revenues (primarily a higher volume of market-based sales)	39.2	
	o Higher purchased power costs (higher volumes)	(5.6)	
	o Higher fuel costs (primarily higher generation)	(18.9)	
	o Higher site O&M (includes advance overhaul work)	(4.2)	
	o Other	(2.3)	8.2
Market Supply Power	o Higher revenues (primarily a higher volume of market-bases sales)	17.6	
	o Higher purchased power costs (higher volumes & prices)	(13.7)	
	o Higher ancillary service costs (residual adjustments)	(2.6)	
	o Other (higher P4J customer rebates)	(2.8)	(1.5)
Flynn	o Lower revenues	(25.2)	
	o Lower fuel costs (primarily lower generation - rotor failure)	20.6	
	o Higher site O&M (generator rotor repair)	(2.4)	
	o Other	0.7	(6.3)
Transmission	o Higher revenues (including TCC revenues for the FACTS project)	4.0	
	o Lower allocated administrative expenses	2.3	
	o Other (includes lower interest costs)	2.7	9.0
Consolidating adjustments	(higher investment earnings & Entergy VSA, partially offset by an additional accrual for voluntary contribution to NYS)		24.4
Net Revenues			$ 61.3

NYPA
Operations & Maintenance
For the Year Ended December 31, 2007
PRELIMINARY

	($'s in millions) Actual	Budget
Power Generation		
Headquarters Support	$11.4	$9.1
Blenheim-Gilboa	14.2	15.9
Charles Poletti	20.4	19.7
500 MW	12.3	10.0
R.M. Flynn	14.9	12.5
SCPP	17.2	13.0
Small Hydros	3.7	4.2
Niagara	39.4	38.6
St. Lawrence	16.7	18.5
	150.2	141.5
Transmission		
ECC/Headquarters	9.6	10.0
Transmission Facilities	38.5	38.5
	48.1	48.5
Corporate Support		
Executive Office	11.0	11.7
Business Services	31.0	32.3
HR & Corporate Support	17.8	18.5
Energy Marketing &Corporate Affairs	15.1	19.9
	74.9	82.4
Research & Development & Other	7.7	8.8
Total	$280.9	$281.2

For the year, O&M expenses were slightly under budget. Underruns at HQ Corporate Support departments, R&D, and the Transmission facilities were substantially offset by higher Power Generation spending.

HQ Corporate Support expenses were under budget by $7.5 million mostly due to the cancellation of the public awareness program and aircraft overhaul, and under spending for risk and rate consultants. R&D was under budget due to a significant delay in procurement of Electric Hybrid school Buses, reduced NYSERDA payments, and delayed spending for the PHEV Sprinter Van Project. Transmission spending was under budget by $0.4 million primarily due to less than expected routine contractor support for aircraft services.

Power Generation expenditures were $8.7 million higher than budgeted due primarily to overruns at the SCPP's ($4.2), Flynn ($2.4), Power Generation HQ ($2.3) and the 500MW plant ($2.3). The negative variance at the SCCP's included emergency repair work at Hell Gate, Vernon Boulevard, Pouch and Brentwood and the advancing of overhaul work for the Harlem River and Vernon Boulevard facilities. The Flynn overrun was the result of an unscheduled outage for generator rotor damage. Power Generation HQ was over budget due to lower than expected labor charged to capital projects. The 500MW plant reflected greater than anticipated routine maintenance work and outage costs. These negatives were partially offset by underruns at St. Lawrence and Blenheim-Gilboa. St. Lawrence was under budget by $1.8 million due to less than expected payroll charges for recurring maintenance, and lower consulting charges for the Robert Moses Power Dam Foundation Grouting. The variance at Blenheim-Gilboa ($1.7) included less than expected payroll charges for recurring maintenance (higher payroll charges for the LEM capital project), coupled with a delay in the Penstock & Tunnel Inspection.

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

PRELIMINARY

	DECEMBER 2007	DECEMBER 2006	NET CHANGE
ASSETS:			
Electric Plant In Service, Less Accumulated Depreciation	$3,448,515	$3,078,037	370,478
Construction Work In Progress	125,053	163,034	(37,981)
Net Utility Plant	$3,573,568	$3,241,071	332,497
Restricted Funds	94,565	67,487	27,078
Construction Funds	261,181	105,648	155,533
Investment In Decommissioning Trust Fund	981,239	922,778	58,461
Current Assets:			
Cash	72	72	-
Investments In Government Securities	861,405	749,988	111,417
Interest Receivable On Investments	20,067	15,114	4,953
Receivables-Customers	172,625	205,471	(32,846)
Materials & Supplies-Plant & General	75,604	66,297	9,307
-Fuel	33,809	32,793	1,016
Prepayments And Other	44,018	62,902	(18,884)
Notes Receivable-Nuclear Sale	193,533	192,001	1,532
Deferred Charges And Other Assets	480,813	497,301	(16,488)
TOTAL ASSETS	**$6,792,499**	**$6,158,923**	**$633,576**
LIABILITIES AND OTHER CREDITS:			
Long-Term Debt - Bonds	$1,869,236	$1,735,262	133,974
Notes	150,000	156,145	(6,145)
Short-Term Notes Payable	268,488	272,282	(3,794)
Accounts Payable And Accrued Liabilities	843,056	636,683	206,373
Spent Nuclear Fuel Disposal	211,316	201,575	9,741
Decommissioning Of Nuclear Plants	981,239	922,778	58,461
Deferred Revenue	198,369	200,706	(2,337)
TOTAL LIABILITIES AND OTHER CREDITS	**4,521,704**	**4,125,431**	**396,273**
ACCUMULATED NET REVENUES-JANUARY 1	2,033,621	1,896,548	137,073
NET REVENUES	237,174	136,944	100,230
TOTAL LIABILITIES AND CAPITAL	**$6,792,499**	**$6,158,923**	**$633,576**

NYPA
SUMMARY OF NET GENERATION (MWH'S)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Year-to-date December				Month of December 2007			
Facility	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget
Niagara	13,095,345	13,310,000	(214,655)	-1.61%	1,194,690	1,250,000	(55,310)	-4.42%
St. Lawrence	6,658,994	6,670,000	(11,006)	-0.17%	480,733	530,000	(49,267)	-9.30%
Combined	19,754,339	19,980,000	(225,661)	-1.13%	1,675,423	1,780,000	(104,577)	-5.88%
Poletti	1,845,316 (2)	1,755,506	89,810	5.12%	77,941 (2)	159,999	(82,058)	-51.29%
500MW	3,258,479	3,128,527	129,952	4.15%	273,993	211,243	62,750	29.71%
SCPP	836,632	609,674	226,958	37.23%	51,253	28,229	23,024	81.56%
Blenheim Gilboa	(354,159)	(367,511)	13,352	-3.63%	(33,531)	(42,860)	9,329	-21.77%
Small Hydro	157,460	185,645	(28,185)	-15.18%	19,389	17,571	1,818	10.35%
R. M. Flynn	821,707 (1)	1,081,685	(259,978)	-24.03%	112,776 (1)	110,416	2,360	2.14%
Total	26,319,774	26,373,526	(53,752)	-0.20%	2,177,244	2,264,598	(87,354)	-3.86%

(1) Unscheduled outage March 12 to June 6, 2007. A portion of work planned to be completed during the scheduled Fall 2007 outage was accelerated into this outage. Scheduled maintenance outage October 4 to November 12, 2007.
(2) A major maintenance outage was rescheduled from April 2007 to the Fall of 2007. A portion of work was completed during a smaller outage from April 17 to May 7, 2007. The remainder of the outage was completed October 20 to November 26, 2007.

NYPA
Capital Expenditures
For the Year Ended December 31, 2007

PRELIMINARY

	($'s in millions)	
	Actual	**Budget**
New Generation	**$6.4**	**$1.9**
Energy Services	**123.8**	**102.2**
Existing Facilities	**442.9**	**466.2**
Transmission	**20.3**	**28.1**
Headquarters	**31.3**	**31.8**
General Plant and Minor Additions	**15.3**	**14.7**
	$640.0	**$644.9**

Capital expenditures for 2007 were 0.8% lower than the budget. **Existing Facilities** were under running the budget by $23.3 million primarily due to timing differences on payments related to the procurement of various equipment for the St. Lawrence LEM and consultant costs for the New License and Comprehensive Settlement Agreement projects. Also, the Niagara Unit 4 Standardization and Generator Stator Rewind Project has been postponed until the generator rewind failures are addressed. The underrun in **Transmission** of $7.8 million was primarily due to timing differences on the procurement of equipment and the construction of the 46kv transmission line, for the Static Var Compensator and Tri Lakes Reliability Project. Additionally, the Relay Replacement Program has been delayed to coordinate the installation with other planned projects. These underruns were partially offset by **Energy Services** overruns of $21.6 million primarily due to unbudgeted expenditures related to the Peak Load Management and the NYC Housing Authority Hot Water Tanks Program. In addition, accelerated construction activity at the Monroe County Landfill Gas Project, Nassau County EMS facility and SUNY Brockport Harrison Hall contributed to this overrun.

Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of $7.2 million for 2007. There were no new authorized expenditures this month.

Demand Side Management
Cost Summary (Inception to Date)
December 31, 2007
($ in 000's)

(A) DSM Projects

Authorized	Program	Prog	(A) Projects In-Progress	(B) Completed Projects	(C) Cumulative Cost	(D) Recoveries to Date	(E) Net Investment (C-D)
$183,050	Electrotechnologies LTEPA	ES-EPN	10,095	74,534	84,629	50,432	34,197
433,000	NYPA Energy Services Program	ES-ESN	83,186	113,895	197,081	59,473	137,608
530,000	SENY Govt Cust Energy Serv	ES-GSN	82,278	16,365	98,643	38,769	59,874
130,000	SENY HELP LTEPA	ES-LTN	5,921	81,805	87,726	62,010	25,716
1,200	MUNI Vehicle Program	ES-MVN		510	458	344	114
140,000	Non-Elect End Use LTEPA	ES-NEN	32,872	57,634	90,506	53,349	37,157
35,000	Peak Load Mgmt	ES-PLN	8,385	165	8,550		8,550
	Completed Programs						
5,000	Coal Conversion LTEPA	ES-CCN		5,000	5,000	3,466	1,534
5,000	County & Muni's	ES-CMN		1,919	1,919	1,919	0
13,000	Distributed Generation	ES-DGN		$1,440	$1,787	$1,180	$607
14,600	Industrial	ES-IPN		6,875	6,875	6,875	0
51,000	LI HELP	ES-LIN		47,505	47,505	47,276	229
15,000	SENY New Constr	ES-NCN		2,992	2,992	2,992	0
75,000	Public Housing LTEPA	ES-PHN		72,081	72,081	72,081	0
40,000	Public Schools	ES-PSN		38,941	38,941	38,906	35
130,000	SENY HELP	ES-SEN		134,305	134,305	134,305	0
60,000	Statewide	ES-SWN		56,733	56,733	55,746	987
4,085	Other			746	746	746	0
7,500	Wattbusters			5,441	5,441	5,441	0
$1,872,435			$222,737	$718,886	$941,918	$635,310	$306,608

(B) POCR Funding

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
$ 16,390	Colleges & Universities	$ 16,390	$ 16,171 (1)	$ 219

GRANTS

Authorized	Program	Issued
$9,105	Coal Conversion Pilot	$9,105
4,558	Hybrid Bus Program	4,558
663	Solar Grants	663
3,000	NYSERDA	3,000
25,768 (1)	Energy Services Programs	15,880
31,199 (1)	POCR Grants	13,485
$ 74,293		$ 46,691

(C) CASP Funding

Authorized	Program	Issued
$133,110 (2)	Coal Conversion	$118,819

(D) Board of Ed Funding

Authorized	Program	Issued
$39,010 (2)	Climate Controls (NYC BOE)	$35,077

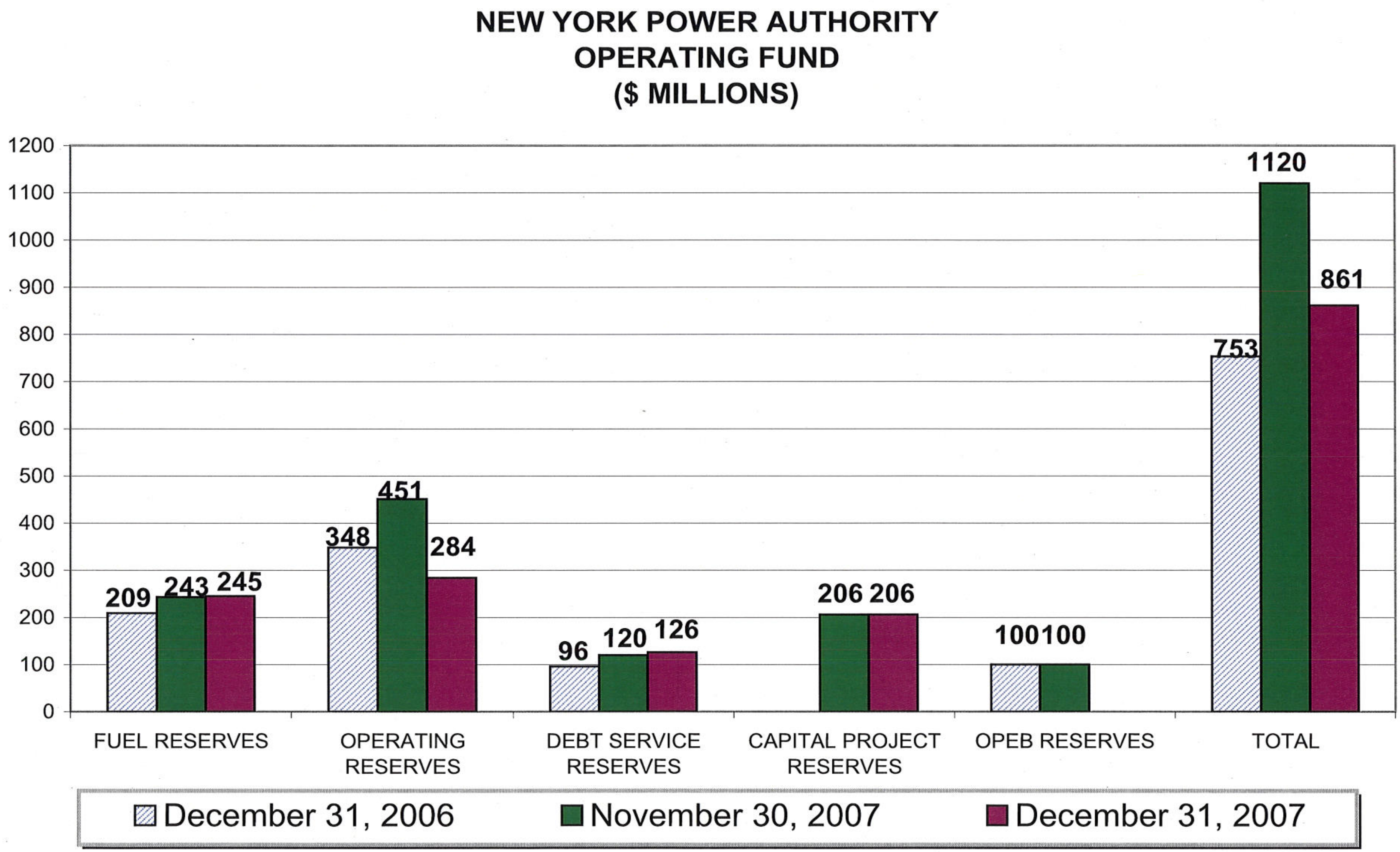
(E) NYC Housing Auth Funding

Authorized	Program	Issued
$25,708 (2)	NYCHA Hot Water Heaters	$20,661

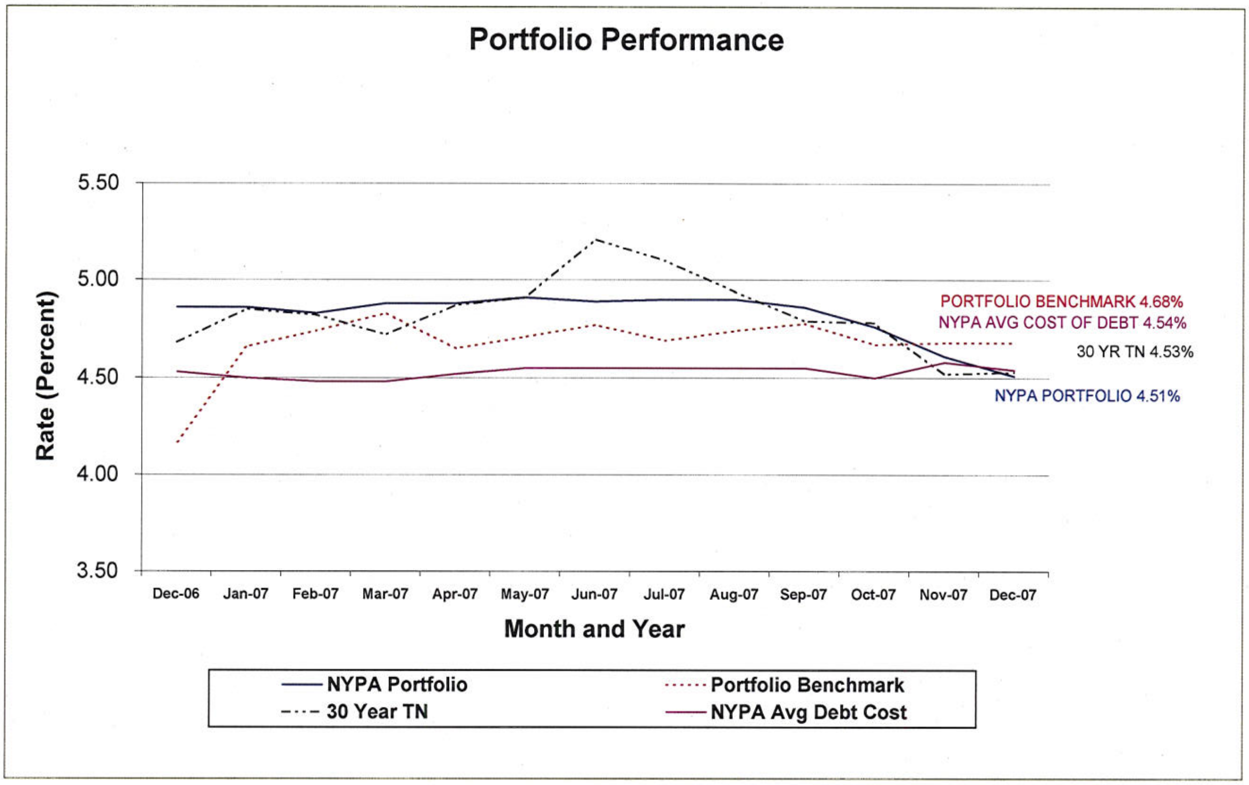
(F) Lower Manhattan Energy Independence Initiative Program

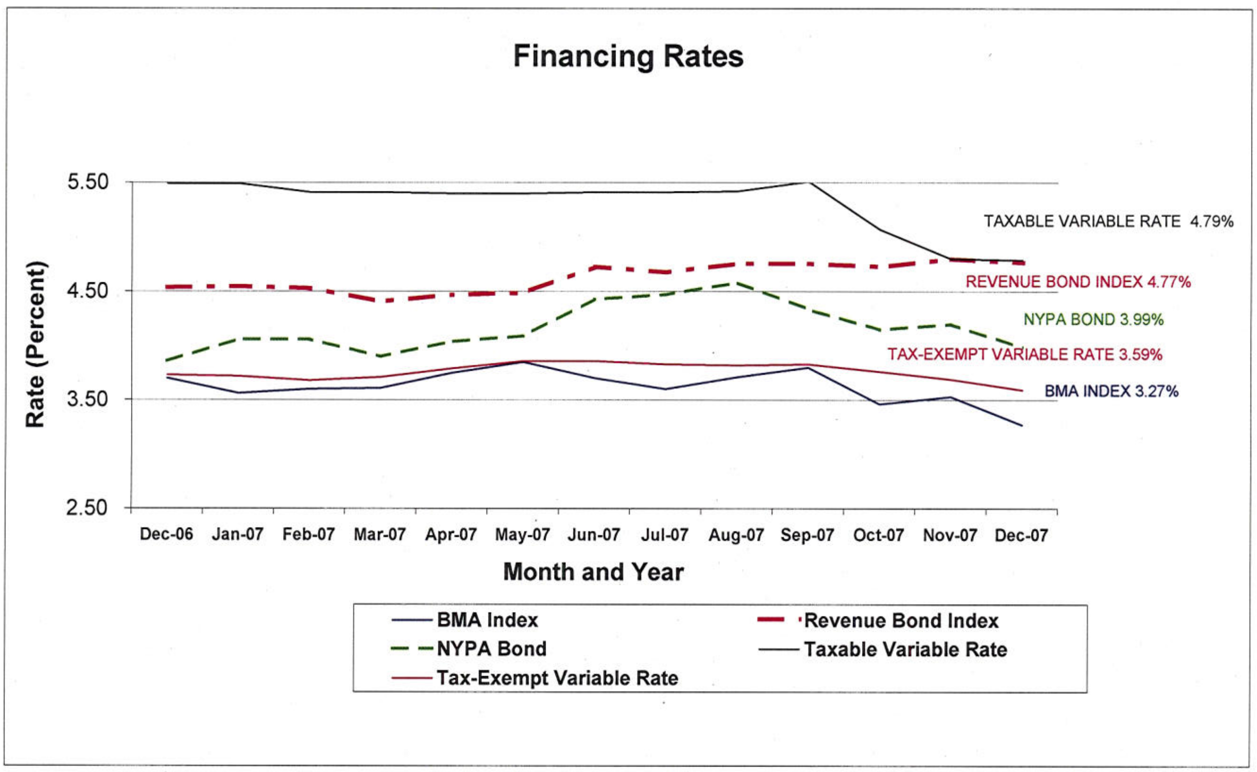
Authorized	Program	Issued
$25,000 (2)	Lower Manhattan Energy Serv	$6

(1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POCR Grant Program.
(2) Authorized funds reflect both principal received and the interest earned on such principal.



Fuel Reserves include $211 million for Nuclear Spent Fuel and $34 million for Energy Hedging Reserve Fund.


Portfolio Performance
Rate (Percent)
5.50
5.00
4.50
4.00
3.50
Dec-06
Jan-07
Feb-07
Mar-07
Apr-07
May-07
Jun-07
Jul-07
Aug-07
Sep-07
Oct-07
Nov-07
Dec-07
Month and Year
PORTFOLIO BENCHMARK 4.68%
NYPA AVG COST OF DEBT 4.54%
30 YR TN 4.53%
NYPA PORTFOLIO 4.51%
NYPA Portfolio
Portfolio Benchmark
30 Year TN
NYPA Avg Debt Cost


Financing Rates
Rate (Percent)
5.50
4.50
3.50
2.50
Dec-06
Jan-07
Feb-07
Mar-07
Apr-07
May-07
Jun-07
Jul-07
Aug-07
Sep-07
Oct-07
Nov-07
Dec-07
Month and Year
TAXABLE VARIABLE RATE 4.79%
REVENUE BOND INDEX 4.77%
NYPA BOND 3.99%
TAX-EXEMPT VARIABLE RATE 3.59%
BMA INDEX 3.27%
BMA Index
Revenue Bond Index
NYPA Bond
Taxable Variable Rate
Tax-Exempt Variable Rate

4. Report from the President and Chief Executive Officer

President Roger Kelley said that staff is in the process of evaluating the proposals that had been received in response to RFP #5 and expect to make recommendations regarding the award of a contract at the April Trustees' Meeting.

In furtherance of Governor Spitzer's 15 by 15 initiative and the upcoming recommendations of Lieutenant Governor Paterson's Renewable Energy Task Force, President Kelley said the Authority expects to spend another $1.5 billion on energy efficiency and renewable energy projects with other State and local government entities between now and 2015. Over the past 10 years, the Authority has spent $1.2 billion on energy efficiency and renewable energy projects through its Energy Services and Technology programs.

The Long Island Power Authority projects that it will spend $1.0 billion on energy efficiency and renewable energy projects between now and 2015.

President Kelley said that he will participate in the press conference in Albany on February 12th at which the results of the Lieutenant Governor's Renewable Energy Task Force will be announced. According to President Kelley, the recommendations being made by the Task Force will be viewed by all as being aggressive.

President Kelley told the Trustees that the Authority is well on its way in its efforts to reach its strategic goals for 2008. He added that management is also in the process of conducting its 2007 end-of-the-year reviews of staff performance.

The December announcement of the Authority's agreement in principle with Alcoa was a monumental event in the North Country, according to President Kelley. He said that the agreement would be discussed in more detail later in the meeting.

President Kelley said that the Governor's 2008-09 proposed budget included a plan for replacing the Power for Jobs ("PFJ") and Energy Cost Savings Benefit ("ECSB") programs. He asked Mr. James Yates to provide the Trustees with additional details on this plan. Mr. Yates said that the Governor's proposed budget includes legislative proposals to extend the PFJ and ECSB programs for one additional year, to June 30, 2009, similar to the one-year extension that was enacted in June 2007. However, the proposal would set a cap on the Authority's voluntary contribution to the State Treasury for those programs at $25 million. Unallocated Replacement Power would still be available for the ECSB program, but the PFJ rebates would be capped at their 2007-08 level. The legislation would also establish an electricity cost discount program that would take effect on

July 1, 2009 and replace the PFJ and ECSB programs. The Authority would fund the new program in an amount up to $120 million. All existing PFJ and ECSB customers would be required to apply for the new program, which would have different criteria from the PFJ and ECSB programs, with their applications subject to the approval of the Economic Development Power Allocation Board and the Authority's Trustees. Customers deemed ineligible for the new program would be entitled to receive a two-year phase-out reduced benefit for two-thirds of a full electricity cost discount in the first year and one-third in the second year. A portion of the new program would just be for businesses that are expanding in New York State, with another portion earmarked for small busineses and not-for-profits. The Authority would still conduct an annual job compliance review of the customers in the new program. The benefit would be in the form of a discount on the customer's utility bill, rather than a check from the Authority. And customers of the Authority's hydropower programs would not be eligible for the new program. Responding to a question from Chairman McCullough, Mr. Yates said that the Authority would fund the one-year extension of the PFJ program up to $40-45 million for rebates plus the $25 million voluntary contribution. Mr. Thomas Kelly pointed out that the Governor's proposal still has to go through the legislative process and that he would not expect to see any action on it until the end of March or the beginning of April. President Kelley said that there seems to be a lot of confusion on the part of the media and others about the Governor's proposal, with some embracing it and others saying that it should be closely evaluated. In response to a question from Chairman McCullough, Mr. Kelley said that the Authority had worked closely with the Governor's Office on drafting the bill and reminded the Trustees that it is part of the Governor's budget and not a standalone bill.

5. Request to Approve an Extension to the Term of Service for an Existing Expansion Power Customer

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve an extension to the term of service for a 1,500 kW allocation of Expansion Power ('EP') to Brunner International, Inc. ('Brunner'), which is an existing EP customer.

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 MW of firm hydroelectric power as EP to businesses within the State that are 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 (19,732 kW) continues to be allocated in such county.

"Each application for an EP allocation must be evaluated under criteria that include, but need not be limited to, those set forth in Public Authorities Law Section 1005(13)(a), which sets forth eligibility criteria, and (b), which sets forth revitalization criteria.

DISCUSSION

"Brunner is a manufacturer of safety-related brake products, such as brake shoes and other brake components, for the heavy-duty truck industry. The company originated in Niagara Falls, Canada, and moved to its Medina, New York location in 1992. Brunner has one of the largest manufacturing facilities in Orleans County.

"At their meeting of February 23, 1993, the Trustees approved a 1,500 kW allocation of EP for a term of 15 years to Brunner. The contract will expire on February 28, 2008.

"The renewal of this contract is essential for Brunner's economic viability. The company has experienced increases in costs in many areas of its operation. Some of these increased costs, including raw material, health care and power, may threaten Brunner's long-term survival, particularly when combined with the pressure of competing in a global marketplace.

"At their meeting of December 18, 2007, the Trustees allocated Brunner 2,500 kW of Replacement Power for a potential $12.37 million expansion project. This new project will expand the company's existing building and add equipment for a new product line. Brunner continues to invest in its facility and explore new business opportunities in Western New York. This new allocation, combined with an extension of its existing EP allocation, will help the company remain competitive.

"Staff recommends that the Trustees approve an extension of the term of service for the 1,500 kW EP allocation for five years. Brunner has exceeded its job commitment and will commit to maintaining its current employment level of 291 jobs.

"The extension requested above will help Brunner maintain its costs and enable the company to compete more effectively. In addition, the extension will further secure Brunner's employment levels in Western New York.

"The request was reviewed in accordance with the applicable criteria set forth in Part 460 of the Authority's Rules and Regulations Governing the Allocation of Industrial Power (21 NYCRR Part 460 (1988)).

RECOMMENDATION

"The Director – Business Power Allocations, Compliance and Municipal and Cooperative Marketing recommends that the Trustees approve an extension to the term of service for Brunner International, Inc.'s 1,500 kW Expansion Power contract for five years through February 28, 2013.

"The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President – Energy Marketing and Corporate Affairs, the Senior Vice President – 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 with Trustee D. Patrick Curley recusing himself.

> **RESOLVED, That the Trustees find that staff's review supports an extension of 1,500 kW of Expansion Power to Brunner International, Inc. for five years through February 28, 2013, and that such extension 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 Senior Vice President – Marketing and Economic Development, or his designee, be, and hereby is, authorized to negotiate and execute any and all documents necessary or desirable to effectuate the foregoing, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff; 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, General Counsel and Chief of Staff.**

6. Transfers of Industrial Power

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the transfer of power allocations for four existing customers that have either changed their names for various business reasons and/or moved the location of their business.

BACKGROUND

"Three companies have requested that the Authority grant approval of their requests for the continued delivery of Authority power allocations to facilities that have all gained prior approval for an allocation with pre-existing company names and/or ownership. The present owners of these same facilities are now requesting that the Authority authorize the continuation of the power allocations granted to the previous company names and ownership associated with these facilities. One company requested that the Authority grant approval of its request to transfer its allocation to a company that has agreed to maintain the current business operation and commit to the existing terms of the contract while consolidating allocations into one existing facility. The reasons for such transfers are described below.

"The Trustees have approved transfers of this nature at past meetings.

DISCUSSION

"The proposed transferees are as follows:

"**The Exolon Company** ('Exolon'), located in Tonawanda, Erie County, has been in business since 1914, with this facility in operation since 1943. Exolon manufactures various- sized abrasive grains made of silicone carbide and fused aluminum oxide, primarily used by grinding wheel manufacturers. The company was awarded a 600 kW Power for Jobs ('PFJ') allocation for 130 jobs by the Trustees at their meeting of September 28, 1998. The company was also awarded a 300 kW Replacement Power ('RP') allocation for 70 jobs by the Trustees at their meeting of October 24, 2006. The PFJ contract was extended by the Trustees at their September 26, 2000 meeting. Exolon chose to take the contract extension option in 2005, and was approved for 150 kW and 35 jobs through the end of 2006 by the Trustees at their meeting of September 20, 2005. Exolon applied for reinstatement of its reduced allocation. At their January 31, 2006 meeting, the Trustees approved partial reinstatement of the allocation, such that through the end of 2006 the allocation was 375 kW with 35 jobs. Exolon applied for the extended benefits contract extension for January 1, 2007 through June 30, 2007, with 375 kW and 52 jobs, as approved by the Trustees at their meeting of November 28, 2006. The contract extension option has been extended through June 30, 2008, with 375 kW and 52 jobs, as approved by the Trustees at their meeting of June 26, 2007. The company was purchased by Washington Mills Company, Inc. in 2001. Effective January 1, 2008, Washington Mills Company, Inc. is establishing two separate corporate entities, one to be based in New York and one to be based in Illinois. The new New York company, with Washington Mills, Inc. as its parent company, will be called Washington Mills Tonawanda, Inc. and will assume all assets and liabilities of Exolon. The location will remain the same, as will the business carried on at the location. Exolon requests that the PFJ and RP allocations be transferred to Washington Mills Tonawanda, Inc., which will continue to honor all of the terms and commitments of its contract with the Authority.

"**General Semiconductor, Inc.** ('GSI'), located in Westbury, Nassau County, has been in business for more than 50 years. GSI manufactures cutting-edge silicon epitaxial materials for use in manufacturing semiconductor devices. The company was awarded an 850 kW Economic Development Power ('EDP') allocation for 44 jobs by the Trustees at their meeting of February 23, 1993. In September 1998, the company signed a long-term contract with the Authority through October 31, 2007. On October 1, 2001, GSI was purchased by Vishay Intertechnology Inc. ('Vishay'). GSI is now a wholly owned subsidiary of Vishay. The business conducted by the company remains unchanged from before the acquisition and the Westbury location remains the same as well. At their June 26, 2007 meeting, the Trustees extended the EDP allocation through June 30, 2008 and granted the company Energy Cost Savings Benefits for the same period in exchange for 44 jobs. The company is now named Vishay GSI, Inc. The company will continue to honor all of the terms and commitments of its contract with the Authority.

"**ILC Data Device Corporation** ('IDDC'), located in Bohemia, Suffolk County, was founded in 1964. The company manufactures microelectronics, including digital converters, data bus devices, solid-state power controllers and motor drivers. The company is changing its name only, without any ownership change, to Data Device Corporation. The Trustees approved a 1,400 kW PFJ allocation with 456 jobs at their December 16, 1997 meeting. The allocation was extended by the Trustees at their meeting on September 26, 2000. At their September 20, 2005 meeting, the Trustees granted extended benefits with a contract extension for the allocation, with 1,200 kW and 384 jobs, through December 31, 2006. IDDC applied for reinstatement of its full allocation. At their meeting of January 31, 2006, the Trustees approved partial reinstatement of the allocation, such that through the end of 2006 the allocation was 1,300 kW with 384 jobs. At their November 28, 2006 meeting, the Trustees extended the allocation through June 30, 2007, with 1,300 kW and 381 jobs. At their June 26, 2007 meeting, the Trustees extended the allocation through June 30, 2008. The company will continue to honor all of the terms and commitments of its contract with the Authority. The company requests that the Trustees approve its name change for contractual purposes.

"**ORC Plastics, a division of Reunion Industries Inc.** ('ORC'), located in Oneida, Madison County, and Phoenix, Oswego County, has been in business since 1964, and manufactures injection-molded plastic products for parts within original equipment, mostly for IBM and Xerox. The Trustees approved PFJ allocations for the Oneida location, ORC 3, for 400 kW with 78 jobs at their June 26, 2001 meeting and the Phoenix location, ORC Plastics 1, for 125 kW with 53 jobs at their June 26, 2001 meeting. At their March 29, 2005 meeting, the Trustees extended the PFJ allocations, with ORC 1 having 59 jobs and ORC 3 having 76 jobs, through December 31, 2005. The Trustees extended the PFJ allocations through December 31, 2006 at their meeting on September 20, 2005. The Trustees extended the PFJ allocations through June 30, 2007 at their October 24, 2006 meeting. The allocations were extended through June 30, 2008 at the June 26, 2007 Trustees meeting. At the October 30, 2007 Trustees meeting, ORC 1's allocation and employment commitment was adjusted to 100 kW and 46 jobs. Oneida Molded Plastics, LLC purchased Reunion Industries, Inc.'s assets in March 2006. The company is moving its workforce and consolidating all production at the Oneida location. The company requests that the Trustees transfer the Phoenix location allocation, including its employment commitment, to the Oneida location. The company's name is now Oneida Molded Plastics, LLC. At the Oneida location, the company will continue to honor all of the terms and commitments of both its current contracts with the Authority.

RECOMMENDATION

"The Director – Business Power Allocations, Compliance and Municipal and Cooperative Marketing recommends that the Trustees approve the transfer of power allocations for three existing customers that have changed their names or transferred their allocations for various business reasons, approve the transfer of one customer's existing allocation to another company and consolidate to an existing facility while maintaining the current business operation and committing to the existing terms of the contracts.

"The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President – Energy Marketing and Corporate Affairs, the Senior Vice President – 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 Authority hereby authorizes the transfers of four industrial power allocations in accordance with the terms described 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, 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, General Counsel and Chief of Staff.

7. Procurement (Services) Contracts – Energy <u>Marketing and Corporate Affairs – Awards</u>

The President and Chief Executive Officer submitted the following report:

<u>SUMMARY</u>

"The Trustees are requested to approve the award and funding of the procurement contracts listed in Exhibit '7-A' for the Authority's Energy Marketing and Corporate Affairs ('EMCA') Business Unit for terms of up to three or five years**,** as indicated in Exhibit '7-A.' Approval is requested for four groups of contracts to perform work on: (1) energy market economics; (2) generation project evaluation and analysis; (3) transmission project evaluation and analysis and (4) a customer satisfaction survey. Explanations of the bases for the new awards, as well as the types of services expected over the contract terms, are set forth in the discussion below. Approval for items 1, 2 and 3 is requested for $6 million in the aggregate, the total estimated amount expected to be expended through approximately January 2011, to be released as needed. For item 4, approval is requested for $222,000 for up to a five-year term.

<u>BACKGROUND</u>

"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 ('EAPs') require the Trustees' approval for the award of personal services contracts in excess of $1 million if low bidder, or $500,000 if sole source or non-low bidder.

"Since the terms of these contracts will be for more than one year and/or the requested funding will exceed the dollar thresholds that can be authorized by the President and Chief Executive Officer per the EAPs, the Trustees' approval is required. 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 the monies to fund these contracts. Except as noted, these contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

<u>DISCUSSION</u>

"As part of meeting the in-city capacity needs of its New York City Governmental Customers ('NYC Governmental Customers'), the Authority issued 'Request for Proposals (RFP LTS # 5) to Provide Long-Term Supply of In-City Unforced Capacity and Optional Energy' ('Capacity Supply RFP') on November 8, 2007. This supply is intended to help meet the expected capacity shortfall following the closure of the Charles Poletti Power Project in 2010.

"In order to assist with the evaluation of supply proposals received, and support additional initiatives by the EMCA business unit, three Requests for Proposals ('Consulting RFPs') were issued on November 26, 2007. The Consulting RFPs covered: energy supply economic analysis and related work ('Economic Consulting RFP'), assistance with evaluating transmission proposals and related transmission issues ('Transmission Consulting RFP') and assistance with evaluating generation supply proposals, including the development of a benchmark proposal ('Generation Consulting RFP'). Multiple contracts were awarded under each of these three RFPs, with an aggregate amount of $6 million in funding requested over terms of up to three years, subject to the Trustees' subsequent approval.

"The contracts being awarded under the three Consulting RFPs have two objectives. Initially, they are needed to assist Authority staff in evaluating the proposals received under the Capacity Supply RFP, which sought proposals for up to approximately 500 MW of in-city capacity, along with optional energy, to serve the NYC Governmental Customers. Capacity Supply RFP bids were received December 20, 2007, with a final recommendation for award to be submitted to the Trustees at their meeting of April 29, 2008. Due to this compressed schedule, it was important to commence services as soon as possible. Therefore, the President and Chief Executive Officer authorized award of the 10 contracts listed in Exhibit '7-A,' with effective dates of January 4, 2008 through January 17, 2008, as indicated, in accordance with the Authority's Guidelines for Procurement Contracts and EAPs, subject to the Trustees' subsequent approval as soon as practicable.

"The second objective of the Consulting RFPs was to have a broad range of on-call consulting expertise available to support planned work of the newly organized EMCA business unit**.** This group brings together the Energy Services and Technology, Marketing and Economic Development ('MED'), Supply Planning and Public and Governmental Affairs groups. Beyond the current Capacity Supply RFP, the group is planning various initiatives, including an integrated resource plan, additional supply initiatives for customers and support of New York State energy policy objectives, as requested, including the Governor's '15 by 15' Plan. Additionally, in 2007, MED began developing a new Customer Satisfaction Goal. To implement the corresponding Customer Satisfaction Measurement, a Customer Satisfaction Survey RFP was issued to seek a highly qualified research firm to conduct customer satisfaction surveys in order to assess and track the nature and level of customer satisfaction with the Authority's services. The Customer Satisfaction Survey RFP sought services to develop and administer an initial baseline survey in 2008, with a follow-up survey to measure improvement and assist the Authority in establishing a benchmarking process.

BID EVALUATION AND SELECTION

Economic Consulting RFP

"The Economic Consulting RFP was sent to 36 potential bidders; nine firms responded with proposals that were reviewed by EMCA managers and staff.

"Based on their review, ICF International, Levitan & Associates, Inc., ScottMadden, Inc. and Quantec LLC were selected as the most qualified candidates for the anticipated work, as supported by the evaluation matrix scores. Each firm's proposal was highly responsive to the priorities of the Authority's RFP and demonstrated familiarity with the Authority's issues and customer supply concerns. The proposals confirmed the four firms' relevant experience with similar work for other utility industry clients and extensive experience in and knowledge of the electric supply marketplaces in New York State and surrounding regions.

Generation Consulting RFP

"The Generation Consulting RFP was sent to 44 potential bidders; seven firms responded with proposals. Managers and staff from EMCA, Procurement, Business Services and Power Generation reviewed and evaluated the proposals.

"Based on that evaluation, CH2MHill New York, Inc., Shaw Stone & Webster Management Consultants, Inc. and Black & Veatch New York, LLP were selected as the most qualified candidates for the anticipated work. Each of these firms' proposals demonstrated substantial relevant experience with similar work for other utility industry clients. In particular, the proposed teams had extensive experience with power plant design, relevant environmental and permitting experience and excellent qualifications for evaluating third-party generation proposals.

Transmission Consulting RFP

"The Transmission Consulting RFP was sent to 37 potential bidders; five firms responded with proposals that were reviewed by managers and staff from Power Generation, EMCA and Procurement.

"Commonwealth Associates Inc. ('CAI'), Burns and Roe Enterprises, Inc. ('B&R') and Siemens Power Transmission & Distribution, Inc. Power Technologies International ('Siemens PTI') were selected as the most qualified candidates for the anticipated work. The proposals established their relevant experience for other utility industry clients. CAI performed transmission studies for the Authority during the previous capacity RFP and is familiar with network requirements in the New York City metropolitan area and the PJM Interconnection ('PJM

ISO'). CAI also has the necessary experience with licensing, engineering and design and construction of transmission projects. B&R has relevant New York City metropolitan area experience with feasibility studies. Siemens PTI has conducted many transmission system studies in the New York City metropolitan area for local utilities, as well as for the New York and PJM Independent System Operators.

Customer Satisfaction Survey RFP

"The Customer Satisfaction Survey RFP was posted on the Authority's website for downloading by bidders and notification was also e-mailed to potential bidders. One proposal was received from TQS Research Inc. ('TQS') and evaluated. TQS' proposal demonstrated that it is a nationwide leader in customer satisfaction measurement and benchmarking for electric utilities. MED staff reviewed the proposal and determined that TQS was clearly responsive to the RFP and is highly qualified to provide the services requested. In addition, TQS' proposed pricing was in line with the cost estimates developed by Authority staff.

Authorization and Approval

"The Trustees are requested to authorize a total aggregate amount of $6 million for the Economic Evaluation RFP, the Proposed Generation Evaluation/Benchmark RFP and the Proposed Transmission and Transmission Issues RFP, with funds to be allocated as needed to each of these contract groups. Funds will be assigned to specific contracts and released as work is assigned. Should additional funding be required, such funding will be approved in accordance with the Authority's EAPs. The Trustees are hereby requested to approve the award of these contracts for the intended term of up to three years.

"In addition, the Trustees are requested to authorize a contract award to TQS for Customer Satisfaction Survey work, with funding of $222,000 and a term of up to five years.

FISCAL INFORMATION

"Funds required to support services for these contracts, as described above and in Exhibit '7-A,' have been included in the 2008 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. To the extent work is in support of supply for specific customers (for example, work on Long Term Supply RFP # 5 for the NYC Governmental Customers), the Authority will seek to recover the costs from those customers, either through a direct surcharge or as part of their cost-of-service rates.

RECOMMENDATION

"The Vice President – Project Management, the Director – Power Resource Planning and Acquisition, the Executive Director – Licensing, Implementation and Compliance and the Manager – Market and Pricing Analysis recommend the Trustees' approval of the award of procurement contracts to the companies listed in Exhibit '7-A' for the purposes and in the amounts set forth above.

"The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President – Chief Financial Officer, the Executive Vice President – Energy Marketing and Corporate Affairs, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Marketing and Economic Development, the Senior Vice President and Chief Engineer – Power Generation, 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 pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Expenditure Authorization Procedures, the award and funding of the procurement services contracts set forth in Exhibit "7-A," attached hereto, are hereby approved for the periods of time indicated, in the amounts and for the purposes listed

therein, as recommended 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 certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff.

Awd-A012008inal

Procurement (Services) Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "7-A"
January 29, 2008

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contracts
Energy Mktg & Corp Affairs	ICF International (PO# 4600001886)	01/04/08	Provide for consulting services to perform economic evaluation,	01/03/11	B/P			*
	Levitan and Associates (PO# 4600001885)	01/04/08	integrated resource planning, energy market price forecasting, business	01/03/11	B/P			*
	Scott Madden (PO# 460001890)	01/04/08	process review and organization assessment and realignment	01/03/11	B/P			*
	Quantec LLC (PO# 460001887)	01/04/08		01/03/11	B/P			*

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Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contracts
	CH2M Hill (PO# 4600001878)	01/10/08	Provide for consulting assistance with the evaluation of generation	1/109/11	B/P			*
	Shaw, Stone &Webster (PO# TBA)		supply proposals, including the development of a benchmark proposal		B/P			*
	Black & Veatch (PO# 4600001888)	01/17/08		01/16/11	B/P			*

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Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contracts
	Commonwealth Associates Inc. (PO# TBA)		Provide for consulting assistance with the evaluation of transmission proposals, including transmission system and feasibility studies		B/P			*

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement

Procurement (Services) Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A" (continued)
January 29, 2008

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contracts
Energy Mktg & Corp Affairs	Siemens PTI (PO# 4600001880)	01/09/08	(See page 1)	01/08/11	B/P			
	Burns & Roe (PO# TBA)		(See page 1)		B/P			*

* **Authorization is requested for $6,000,000 in the aggregate for the contracts listed above over terms of up to three years**. **$6,000,000**

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Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contracts
	TQS Research Inc. (PO# TBA)	02/01/08	Provide for consulting services to conduct customer satisfaction surveys	01/31/2013	B/P			**$222,000** **

** **Authorization is requested for $222,000 over a term of up to five years.**

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement

8. Information Technology Initiatives –
Capital Expenditure Authorization

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to authorize capital expenditures of $4.7 million for implementation of Information Technology ('IT') Initiatives in 2008 as per the Authority's Expenditure Authorization Procedures ('EAPs'). These expenditures have been included in the 2008 approved Capital budget.

BACKGROUND

"In accordance with the Authority's EAPs, the award of non-personal services or equipment purchase contracts in excess of $3 million, as well as personal services contracts in excess of $1 million if low bidder, or $500,000 if sole source or non-low bidder, requires Trustees' approval.

"For each of the past 10 years, in concert with the Business Units, IT has developed a list of initiatives designed to meet business needs by taking advantage of evolving technology applications. These application developments have been funded from a capital program called IT Initiatives. This capital program, which has often totaled less than $3 million annually, has been approved by the Trustees in the Authority's Capital budget each December with funds later authorized and released by the President and Chief Executive Officer during the budget year. Since the request for 2008 is greater than $3 million, the Trustees' approval is requested as per the Authority's EAPs.

DISCUSSION

"The following lists the 2008 IT Initiatives, along with the estimated cost of each:

- **Fuels Management System** **$ 200,000**
  A major modification of the existing Fuel Management System is required to allow proper transaction processing for gas activities as a result of further deregulation in the industry. There is a need to accept multiple delivery points for a single purchase of gas and for each leg of the gas delivery for a single purchase.

- **Time & Attendance** **$ 200,000**
  The existing TESS payroll time-entry system that is used to feed the external payroll-processing environment, as well as for internal reporting, will be replaced with the SAP R/3 CATTS module. The new system will become an integral part of the SAP R/3 environment and eliminate existing interfaces.

- **Fleet Management System** **$ 150,000**
  A specialized system optimized for fleet vehicle operation and maintenance will be purchased and implemented.

- **Marketing Long-Term Load Forecasting** **$ 300,000**
  A new Long-Term Forecasting System will be developed to be used in conjunction with the existing Short-Term Forecasting System.

- **Marketing System Portal** **$ 150,000**
  The various applications used on the external Customer Facing Web Server will be integrated with the newly developed internal system for use by Marketing and Economic Development staff and the new SAP ERP 2005 CCS System.

- **Corporate Performance Metrics Initiative** **$ 400,000**
  Presentation of and data collection for the various corporate measures used by the dashboard and the Authority's monthly scorecard will be integrated within the SAP ERP 2005 environment.

- **Traders Portal Warehouse** **$ 250,000**
  A new data warehouse will be developed to support long-term data storage and additional reporting capabilities for the traders portal system.

- **Business Intelligence Warehouse Initiative** **$ 350,000**
  A major modification of the existing SAP Business Warehouse will bring it into alignment with the new Business Intelligence environment used by the new Billing System.

- **Work Management Project Scheduling Initiative** **$ 300,000**
  New software for scheduling within the MAXIMO Work Force Management System will be implemented to enhance consistency across all Authority facilities.

- **Facilities Management Real Estate Initiative** **$ 175,000**
  New software for the White Plains Office facility group will be implemented to manage activities associated with the building at 123 Main Street and its tenants.

- **E-mail Archiving Initiative** **$ 200,000**
  A new approach to methods for archiving e-mail should reduce space requirements, ease e-discovery procedures and ensure overall compliance with evolving regulations.

- **Human Capital Initiatives** **$ 300,000**
  Human Resources has requested a series of solutions to manage various issues related to Human Capital, including Performance Management, Succession Planning, Recruitment Management and Compensation Surveys.

- **Energy Efficiency Initiative** **$ 200,000**
  A new software solution will be implemented for project management, scheduling and reporting on various projects conducted by Energy Services and Technology.

- **Customer Service Desk & Configuration Management Initiative** **$ 250,000**
  New software will be implemented to provide the IT Help Desk with a set of tools and the Change Management process used within IT will undergo a major upgrade.

- **Content Management Initiative** **$ 150,000**
  The Document Management System will be expanded to include new functionality and an expanded user community.

- **Internal Labor** **$ 900,000**

- **HQ Overhead** **$ 225,000**

Total **$4,700,000**

FISCAL INFORMATION

"Payments associated with these projects will be made from the Capital Fund.

RECOMMENDATION

"The Chief Information Officer – Information Technology recommends that the Trustees approve the Capital Expenditure Authorization Request for $4.7 million for Information Technology Initiatives.

"The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer, the Executive Vice President – Corporate Services and Administration, the Executive Vice President – Energy Marketing and Corporate Affairs and I concur in the recommendation."

Mr. Dennis Eccleston presented the highlights of staff's recommendations to the Trustees. In response to a question from Trustee Cusack, Mr. Eccleston said that the funding level for this year's initiatives was similar to that in previous years. Responding to a question from Chairman McCullough, Mr. Eccleston said that the funding figures presented were estimates and that staff would come back to the Trustees for their approval if the estimates get higher. In response to a question from Trustee Curley, Mr. Eccleston said that the overhead in the funding figures is based on the business unit's and/or Information Technology's work effort on the projects. Responding to a question from Trustee Besha, Mr. Eccleston said that the work was for the benefit of Authority headquarters departments and the facilities.

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

RESOLVED, That Capital Expenditures are hereby approved in accordance with the Authority's Expenditure Authorization Procedures, as recommended in the foregoing report of the President and Chief Executive Officer, in the amount and for the purpose listed below:

Capital	**Expenditure Authorization**
Information Technology Initiatives 2008	**$4,700,000**

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, General Counsel and Chief of Staff.

9. Lease of Office Space – Albany Office –
<u>KeyCorp Tower, 30 South Pearl Street</u>

The President and Chief Executive Officer submitted the following report:

<u>SUMMARY</u>

"The Trustees are requested to authorize the execution of an Amendment of Lease with PS Associates ('Landlord') for office space on the 10th floor of the KeyCorp Tower ('Building'), 30 South Pearl Street, Albany. The proposed amendment would reduce the square footage leased by the Authority from approximately 16,035 rentable square feet ('rsf') to 8,760 rsf, as shown on Exhibit '9-A' attached hereto, and extend the term of the existing tenancy for an additional five years to February 28, 2014. The proposed amendment would hold the current base rent of $20.00 per square foot plus electricity and adjustments for taxes and operating expenses over a base year as discussed in Exhibit '9-B' attached hereto.

<u>BACKGROUND</u>

"At their meeting of December 15, 1998, the Trustees approved the execution of a lease for approximately 16,035 rsf of office space at 30 South Pearl Street, Albany as the new site for the Authority's Albany office. The lease term was 10 years, expiring on February 28, 2009, with the option to renew for one additional 5-year term.

<u>DISCUSSION</u>

"Recognizing the diminished need for space in its Albany office, the Authority contacted Omni Development Corporation ('Omni'), the Landlord's leasing agent for the Building, to actively market approximately half of the office space currently occupied by the Authority. Omni contacted the Authority and identified the New York State Office of General Services on behalf of the New York State Office of Cyber Security and Critical Infrastructure Coordination ('OGS/Office of Cyber Security') as a potential tenant for approximately 7,275 rsf of the existing space. The Landlord has agreed to surrender of the 7,275 rsf prior to the initial lease expiration date of February 28, 2009 upon the earlier of (1) the commencement of the lease for OGS/Office of Cyber Security or 90 days from full execution of the OGS/Office of Cyber Security lease, (2) OGS' written approval of the construction plan and budget or (3) issuance of a building permit.

<u>FISCAL INFORMATION</u>

"The Authority currently pays its lease obligations out of the Operating Fund. By reducing the area of the premises to 8,760 rsf, the Authority's base annual rent without electricity, taxes and operating expenses will be $175,200 annually, resulting in an annual savings in rent of $145,500.

<u>RECOMMENDATION</u>

"The Vice President – Procurement and Real Estate, the Director – Real Estate and the Director – Corporate Support Services recommend that the Trustees approve entering into an amendment of lease agreement with PS Associates for commercial office space in the KeyCorp Tower, 30 South Pearl Street, Albany on terms substantially in accordance with the foregoing and with Exhibit '9-B' attached hereto.

"The Executive Vice President – Corporate Services and Administration, the Executive Vice President, General Counsel and Chief of Staff and I concur in the recommendation."

Mr. John Hoff presented the highlights of staff's recommendations to the Trustees. In response to questions from Chairman McCullough, Mr. Hoff said that the Authority's lease from 2009 to 2014 will be for less space than it is now leasing and that he wasn't sure about the occupancy rate in the KeyCorp Tower building. Chairman McCullough said that he had seen the new layout for the Authority's Albany office and that he thinks

it will work much better than the old layout. President Kelley added that the new layout is much more functional for the Authority's current needs.

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

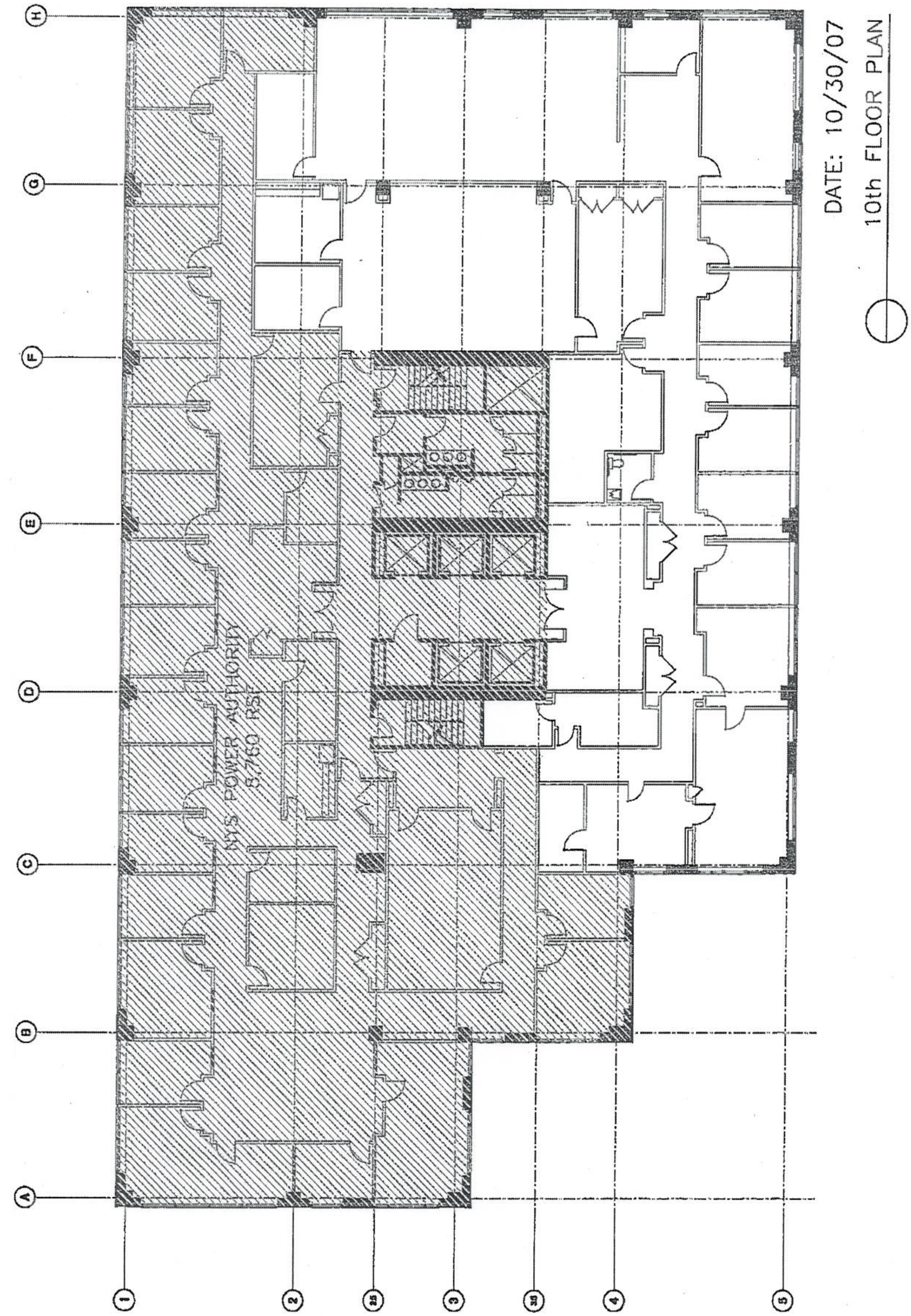
> **RESOLVED, That the President and Chief Executive Officer, the Executive Vice President – Corporate Services and Administration or the Vice President – Procurement and Real Estate be, and hereby is, authorized to enter into an amendment of lease for office space in the KeyCorp Tower with PS Associates on substantially the terms set forth in the foregoing report of the President and Chief Executive Officer and Exhibit "9-B" attached hereto and subject to the approval of the amendment of lease documents by the Executive Vice President, General Counsel and Chief of Staff; and be it further**
>
> **RESOLVED, That the Executive Vice President – Corporate Services and Administration, the Vice President – Procurement and Real Estate or the Director – Real Estate be, and hereby is, authorized on behalf of the Authority to execute any and all other agreements, papers or instruments that may be deemed necessary or desirable to carry out the foregoing, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff; 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, General Counsel and Chief of Staff.**

January 29, 2008
Exhibit "9-B"

Basic Lease Terms

Landlord:	PS Associates
Tenant:	New York Power Authority
Premises:	Approximately 16,035 rsf currently 7,275 rsf surrendered to Landlord 8,760 rsf total
Term:	Five years commencing on March 1, 2009 and terminating on February 28, 2014.
Fixed Rent:	Rent will be $175,200 annually or $20.00 per square foot.
Renewal Option:	One five-year option to renew with one year's notice.
Electric:	To be determined after Landlord performs an electric audit of the power load of the demised premises to determine Authority's total annual consumption of electric energy.
Operating Escalation:	Pro-rata share of increases in operating expenses over a base year of 1999.
Real Estate Tax Escalation:	Pro-rata share of increases in real estate taxes over a base year of 1999 for City/County/BID and July 1, 1998-June 30, 1999 for school.
Parking:	Offsite parking.
Tenant Improvement:	Landlord shall paint the premises and shampoo the carpet in the accessible areas only.
Brokerage Commissions:	Any brokerage commission associated with this renewal transaction will be paid by Landlord. NYPA to pay Omni Development Company a 5% commission on the aggregate rent for the 7,275 rsf leased to the New York State Office of General Services on behalf of the New York State Office of Cyber Security and Critical Infrastructure Coordination

Exhibit "A"
January 29, 2008



30 South Pearl Street
Albany, New York

10. Procurement (Construction) Contracts – Blenheim-Gilboa Power Project – Life Extension and Modernization Program – Transformer Deluge System – D. A. Collins Construction and Eaton Electrical Services, Inc. – Awards

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the award of two multiyear procurement (construction) contracts for fabricating and installing the deluge system for the remaining three new transformers at the Blenheim-Gilboa Power Project ('B-G'). The awards are to D. A. Collins Construction ('D.A. Collins') in the amount of $278,892 to furnish and install all the structural steel support, and Eaton Electrical Services, Inc. ('Eaton') in the amount of $335,688 to furnish and install all mechanical piping and sprinkler heads.

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.

DISCUSSION

"The terms of these contracts will be more than one year; therefore, the Trustees' approval is required. Both 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. Due to schedule constraints, the need to commence service and the criticality of completing the work, the two contracts with D. A. Collins and Eaton, respectively, would become effective on or about January 10, 2008, subject to the Trustees' approval for the multiyear awards. The purpose of these contracts is to upgrade the fire protection system for the new transformers associated with Units 1, 3 and 4 B-G as part of the Life Extension and Modernization Program. The deluge system for Unit 2 was completed in May 2007 under a different contract. Bid documents were downloaded electronically from the Authority's procurement website by 18 firms, including those that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated; one from Eaton and one from D. A. Collins. Following receipt of the original proposal, post-bid addendums were issued to both bidders to seek alternate pricing and potentially reduce overall cost. Based on a detailed review of both proposals for the entire work scope, as well as splitting various tasks between the two bidders, it became evident that there was a significant cost saving to the Authority if the award was split between the two bidders. The estimated total potential savings exceed $100,000 for all three B-G units. Staff therefore recommends the award of two contracts, one to D. A. Collins and one to Eaton, for different tasks that collectively comprise the entire scope of work. The intended term of these contracts is up to three years, subject to the Trustees' approval, which is hereby requested.

FISCAL INFORMATION

"Payments will be made from the Capital Fund.

RECOMMENDATION

"The Vice President – Project Management, the Vice President – Procurement and Real Estate, the Regional Manager – Central New York and the Project Manager recommend that the Trustees approve the award of the contracts to D. A. Collins Construction and Eaton Electrical Services, Inc. for fabricating and installing the deluge system for the transformers at the Blenheim-Gilboa Power Project.

"The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Power Generation 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 the Authority's Expenditure Authorization Procedures, approval is hereby granted to award multiyear contracts to D. A. Collins Construction and Eaton Electrical Services, Inc. as recommended in the foregoing report of the President and Chief Executive Officer, in the amount and for the purpose listed below:

Contract Award	Award Amount	Project Completion
D. A. Collins Construction	**$278,892**	**April 2010**
Eaton Electrical Services, Inc.	**$335,688**	**April 2010**

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, General Counsel and Chief of Staff.

11. Ratification of Agreement in Principle Regarding New Power Supply Contract Between the Authority and Alcoa, Inc.

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to adopt and ratify the Agreement in Principle ('Agreement') signed on December 21, 2007 by the President and Chief Executive Officer and a representative of Alcoa, Inc. ('Alcoa'). The Agreement is subject to negotiation and approval of a formal power contract between the parties according to law.

BACKGROUND

"The existing Contracts for the Sale of Firm and Interruptible Power and Energy, dated August 24, 1981, between the Authority and Alcoa and Reynolds Metals Company for their respective Massena operations are slated to terminate on June 30, 2013. The parties have been in discussions for a number of years concerning a possible new power supply agreement.

"Alcoa currently has about 1,285 employees at its Massena Operations and is the largest manufacturing employer in the North Country. It has two contracts for the purchase of hydropower from the Authority comprising a total of 374 MW of firm and 104 MW of interruptible power. In 2005, the New York State Legislature enacted and the Governor signed Chapter 313 of the Laws of 2005, which established the Preservation Power program set forth in Section 1005(13) of the Public Authorities Law to govern the allocation of 490 MW of firm and interruptible power from the St. Lawrence/FDR Project that is currently allocated to Alcoa and General Motors Powertrain.

DISCUSSION

"The Agreement developed between the Authority and Alcoa, which has been provided to the Trustees, summarizes the discussions between the parties' representatives concerning a proposed new Power Supply Contract ('Contract') that would become effective on July 1, 2013, when the current contracts expire. The Chairman reviewed the terms of the Agreement with the Trustees on an individual basis prior to its execution.

"The Agreement is not intended as an offer capable of acceptance by either the Authority or Alcoa and does not and will not create any obligations for any party. No such obligations will exist unless and until final terms of the Contract have been negotiated and executed after receiving all necessary approvals from the Trustees, the Alcoa Board of Directors and other corporate, statutory and/or regulatory approvals required in the reasonable judgment of the parties, including approvals pursuant to Section 1009 of the New York Public Authorities Law. The latter requires that once a contract is negotiated, it be made available to the public, advertised in newspapers around the State and reviewed at a public hearing. Following the hearing, the contract must be reconsidered by the Trustees, who would then recommend its approval by the Governor. Following gubernatorial approval, and only then, will the contract be executed by the Chairman of the Authority and become legally binding.

"The Agreement and the contemplated supply of hydropower by the Authority was in consideration of Alcoa's agreement to invest $600 million in a new East Plant and to retain 900 smelting jobs between a West Plant and a new East Plant plus cold finished fabrication jobs. The other key elements of the Agreement are as follows:

1. **Power Allocation Quantity**

   Effective on the commencement of the term of the Contract on July 1, 2013, the current combination of 374 MW of firm hydropower and 104 MW of interruptible hydropower will continue. The allocation of firm and interruptible hydropower between the East and West Plants will remain as it is today as long as the existing East Plant operates. Once the new East Plant is operational, the allocation of firm and interruptible hydropower may change as agreed to by the Authority and Alcoa.

a. The firm service will be equivalent to all other Authority firm hydropower customers and subject to pro-rata curtailment when there is insufficient generation at the Niagara and St. Lawrence/FDR facilities to meet the energy requirements of the firm hydropower customers.

b. Management of the availability of interruptible hydropower (a special class of hydropower only sold to Alcoa) will remain as it is, with interruptions triggered by the daily measurement of a seven-day rolling average net generation at the Niagara and St. Lawrence/FDR Projects.

c. The total amount of hydropower will be subject to an enforceable job employment commitment of 1,065 Alcoa employees beginning in 2008 and trending to no less than 900 over the term of the Contract and will include annual job reporting by Alcoa to the Authority. A job compliance threshold of no less than 95% will apply. Should Alcoa's actual jobs reported fall below the compliance percentage, the Authority may reduce the amount of hydropower on a pro-rata percentage basis, with a proviso relating to decreases in employment resulting from production curtailment due to prolonged firm and/or interruptible power curtailment by the Authority.

2. Pricing

a. The Authority's base production charges (demand and energy) will be set at a new effective base rate beginning July 1, 2013, with such initial rate subject to both an annual escalator based on the indices in the current contracts and an adjustment based on increases in the market price of aluminum as reported on the London Metal Exchange.

b. At all times, the firm and interruptible rates shall be no lower than the cost-based 'Preference' rate charged by the Authority to its Preference customers.

c. Alcoa will, in addition to the above base production charges, pay all New York Independent System Operator charges imposed on the Authority with respect to the service to Alcoa.

d. The new contract will provide for a pass-through to Alcoa of all taxes, assessments and other charges or costs imposed by third parties relating to the service to Alcoa, including, for example, costs incurred by the Authority to comply with any renewable portfolio standards or carbon regulation regimes.

e. The Authority's standard contract provisions concerning rate increases necessary to meet bond covenant requirements will apply.

f. The rate provisions will be subject to reopening in the event that currently unforeseen major capital expenditures are required at the St. Lawrence/FDR Project during the life of the contract.

3. Term

The Contract will have an effective date of July 1, 2013 with a Base Term of 30 years (2013 to 2043), with one 10-year option to extend under certain defined circumstances relating to availability of power and aluminum prices over the initial term.

4. Economic Development Fund

Alcoa will capitalize a $10 million North Country Economic Development Fund ('NCEDF') within 90 days of the date upon which its Board of Directors approves rebuilding its Massena East smelter. The NCEDF will be exclusively used for economic development purposes in St. Lawrence, Franklin, Essex, Jefferson, Lewis, Hamilton and Herkimer counties, as well as the Akwesasne Mohawk Reservation. The NCEDF will be jointly administered by the Authority and an entity of, or specified by, the State of New York.

5. **Engineering Study**

   Alcoa will initiate and complete, within 24 months of the execution of the Agreement, a detailed engineering study of the proposed rebuilding of its Massena East smelter. In the event Alcoa fails to complete the aforementioned detailed engineering study within the 24-month period or, having completed it, elects not to proceed with rebuilding its Massena East smelter, the agreements reflected in this Agreement, or the Contract (if it has been executed at that time), shall be null and void.

FISCAL INFORMATION

"To be provided when the Contract is fully negotiated and brought before the Trustees.

RECOMMENDATION

"It is recommended that the Trustees adopt and ratify the Agreement as set forth above, subject to the negotiation and approval of a formal power contract between the parties according to law.

"The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer, the Executive Vice President - Energy Marketing and Corporate Affairs, the Senior Vice President - Marketing and Economic Development and I concur in the recommendation."

Mr. Yates presented the highlights of staff's recommendations to the Trustees. In response to a question from Trustee Curley, Mr. Yates said that the $10 million economic development initiative envisioned in the agreement does cover seven North Country counties, four more than are currently eligible to benefit from the Preservation Power Program. Chairman McCullough said that another entity will be involved in making the decision as to how the $10 million is spent. Mr. Kelly said that the Authority did not want to limit the economic development benefit to just the three counties eligible for the Preservation Power. He added that the agreement includes a bond covenant provision which stipulates that if the Authority has to raise its rates, such a rate increase would be passed along to Alcoa. Chairman McCullough said that Alcoa has 24 months to perform an in-depth, due-diligence review of its options with regard to the agreement in principle. He commended everyone who had been involved in negotiating the agreement, including the Governor's Office, particularly Mr. Paul Francis, and Alcoa, and said that the Authority had been the driver of the many years of hard work that went into the negotiations. President Kelley said that the 24-month formal process would begin today. Responding to questions from Trustee Besha, Mr. Yates and Mr. Kelly said that the Authority would be working closely with Alcoa during this 24-month period to draft the final contract. President Kelley added that Alcoa will be spending approximately $20 million on its due-diligence evaluation. A discussion ensued about the fact that, with the world economy in flux, aluminum markets are very volatile.

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

> **RESOLVED, That the Authority hereby adopts and ratifies the Agreement in Principle between the Authority and Alcoa, Inc., as set forth in the foregoing report of the President and Chief Executive Officer, subject to negotiation and approval of a formal power contract between the parties according to law; 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, 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, General Counsel and Chief of Staff.**

12. **<u>Presentation: Power Generation Business Unit Overview and Hydro Life Extension and Modernization</u>**

Mr. Edward Welz and Mr. Thomas Antenucci made a presentation on the Life Extension and Modernization ("LEM") program at the Authority's hydropower plants. In response to a question from Trustee Besha, Mr. Welz said that the electrical controls and electronic governors, which had not been included in the Niagara LEM project, would be addressed in the next five years. Responding to another question from Trustee Besha, Mr. Antenucci said that the frequency of vendor consolidation made it a continuing challenge to recover knowledge from these vendors, and that Authority staff found it increasingly necessary to drill farther down in the supply chain to obtain this knowledge. In response to another question from Trustee Besha, Mr. Antenucci said that to a certain extent the Authority is competing with the Tennessee Valley Authority, Bonneville Power Administration and other utilities for access to the services and parts provided by the smaller number of vendors.

13. Next Meeting

The next Regular Meeting of the Trustees will be held on **Tuesday, February 26, 2008, at 11:00 a.m., at the Clarence D. Rappleyea Building, White Plains, New York,** unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 12:50 p.m.

Anne B. Cahill
Corporate Secretary