

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

**May 20, 2008**

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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 11:03 a.m.:

- 1) New York Power Authority, 123 Main Street, White Plains, NY
- 2) Niagara Power Project, 5777 Lewiston Road, Lewiston, NY

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

Present: Michael J. Townsend, Vice Chairman (White Plains, NY)  
Elise M. Cusack, Trustee (Niagara Project, Lewiston, NY)  
Robert E. Moses, Trustee (via telephone)  
Thomas W. Scozzafava, Trustee (White Plains, NY)  
James A. Besh, Sr., Trustee (White Plains, NY)  
D. Patrick Curley, Trustee (White Plains, NY)

Frank S. McCullough, Jr., Chairman - excused

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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
Edward A. Welz	Executive Vice President and Chief Engineer – Power Generation
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
James H. Yates	Senior Vice President – Marketing and Economic Development
Arnold M. Bellis	Vice President and Controller
Paul F. Finnegan	Vice President – Intergovernmental and Community Affairs
Lesly Y. Pardo	Vice President – Internal Audit
Donald A. Russak	Vice President – Finance
William V. Slade	Vice President – Environment, Health and Safety
Thomas Warmath	Vice President and Chief Risk Officer
Stephen Shoenholz	Deputy Vice President – Public Affairs
Brian C. McElroy	Treasurer – Corporate Finance
Anne B. Cahill	Corporate Secretary
Angela D. Graves	Deputy Corporate Secretary
Dennis T. Eccleston	Chief Information Officer
John J. Suloway	Executive Director – Licensing, Implementation and Compliance
Joseph Leary	Director – Corporate Community Affairs – Public and Governmental Affairs
Mark D. O’Connor	Director - Real Estate – Procurement and Real Estate
James F. Pasquale	Director – Business Power Allocations, Compliance and Municipal and Cooperative Marketing
Christine Pritchard	Director – Intergovernmental and Community Affairs
Victoria Simon	Director – Business Integration and Special Projects – Energy Marketing and Corporate Affairs
Paul Tartaglia	Regional Manager - SENY – Charles Poletti Power Project
Caroline G. Garcia	Manager – Power Contracts – Marketing and Economic Development
Mary Jean Frank	Associate Corporate Secretary
Lorna M. Johnson	Assistant Corporate Secretary
Steve Schoenwiesner	Senior Licensing Specialist – Public and Governmental Affairs

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Vice Chairman Townsend presided over the meeting. Corporate Secretary Cahill kept the Minutes.

May 20, 2008

*Vice Chairman Michael J. Townsend announced that he would conduct the meeting as Acting Chairman in the absence of Chairman Frank S. McCullough, Jr.*

**1. Consent Agenda:**

*Vice Chairman Michael Townsend said that item #1b (Power for Jobs Program – Extended Benefits) had been approved by the Economic Development Power Allocation Board at their meeting on May 19, 2008.*

**a. Minutes of the Regular Meeting held on April 29, 2008**

*The Minutes of the Regular Meeting held on April 29, 2008 were unanimously adopted.*

**b. Power for Jobs Program – Extended Benefits**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to approve extended benefits for 30 Power for Jobs (‘PFJ’) customers as listed in Exhibit ‘1b-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 contracts 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. Chapter 59 of the Laws of 2008 included provisions extending the program benefits until June 30, 2009.

“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 May 19, 2008, EDPAB recommended that the Authority’s Trustees approve electricity savings reimbursement rebates to the 30 businesses listed in Exhibit ‘1b-A.’ Collectively, these organizations have agreed to retain more than 46,000 jobs in New York State in exchange for the rebates. The rebate program will be in effect until June 30, 2009, the program’s sunset.

“The Trustees are requested to approve the payment and funding of rebates for the companies listed in Exhibit ‘1b-A’ in a total amount currently not expected to exceed \$5.9 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 ‘1b-A’ is not expected to exceed \$5.9 million. Payments will be made from the Operating Fund. To date, the Trustees have approved \$120 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 ‘1b-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 “1b-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 “1b-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 \$5.9 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**

May 20, 2008

**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  
Power for Jobs - Extended Benefits

Exhibit "1b-A"

Recommendation for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Job Committed	Jobs in Application				Recommended Allocation		Type	Service
							Over (under)	% Over (under)	Compliance	KW	Jobs/MW			
1	Acme Smoked Fish Corp.	Brooklyn	Kings	Con Ed	400	152	152	0	0%	Yes	400	380	Large	Food processor
2	American Ballet Theater	New York	New York	Con Ed	25	242	175	-67	-28%	Yes*	20	8,750	NFP	Performing arts organization
3	Bank of New York	New York	New York	Con Ed	4,700	6,180	6,339	159	3%	Yes	4,700	1,349	Large	Banking Services
4	Belmont Metals, Inc.	Brooklyn	Kings	Con Ed	400	84	83	-1	-1%	Yes	400	208	Large	Manufacturer of non-ferrous metals
5	Beth Israel Medical Center	New York	New York	Con Ed	3,800	6634	7,001	367	6%	Yes	3,800	1,842	NFP	Health Care Center
6	Charmer Industries, Inc.	Astoria	Queens	Con Ed	750	768	938	170	22%	Yes	750	1,251	Large	Distributors of wines and spirits
7	Elaine Kaufman Cultural Center	New York	New York	Con Ed	60	70	72	2	3%	Yes	60	1,200	NFP	Multi-arts center
8	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
9	New York University	New York	New York	Con Ed	1,700	16,216	9,817	-6,399	-39%	Yes*	1,700	5,775	NFP	Institution of Higher Education
10	Norampac New York City, Inc	Maspeth	Queens	Con Ed	600	213	204	-9	-4%	Yes	600	340	Large	Makes corrugated paper packaging/displays
11	S. R. Guggenheim Museum	New York	New York	Con Ed	475	380	390	10	3%	Yes	475	821	NFP	Art Museum
12	The Museum of Modern Art	New York	New York	Con Ed	1,000	800	765	-35	-4%	Yes	1,000	765	NFP	Museum
<b>Total Con Edison</b>				<b>Subtotal</b>	<b>12</b>	<b>18,910</b>	<b>40,279</b>	<b>34,359</b>			<b>18,905</b>			
13	Standard Microsystems Corp.	Huappauge	Suffolk	LIPA	1,050	401	403	2	0%	Yes	1,050	384	Large	Maker and supplier of computer circuits
<b>Total LIPA</b>				<b>Subtotal</b>	<b>1</b>	<b>1,050</b>	<b>401</b>	<b>403</b>			<b>1,050</b>			
14	Bank of New York	Oriskany	Oneida	N. Grid	500	759	791	32	4%	Yes	500	1,582	Large	Banking Services
15	Bristol-Myers Squibb Company	East Syracuse	Onondaga	N. Grid	5,000	1,052	987	-65	-6%	Yes	5,000	197	Large	Manufacturer of bulk antibiotics
16	Cooper Industries (Cooper Crouse-Hinds)	Syracuse	Onondaga	N. Grid	2,350	579	592	13	2%	Yes	2,350	252	Large	Manufacturer of electrical equipment
17	Delphi Automotive Systems	Amherst	Erie	N. Grid	150	166	166	0	0%	Yes	150	1,107	Small	Automotive components
18	Faster Form Corp.	Frankfort	Herkimer	N. Grid	50	49	40	-9	-18%	No	40	1,000	Small	Makes accessories for floral arrangements
19	Ford Motor Company	Buffalo	Erie	N. Grid	5,000	1,610	1,462	-148	-9%	Yes	5,000	292	Large	Automotive components stamping
20	Higbee Inc.	Syracuse	Onondaga	N. Grid	100	48	47	-1	-2%	Yes	100	470	Small	Mfr. of gaskets, and sealing products
21	Precision Systems Mfg., Inc.	Liverpool	Onondaga	N. Grid	200	71	63	-8	-11%	No	180	350	Small	Machining and sheet metal manufacturing
22	Snyder Industries, Inc.	N. Tonawanda	Niagara	N. Grid	350	110	98	-12	-10%	Yes	350	280	Small	Machinery
23	Specialized Packaging Radisson, Inc	Baldwinsville	Onondaga	N. Grid	180	153	173	20	13%	Yes	180	961	Small	Produces printed folding cartons
24	Standard Manufacturing Co., Inc.	Troy	Rensselaer	N. Grid	30	41	67	26	63%	Yes	30	2,233	Small	Apparel
25	Syracuse University	Syracuse	Onondaga	N. Grid	2,000	4,479	4,530	51	1%	Yes	2,000	2,265	NFP	Institution of Higher Education
26	Turbine Engine Components Technologies	Whitesboro	Oneida	N. Grid	1,200	268	281	13	5%	Yes	1,200	234	Large	Precision forging plant
<b>Total National Grid</b>				<b>Subtotal</b>	<b>13</b>	<b>17,110</b>	<b>9,385</b>	<b>9,297</b>			<b>17,080</b>			
27	Audio Sears	Stamford	Delaware	NYSEG	190	85	89	4	5%	Yes	190	468	Small	Makes audio equipment
28	Corning (Erwin Plant)	Corning	Steuben	NYSEG	1,500	652	614	-38	-6%	Yes	1,500	409	Large	Manufacturer optical fiber/glass/ceramic
29	Corning, Inc.- (Big Flats)	Big Flats	Chemung	NYSEG	500	117	122	5	4%	Yes	500	244	Large	Manufacturer optical fiber/glass/ceramic
30	Corning, Inc. (Sullivan Park)	Corning	Steuben	NYSEG	3,000	1,448	1,495	47	3%	Yes	3,000	498	Large	Manufacturer optical fiber/glass/ceramic
<b>Total NYSEG</b>				<b>Subtotal</b>	<b>4</b>	<b>5,190</b>	<b>2,302</b>	<b>2,320</b>			<b>5,190</b>			

<b>Total</b>	<b>30</b>	<b>42,260</b>	<b>52,367</b>	<b>46,379</b>
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<b>42,225</b>
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\* This company has had all or part of their allocation restored through the reconsideration process or was deemed compliant based on program processes.

**c. Allocation of 46,200 kW of Hydropower**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to approve five allocations of available Replacement Power (‘RP’) or Expansion Power (‘EP’) totaling 46,200 kW to 4 industrial companies.

**BACKGROUND**

“Under Section 1005(13) of the Power Authority Act, as amended by Chapter 313 of the Laws of 2005, the Authority may contract to allocate or reallocate directly, or by sale for resale, 250 MW of firm hydroelectric power as EP and up to 445 MW of RP to businesses in the State located within 30 miles of the Niagara Power Project, provided that the amount of power allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

“Each application for an allocation of EP or RP 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 general eligibility requirements.

“Among the factors to be considered when evaluating a request for an allocation of hydropower are the number of jobs created as a result of the allocation; the business’ long-term commitment to the region as evidenced by the current and/or planned capital investment in the business’ facilities in the region; the ratio of the number of jobs to be created to the amount of power requested; the types of jobs created, as measured by wage and benefit levels, security and stability of employment and the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed.

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

**DISCUSSION**

“Staff recommends and the Advisory Group supports the available power being allocated to the four companies set forth in Exhibit ‘1c-A.’ The Exhibit shows, among other things, the amount of power requested, the recommended allocation and additional employment and capital investment information. These projects will help maintain and diversify the industrial base of Western New York and provide new employment opportunities. They are projected to result in the creation of 639 jobs.

**RECOMMENDATION**

“The Director – Business Power Allocations, Compliance and Municipal and Cooperative Marketing recommends that the Trustees approve the allocation of 46,200 kW of hydropower to the companies listed in Exhibit ‘1c-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.”

May 20, 2008

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

**RESOLVED, That the allocation of 46,200 kW of hydropower, as detailed in Exhibit "1c-A," be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further**

**RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, 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.**

New York Power Authority  
 Replacement and Expansion Power  
 Recommendations for Allocations

Exhibit "1c-A"

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage Benefits	Power Recommended (KW)			Contract Term
								Replacement	Expansion	Total	
A-1	Ashland Advanced Materials, Inc	Niagara Falls	Niagara	5,000	75	\$8,500,000	\$46,000		3,500	3,500	Five Years
A-2	Ceres Crystal Industries, Inc	Niagara Falls	Niagara	3,000	50	\$5,430,000	\$31,000		2,000	2,000	Five Years
A-3	Globe Specialty Metals, Inc	Niagara Falls	Niagara	50,000	500	\$60,000,000	\$67,000	32,647	7,353	40,000	Five Years
A-4	Saint Gobain, Inc Advanced Ceramics	Niagara Falls	Niagara	1,850	14	\$5,800,000	\$47,000		700	700	Five Years
	<b>Total RP Recommended</b>				<b>639</b>	<b>\$79,730,000</b>		<b>32,647</b>	<b>13,553</b>	<b>46,200</b>	

**APPLICATION SUMMARY**  
**Expansion Power**

<b>Company:</b>	Ashland Advanced Materials, Inc.
<b>Location:</b>	Niagara Falls
<b>County:</b>	Niagara County
<b>IOU:</b>	National Grid
<b>Business Activity:</b>	Manufacturer of graphite products and heat treating services
<b>Project Description:</b>	The project will include purchasing four buildings on 15 acres. In addition, the company will purchase processing equipment, including a carbonization furnace, as well as other heat-treating equipment. The project will also include production equipment for mold stock graphite and felt insulation production.
<b>Prior Application:</b>	No
<b>Existing Allocation:</b>	None
<b>Power Request:</b>	5,000 kW
<b>Power Recommended:</b>	3,500 kW
<b>Job Commitment:</b>	
<b>Existing:</b>	0 jobs
<b>New:</b>	75 jobs
<b>New Jobs/Power Ratio:</b>	21 jobs/MW
<b>New Jobs - Avg. Wage and Benefits:</b>	\$46,000
<b>Capital Investment:</b>	\$8.5 million
<b>Capital Investment Per MW</b>	\$2.4 million/MW
<b>Summary:</b>	Ashland Advanced Materials, Inc. needs to expand capacity to meet increased demand for its products and services from a worldwide customer base. A hydropower allocation would give the company a distinct and sustainable cost advantage over many of its competitors. It will allow the company to attract contract service work for heat-treating materials on a global basis. The company's products include materials used in batteries for hybrid electric vehicles, heat-treat carbon gas diffusion membranes for fuel cell production and graphite components for use in silicon crystal production for solar cells. The company has also applied for assistance from Niagara County.

**APPLICATION SUMMARY**  
**Expansion Power**

**Company:** Ceres Crystal Industries, Inc.

**Location:** Niagara Falls

**County:** Niagara County

**IOU:** National Grid

**Business Activity:** Manufacturer of zirconia crystal export for jewelry applications

**Project Description:** The project will include expanding two existing facilities by a total of 21,000 square feet and purchasing and installing new equipment. The new equipment will increase the company's production capacity and be part of a new production line. In addition, the company will add equipment to recycle scrap to increase manufacturing efficiency and market competitiveness. The new equipment will include three furnaces, material-handling equipment, saws, mills and utility infrastructure improvements.

**Prior Application:** Yes

**Existing Allocation:** 4,600 kW of Replacement Power

**Power Request:** 3,000 kW

**Power Recommended:** 2,000 kW

**Job Commitment:**

**Existing:** 50 jobs

**New:** 50 jobs

**New Jobs/Power Ratio:** 25 jobs/MW

**New Jobs - Avg. Wage and Benefits:** \$31,000

**Capital Investment:** \$5.43 million

**Capital Investment Per MW:** \$2.7 million/MW

**Summary:** A hydropower allocation will allow Ceres to grow in Western New York by increasing its number of employees, increasing capacity and adding a new complementary product to its crystal production for jewelry. A new low-cost hydropower allocation will keep the existing facility competitive so it can continue to manufacture in Western New York.

**APPLICATION SUMMARY**  
**Replacement Power and Expansion Power**

**Company:** Globe Specialty Metals, Inc.

**Location:** Niagara Falls

**County:** Niagara

**IOU:** National Grid

**Business Activity:** Manufacturer of silicon metal and specialty alloys

**Project Description:** The project will include building repair and refurbishment of the company's plant in Niagara Falls. The company will repair and replace various equipment and components, including internal component replacement on two major furnaces, transformer upgrades and maintenance. The rebuild includes redesigning certain internal furnace components, as well as replacing and/or upgrading the primary transformer. In addition, the company will be adding a 150,000-sq.-ft. building addition required for its new Solsil operation, where it will produce high-purity solar-grade silicon for use in manufacturing solar panel modules.

**Prior Application:** None

**Existing Allocation:** None

**Power Request:** 50,000 kW

**Power Recommended:** 40,000 kW (32,647 kw of RP and 7,353 kw of EP)

**Job Commitment:**

<b>Existing:</b>	0 jobs
<b>New:</b>	500 jobs

**New Jobs/Power Ratio:** 13 jobs/MW

**New Jobs -**

**Avg. Wage and Benefits:** \$67,000

**Capital Investment:** \$60 million

**Capital Investment Per MW** \$1.5million/MW

**Summary:** Globe Metallurgical Inc. and Solsil, Inc. are wholly-owned subsidiaries of Globe Specialty Metals, Inc. The Globe site has been idle since September 2003. Globe intends to rebuild and restart the facility. Metallurgical-grade silicon produced at this facility will be used in part to supply a new Solsil facility established on the property for the production of high-purity solar-grade silicon metal for use in manufacturing solar panel modules.

**APPLICATION SUMMARY**  
**Expansion Power**

**Company:** Saint-Gobain, Inc. - Advanced Ceramics (Structural Ceramics Group)

**Location:** Niagara Falls

**County:** Niagara County

**IOU:** National Grid

**Business Activity:** Manufacturer of silicon carbide products

**Project Description:** The project will create the facility's capability to produce performance-advantaged products for the armor market segment, specifically to satisfy a large near-term and growing opportunity for the military. The company will construct a new building addition and purchase and install a new furnace, controls, plate press and ancillary equipment.

**Prior Application:** Yes

**Existing Allocation:** 6,150 kW of RP

**Power Request:** 1,850 kW

**Power Recommended:** 700 kW

**Job Commitment:**

**Existing:** 178 jobs

**Prior Allocation:** 21 jobs still to be added from prior recent allocations

**New:** 14 jobs

**New Jobs/Power Ratio:** 20 jobs/MW

**New Jobs - Avg. Wage and Benefits:** \$47,000

**Capital Investment:** \$5.8 million

**Capital Investment Per MW:** \$8.29 million/MW

**Summary:** This investment is needed to enable the company to satisfy a near-term and growing opportunity for military armored products. This facility is competing with several other Saint-Gobain facilities, including one in Worcester, Massachusetts, that currently has the furnace capacity to make this product. The hydro allocation is critical to this facility's ability to bring the project to Niagara Falls. Low-cost power provides a competitive edge that cannot be replaced. It is one of the major factors in the longevity of this company.

**d. Neighboring States – Service Tariff Amendments –  
Notice of Proposed Rule Making**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to authorize the Corporate Secretary to publish a Notice of Proposed Rulemaking (‘NOPR’) in the *New York State Register*, in accordance with the requirements of the State Administrative Procedure Act (‘SAPA’), to amend the Authority’s current production service tariffs applicable to Neighboring States customers. Authority staff will address any comments received during the 45-day public comment period and return to the Trustees at a later date to seek final action on the Neighboring States service tariffs.

“A comprehensive review of the Authority’s current Neighboring States production service tariffs was performed by Authority staff in an effort to update them and make them consistent with those of other utilities. The amended tariffs, as proposed, would:

- be reformatted for easier reading;
- group provisions that relate to each other;
- include any new provisions that might affect these customer groups; and
- add frequently used abbreviations and terms.

**BACKGROUND**

“The Neighboring States customers are the Connecticut Municipal Electric Energy Cooperative, the Massachusetts Department of Public Utilities, the Public Power Association of New Jersey, the City of Cleveland, the Allegheny Electric Cooperative (Pennsylvania), the Rhode Island Public Utilities Commission and the Vermont Department of Public Service.

“Neighboring States customers receiving service from (a) the Authority’s Niagara Power Project are served under Service Tariff Nos. NS-1 for firm power and energy, NS-2 for firm peaking power and energy and NS-3 for non-firm energy; and (b) the Authority’s St. Lawrence/ FDR Power Project are served under Service Tariff Nos. SL-1 for firm power and energy and SL-2 for non-firm energy. Currently, electricity for these customers is sold under agreements for the Sale of Power and Energy between the Authority and the Neighboring States customers.

**DISCUSSION**

“Authority staff believes that the amended Neighboring States service tariffs will be an improvement over the existing tariffs. These changes will include necessary updated terminology and improve the organization and formatting.

“In addition, the proposed changes to the tariffs will make them more consistent with other utilities’ tariffs and will make them more readable and understandable for the Authority and its Neighboring States customers.

“The proposed revised Neighboring States service tariffs from the Niagara Power Project for firm, firm peaking and non-firm power are attached as Exhibits ‘1d-A,’ ‘1d-B’ and ‘1d-C,’ respectively. The proposed revised service tariffs for firm and non-firm power from the St. Lawrence/FDR Power Project are attached as Exhibits ‘1d-D’ and ‘1d-E,’ respectively.

**FISCAL INFORMATION**

“Adoption of the proposed Neighboring States service tariffs will have no financial impact. The changes proposed are administrative in nature and have no effect on current production rates.

RECOMMENDATION

“The Manager – Power Contracts recommends that the Trustees authorize the Corporate Secretary to file a Notice of Proposed Rulemaking in the *New York State Register* for the revision of service tariffs for the Authority’s Neighboring States customers.

“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 Corporate Secretary of the Authority be, and hereby is, directed to file a Notice of Proposed Rulemaking for publication in the *New York State Register* in accordance with the State Administrative Procedure Act to amend the Authority’s current production service tariffs applicable to its Neighboring States customers, as set forth in the foregoing report of the President and Chief Executive Officer; and be it further**

**RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file such other notice(s) as may be required by statute or regulation concerning the proposed tariff amendments; 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.**



POWER AUTHORITY OF THE STATE OF NEW YORK  
30 SOUTH PEARL STREET  
ALBANY, NY 12207

Electric Service Tariff for Neighboring States  
Firm Hydroelectric Power Service

Service Tariff No. NS-1

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

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Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

## **Schedule of Rates for Firm Hydroelectric Power and Energy Service**

### **I. Applicability**

To sale of Niagara Firm Hydroelectric Project Power and Energy to NeighboringState Customers (as defined below).

### **II. Frequently used Abbreviations and Terms**

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator

B. The term "Agreement" means contract for the Sale of Hydropower and Energy between Authority and Customer.

C. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

D. The term "Border" means New York State border.

E. The term "Customer" means the bargaining agent identified in the applicable Agreement with the Authority.

F. The term "Firm Hydroelectric Power" means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Agreement(s), the Rules, this Service Tariff or in other contract documents. Firm Power shall not include peaking power.

G. The term "Firm Hydroelectric Energy" means energy (kWh) associated with Firm Hydroelectric Power.

H. The term "Neighboring State Customers" means Customer and all other neighboring state bargaining agents that receive service from Project.

I. The term "Project" means the Authority's Niagara Hydroelectric Project.

- J. The term "Rules" means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.
  
- K. The term "Service Tariff" means this Service Tariff No. NS-1.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

**III. Monthly Rates and Charges**

- A. The monthly demand and energy charges paid by Neighboring State Customers to Authority shall be based on the preference power rates charged by Authority, as shown below.

<u>Period</u>	<u>Demand Rate</u> \$/kW-month of contract demand	<u>Energy Rate</u> Mills/kWh
5/1/2008 through 4/30/2009	2.96	4.92

The demand and energy rates set forth above will apply at the Project switchyard and the energy rate shall be subject to a monthly adjustment in accordance with a Flow Adjustment Computation (FAC) described in Section V.

B. Minimum Monthly Charge

The product of the demand rate set forth above and the contract demand.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

D. Contract Demand

The amounts set forth in the applicable Agreement(s) between Authority and Customer.

E. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time);

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;
2. Marginal losses;

3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customers or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customers that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law.

Such NYISO Charges are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

F. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

#### **IV. General Provisions**

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and this Service Tariff with regard to deliveries to Customer are as follows:

##### **A. Character of Service**

Alternating current, 60 hertz, three-phase.

##### **B. Availability of Energy**

Unless otherwise agreed upon by the Parties, as specified in the applicable Agreement(s), Authority shall normally provide in any billing period Firm Hydroelectric Energy to Customer in an amount equal to the product of (A) the number of hours in such billing period, (B) the contract demand applicable in such billing period and (C) the applicable monthly load factor, as set forth in the applicable Agreement(s). In the event that hydraulic conditions at the Project require the Authority to reduce the amount of Firm Hydroelectric Energy provided to Customer under this Service Tariff to an amount below such normal level, reductions as a percentage of the otherwise required Firm Hydroelectric Energy deliveries will be the same for all firm Authority hydropower customers. The offer of Firm Hydroelectric Energy for delivery pursuant to Section D below shall fulfill Authority's obligations for purposes of this General Provision whether or not the Firm Hydroelectric Energy is taken by Customer.

##### **C. Adjustment of Rates**

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to Customer.

##### **D. Delivery**

Firm Hydroelectric Power and Energy supplied under this Service Tariff shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border.

For the purpose of this Service Tariff, Firm Hydroelectric Power and Energy shall be deemed to be offered when Authority is able to supply Firm Hydroelectric Power and Energy and NYISO transmits it to its designated points of interconnection with Customer's transmission agent(s). If, despite such offer, there is a failure of delivery by Customer's transmission agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

**E. Scheduling Procedures**

1. Authority will advise Customer or its dispatching agent by the tenth (10<sup>th</sup>) Business Day of the preceding month of the estimated quantity of Firm Hydroelectric Energy expected by Service Tariff to be made available from the Project.
2. Authority may require that such Firm Hydroelectric Energy from the Project be scheduled in general accordance with the load shape of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts from the Project on a clock hour basis.
4. Subsequent to Authority approval of schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

**F. Payment by Customer for Firm Hydroelectric Power and Energy**

1. Customer shall pay charges for Firm Hydroelectric Power and Energy during any billing period the sum of a) and b) below:
  - a. For Firm Hydroelectric Power , the demand rate per kW for Firm Hydroelectric Power specified in this Service Tariff or any modification thereof applied to Customer's contract demand for the billing period: and
  - b. The energy rate specified in this Service Tariff or any modification thereof applied to the amount of Firm Hydroelectric Energy delivered by Authority to Customer during such billing period.
2. Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

G. Supplementary Provision

Sections 454.2 (c) and 454.5 of the Rules are inapplicable to this Service Tariff.

H. Rules and Regulations

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

**V. Flow Adjustment Computation ("FAC")**

The Energy charges under this Service Tariff and the applicable Service Tariffs associated with the St. Lawrence Hydroelectric Project, in the aggregate, are subject to a credit or surcharge pursuant to a FAC in any rate year following a calendar year for which the Hydroelectric Project Rate Stabilization Reserve ("RSR") is greater than \$+25 million, or less than \$-25 million, respectively. The RSR will be used to ensure rate stability and cost recovery and its level will be determined and any credit or surcharge for the succeeding rate year will be calculated after the prior calendar year's costs and generation levels are known. Any credit or surcharge will be applied on a uniform basis to the monthly billing statements rendered pursuant to this Service Tariff during the succeeding rate year.

The FAC is inapplicable in any rate year succeeding a calendar year at the end of which the RSR is within the \$+25 million to \$-25 million range. If at the end of any calendar year, the RSR is determined to exceed \$+25 million, such excess amount will be credited pro-rata to Customers during the succeeding rate year pursuant to the FAC. If the RSR at the end of any calendar year is determined to be less than \$-25 million, the difference below \$-25 million will be surcharged pro-rata to Customers during the succeeding rate year pursuant to the FAC.

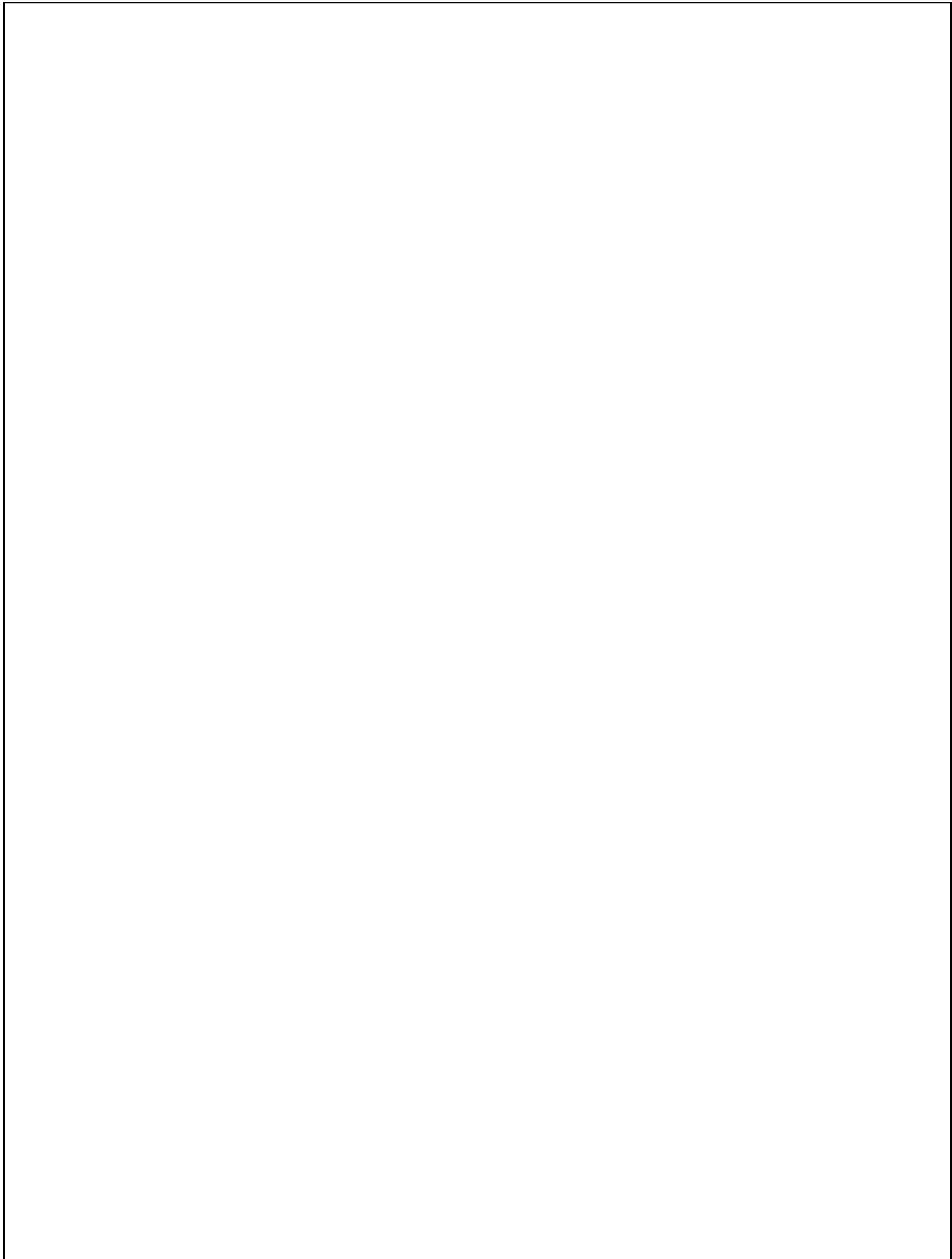
To the extent that there is a balance in the RSR (positive or negative) on the effective date of service under the applicable Agreement(s), arising out of service under a prior agreement for the sale of Project Power and Energy, that RSR balance shall be carried forward and maintained as the balance as of the effective date of service under the applicable Agreement(s).

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

New York Power Authority  
Service Tariff No. NS-1

**May 20, 2008**  
Original Leaf No. 11



Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207



POWER AUTHORITY OF THE STATE OF NEW YORK  
30 SOUTH PEARL STREET  
ALBANY, NY 12207

Electric Service Tariff for Neighboring States  
Firm Peaking Hydroelectric Power Service

Service Tariff No. NS-2

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

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Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

## Schedule of Rates for Firm Peaking Hydroelectric Power and Energy Service

### I. Applicability

To sale of Niagara Firm Peaking Hydroelectric Power and Energy to Neighboring State Customers (as defined below).

### II. Frequently used Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator

B. The term "Agreement" means contract for the Sale of Hydropower and Energy between Authority and Customer.

C. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

D. The term "Border" means New York State border.

E. The term "Customer" means the bargaining agent identified in the applicable Agreement with the Authority.

F. The term "Firm Hydroelectric Peaking Power" means capacity (kW) from Project, intended for use primarily in Customer's peak load periods and limited as to the Energy to be supplied as set forth in the Agreement(s), the Rules, this Service Tariff or in other contract documents.

G. The term Firm Hydroelectric Peaking Energy" means energy (kWh) associated with Firm Hydroelectric Peaking Power.

H. The term "Neighboring State Customers" means Customer and all other neighboring state bargaining agents that receive service from Project.

I. The term "Project" means the Authority's Niagara Hydroelectric Project.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

- J. The term "Rules" means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.
  
- K. The term Service Tariff" means this Service Tariff No. NS-2.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

### III. Monthly Rates and Charges

- A. The monthly demand and energy charges paid by Neighboring State Customers to Authority shall be based on the preference power rates charged by Authority, as shown below.

<u>Period</u>	<u>Demand Rate</u> \$/kW-month of contract demand	<u>Energy Rate</u> Mills/kWh
5/1/2008 through 4/30/2009	2.96	4.92

The demand and energy rates set forth above will apply at the Project switchyard and the energy rate shall be subject to a monthly adjustment in accordance with a Flow Adjustment Computation (FAC) described in Section V.

B. Minimum Monthly Charge

The product of the demand rate set forth above and the contract demand.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

D. Contract Demand

The amounts set forth in the applicable Agreement(s) between Authority and Customer.

E. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time);

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;

2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customers or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customers that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law.

Such NYISO Charges are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

F. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

#### IV. General Provisions

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and this Service Tariff with regard to deliveries to Customer are as follows:

##### A. Character of Service

Alternating current, 60 hertz, three-phase.

##### B. Availability of Energy

Authority shall normally supply Firm Hydroelectric Peaking Power & Energy to Customer at 12.5 percent (12.5%) monthly load factor with no more than five kilowatt hours per kilowatt of contract demand supplied in any single calendar day, unless otherwise agreed upon by the Parties as specified in the applicable Agreement(s). In the event that hydraulic conditions at Authority's hydroelectric generating stations require the Authority to reduce the amount of Firm Hydroelectric Peaking Energy provided to Customer under this Service Tariff to an amount below such normal level, reductions shall be applied to all Customers served under this Service Tariff in proportion to their relative allocations of Firm Hydroelectric Peaking Power and Energy. In the event Firm Hydroelectric Peaking Energy is supplied at less than 12.5 percent (12.5%) load factor, Customer may supply to Authority pumping power and Energy in amounts which after adjustment for losses associated with use of the Authority's facilities will increase the supply of Firm Hydroelectric Power & Energy hereunder to 12.5 percent (12.5%) monthly load factor.

In the event that Customer desires Firm Hydroelectric Peaking Energy in excess of 12.5 percent (12.5%) monthly load factor, Customer may, with the consent of Authority, supply to Authority pumping power and energy in such amounts as Authority determines it can accept. Upon request by Customer, Authority may purchase pumping power and Energy on behalf of Customer and at Customer's expense. The ratio of firm energy produced to pumping energy supplied shall be taken as 0.90, both as measured at Authority's Niagara Switchyard.

Pumping energy may be provided either at the Project switchyard or at the Border, at the Customer's option, subject to Customer agreeing to pay any NYISO costs for delivery of pumping energy from the Border to the Project switchyard.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

The offer of Firm Hydroelectric Peaking Power and Energy for delivery pursuant to Section D below shall fulfill Authority's obligations for purposes of this General Provision whether or not the Firm Hydroelectric Peaking Energy is taken by Customer.

C. Adjustment of Rates

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to Customer.

D. Delivery

Firm Hydroelectric Peaking Power and Energy supplied under this Service Tariff shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border.

For the purpose of this Service Tariff, Firm Hydroelectric Peaking Power and Energy shall be deemed to be offered when Authority is able to supply Firm Hydroelectric Peaking Power and Energy and NYISO transmits it to its designated points of interconnection with Customer's transmission agent(s). If, despite such offer, there is a failure of delivery by Customer's transmission agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

E. Scheduling Procedures

1. Authority will advise Customer or its dispatching agent by the tenth (10<sup>th</sup>) Business Day of the preceding month of the estimated quantity of Firm Hydroelectric Peaking Energy expected by Service Tariff to be made available from the Project.
2. Authority may require that such Firm Hydroelectric Peaking Energy from the Project be scheduled in general accordance with the load shape of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts from the Project on a clock hour basis.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

4. Subsequent to Authority approval of schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

F. Payment by Customer for Firm Hydroelectric Peaking Power and Energy

1. Customer shall pay for Firm Hydroelectric Peaking Power and Energy during any billing period the sum of a) and b) below:
  - a. For Firm Hydroelectric Peaking Power, the demand rate per kW for Firm Peaking Hydroelectric Power specified in this Service Tariff or any modification thereof applied to Customer's contract demand for the billing period: and
  - b. The energy rate specified in this Service Tariff or any modification thereof applied to the amount of Firm Hydroelectric Peaking Energy delivered by Authority to Customer during such billing period.
2. Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

G. Supplementary Provision

Sections 454.2 (c) and 454.5 of the Rules are inapplicable to this Service Tariff.

H. Rules and Regulations

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

## V. Flow Adjustment Computation ("FAC")

The Energy charges under this Service Tariff and the applicable Service Tariffs associated with the St. Lawrence Hydroelectric Project, in the aggregate, are subject to a credit or surcharge pursuant to a FAC in any rate year following a calendar year for which the Hydroelectric Project Rate Stabilization Reserve ("RSR") is greater than \$+25 million, or less than \$-25 million, respectively. The RSR will be used to ensure rate stability and cost recovery and its level will be determined and any credit or surcharge for the succeeding rate year will be calculated after the prior calendar year's costs and generation levels are known. Any credit or surcharge will be applied on a uniform basis to the monthly billing statements rendered pursuant to this Service Tariff during the succeeding rate year.

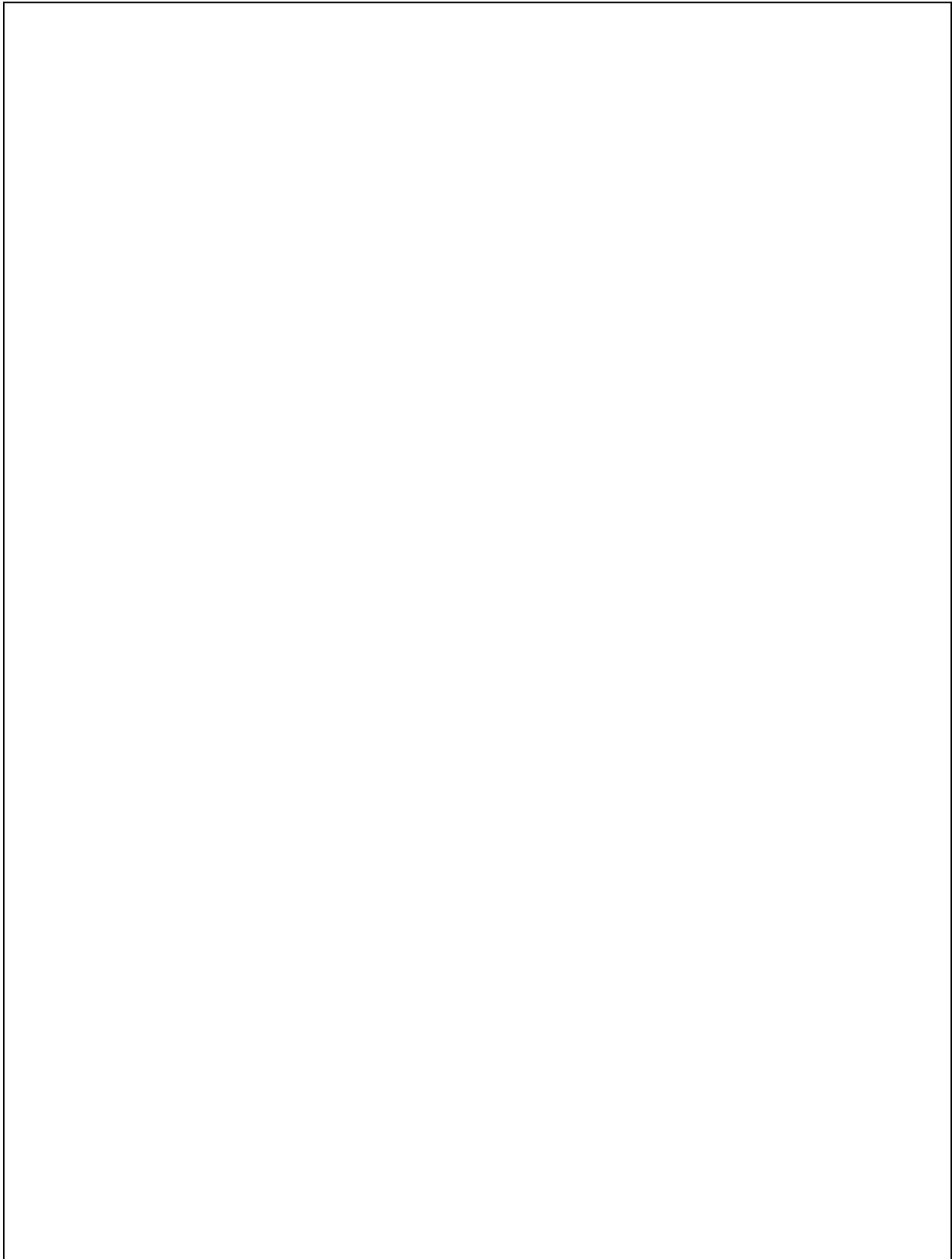
The FAC is inapplicable in any rate year succeeding a calendar year at the end of which the RSR is within the \$+25 million to \$-25 million range. If at the end of any calendar year, the RSR is determined to exceed \$+25 million, such excess amount will be credited pro-rata to Customers during the succeeding rate year pursuant to the FAC. If the RSR at the end of any calendar year is determined to be less than \$-25 million, the difference below \$-25 million will be surcharged pro-rata to Customers during the succeeding rate year pursuant to the FAC.

To the extent that there is a balance in the RSR (positive or negative) on the effective date of service under the applicable Agreement(s), arising out of service under a prior agreement for the sale of Project Power and Energy, that RSR balance shall be carried forward and maintained as the balance as of the effective date of service under the applicable Agreement(s).

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207



Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207



POWER AUTHORITY OF THE STATE OF NEW YORK  
30 SOUTH PEARL STREET  
ALBANY, NY 12207

Electric Service Tariff for Neighboring States  
Non-Firm Hydroelectric Energy Service

Service Tariff No. NS-3

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

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Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

## **Schedule of Rates for Non-Firm Hydroelectric Energy Service**

### **I. Applicability**

To sale of Niagara Non-Firm Hydroelectric Energy to Neighboring State Customers (as defined below).

### **II. Frequently used Abbreviations and Terms**

A. The following abbreviations are used:

kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator

B. The term "Agreement" means contract for the Sale of Hydropower and Energy between Authority and Customer.

C. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

D. The Term "Border" means New York State border.

E. The term "Customer" means the bargaining agent identified in the applicable Agreement with the Authority.

F. The term "Non-Firm Hydroelectric Energy" means all energy from Project that is in addition to the Energy associated with Firm Hydroelectric Power and Energy and Firm Peaking Hydroelectric Power and Energy, that is available from time to time, and that is subject to interruption for extended periods because of decreased water flows or other system conditions.

G. The term "Neighboring State Customers" means Customer and all other neighboring state bargaining agents that receive service from Project.

H. The term "Project" means the Authority's Niagara Hydroelectric Project.

I. The term "Rules" means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.

J. The term "Service Tariff" means this Service Tariff No. NS-3.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

### III. Monthly Rates and Charges

- A. The monthly energy charge paid by Neighboring State Customers to Authority shall be based on the preference energy rate charged by Authority, as shown below.

<u>Period</u>	<u>Energy Rate</u> Mills/kWh
5/1/2008 through 4/30/2009	4.92

The energy rate set forth above will apply at the Project switchyard and shall be subject to a monthly adjustment in accordance with a Flow Adjustment Computation (FAC) described in Section V.

B. Minimum Monthly Charge

None.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

D. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time);

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");

4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customers or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customers that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law.

Such NYISO Charges are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

E. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

#### **IV. General Provisions**

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and this Service Tariff with regard to deliveries to Customer are as follows:

##### **A. Character of Service**

Alternating current, 60 hertz, three-phase.

##### **B. Availability of Energy**

Non-Firm Hydroelectric Energy will be subject to its availability as determined by Authority. The offer of Non-Firm Hydroelectric Energy for delivery pursuant to Section D below shall fulfill Authority's obligations for purposes of this General Provision whether or not the Non-Firm Hydroelectric Energy is taken by Customer.

##### **C. Adjustment of Rates**

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to Customer.

##### **D. Delivery**

Non-Firm Hydroelectric Energy supplied under this Service Tariff shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border.

For the purpose of this Service Tariff, Non-Firm Hydroelectric Energy shall be deemed to be offered when Authority is able to supply Non-Firm Hydroelectric Energy and NYISO transmits it to its designated points of interconnection with Customer's transmission agent(s). If, despite such offer, there is a failure of delivery by Customer transmission agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

##### **E. Scheduling Procedures**

1. Authority will advise Customer or its dispatching agent by the tenth (10<sup>th</sup>) Business Day of the preceding month of the estimated quantity of Non-firm Hydroelectric Energy expected by Service Tariff to be made available from the Project.

2. Authority may require that such Non-firm Hydroelectric Energy from the Project be scheduled in general accordance with the load shape of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts from the Project on a clock hour basis.
4. Subsequent to Authority approval of schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

F. Payment by Customer for Non-Firm Hydroelectric Energy

1. Customer shall pay for Non-Firm Hydroelectric energy the energy rate specified in this Service Tariff or any modification thereof applied to the amount of Non-Firm Hydroelectric Energy delivered by Authority to Customer during such billing period.
2. Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

G. Supplementary Provision

Sections 454.2 (c) and 454.5 of the Rules are inapplicable to this Service Tariff.

H. Rules and Regulations

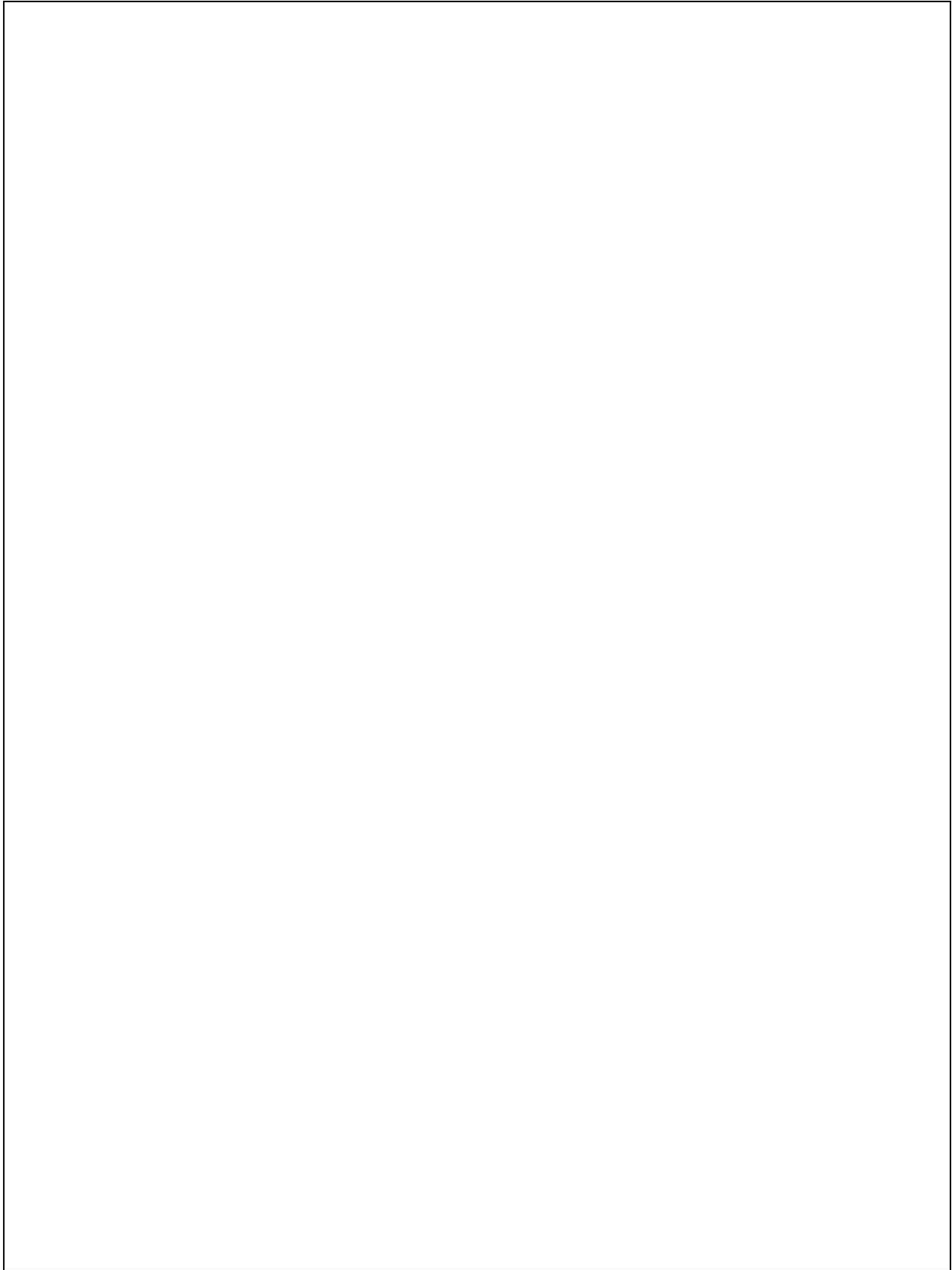
In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern.

## **V. Flow Adjustment Computation ("FAC")**

The Energy charges under this Service Tariff and the applicable Service Tariffs associated with the St. Lawrence Hydroelectric Project, in the aggregate, are subject to a credit or surcharge pursuant to a FAC in any rate year following a calendar year for which the Hydroelectric Project Rate Stabilization Reserve ("RSR") is greater than \$+25 million, or less than \$-25 million, respectively. The RSR will be used to ensure rate stability and cost recovery and its level will be determined and any credit or surcharge for the succeeding rate year will be calculated after the prior calendar year's costs and generation levels are known. Any credit or surcharge will be applied on a uniform basis to the monthly billing statements rendered pursuant to this Service Tariff during the succeeding rate year.

The FAC is inapplicable in any rate year succeeding a calendar year at the end of which the RSR is within the \$+25 million to \$-25 million range. If at the end of any calendar year, the RSR is determined to exceed \$+25 million, such excess amount will be credited pro-rata to Customers during the succeeding rate year pursuant to the FAC. If the RSR at the end of any calendar year is determined to be less than \$-25 million, the difference below \$-25 million will be surcharged pro-rata to Customers during the succeeding rate year pursuant to the FAC.

To the extent that there is a balance in the RSR (positive or negative) on the effective date of service under the applicable Agreement(s), arising out of service under a prior agreement for the sale of Project Power and Energy, that RSR balance shall be carried forward and maintained as the balance as of the effective date of service under the applicable Agreement(s).



Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207



POWER AUTHORITY OF THE STATE OF NEW YORK  
30 SOUTH PEARL STREET  
ALBANY, NY 12207

Electric Service Tariff for Neighboring States  
Firm Hydroelectric Power Service

Service Tariff No. SL-1

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

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Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

## Schedule of Rates for Firm Hydroelectric Power and Energy Service

### I. Applicability

To sale of St. Lawrence-FDR Hydroelectric Project firm power and energy to Designated Customer (as defined below).

### II. Frequently used Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator

B. The term "Agreement" means contract for the Sale of Hydropower and Energy between Authority and Customer.

C. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

D. The term "Border" means New York State border.

E. The term "Customer" means the bargaining agent identified in the applicable Agreement with the Authority.

F. The term "Firm Hydroelectric Power" means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Agreement(s), the Rules, this Service Tariff or in other contract documents. Firm Power shall not include peaking power.

G. The term "Firm Hydroelectric Energy" means energy (kWh) associated with Firm Hydroelectric Power.

H. The term "Neighboring State Customers" means Customer and all other neighboring state bargaining agents that receive service from Project.

I. The term "Project" means the Authority's St. Lawrence-FDR Hydroelectric Project.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

- J. The term "Rules" means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.
  
- K. The term "Service Tariff" means this Service Tariff No. SL-1.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

### III. Monthly Rates and Charges

- A. The monthly demand and energy charges paid by Neighboring State Customers to Authority shall be based on the preference power rates charged by Authority, as shown below.

<u>Period</u>	<u>Demand Rate</u> \$/kW-month of contract demand	<u>Energy Rate</u> Mills/kWh
5/1/2008 through 4/30/2009	2.96	4.92

The demand and energy rates set forth above will apply at the Project switchyard and the energy rate shall be subject to a monthly adjustment in accordance with a Flow Adjustment Computation (FAC) described in Section V.

B. Minimum Monthly Charge

The product of the demand rate set forth above and the contract demand.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

D. Contract Demand

The amounts set forth in the applicable Agreement(s) between Authority and Customer.

E. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time);

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;

2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customers or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customers that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law.

Such NYISO Charges are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

F. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff

#### **IV. General Provisions**

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and this Service Tariff with regard to deliveries to Customer are as follows:

##### **A. Character of Service**

Alternating current, 60 hertz, three-phase.

##### **B. Availability of Energy**

Unless otherwise agreed upon by the parties, as specified in the applicable Agreement(s), Authority shall normally provide in any billing period Firm Hydroelectric Energy to Customer in an amount equal to the product of (A) the number of hours in such billing period, (B) the contract demand applicable in such billing period and (C) the overall applicable monthly load factor, as set forth in the applicable Agreement(s). In the event that hydraulic conditions at the Project require the Authority to reduce the amount of Firm Hydroelectric Energy provided to Customer under this Service Tariff to an amount below such normal level, reductions as a percentage of the otherwise required Firm Hydroelectric Energy deliveries will be the same for all firm Authority hydropower customers. The offer of Firm Hydroelectric Energy for delivery pursuant to Section D below shall fulfill Authority's obligations for purposes of this General Provision whether or not the Firm Hydroelectric Energy is taken by Customer.

##### **C. Adjustment of Rates**

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, the monthly rates and charges contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to Customer.

##### **D. Delivery and Metering**

1. Delivery – Firm Hydroelectric Power and Energy supplied hereunder shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border.

For the purpose of this Service Tariff, Firm Hydroelectric Power and Energy shall be deemed to be offered when Authority is able to supply Firm Hydroelectric Power and Energy and NYISO transmits it to its designated

points of interconnection with Customer's transmission agent(s). If, despite such offer, there is a failure of delivery by Customer or Customer's transmission agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

2. Metering - The Firm Hydroelectric Power and Energy delivered to Customer's transmission agent at the Border shall be measured at or computed as though measured at the Border. For deliveries made under the NYISO tariffs, the amounts of Firm Hydroelectric Energy delivered at the Border shall equal the amounts provided at the Project switchyard. Under this approach, any Firm Hydroelectric Energy lost in delivery to the Border shall be purchased from the NYISO at the Border at the prevailing NYISO hourly prices at the relevant Border interconnection point(s) between NYISO and Customer' transmission agent(s). Alternatively, the Customer, in its sole discretion, after coordinating with Authority, may elect to provide "losses in kind" or such other arrangements as permitted by the NYISO tariffs for the provision of losses. In such case, the procedures for measuring and financially settling for energy losses to the Border shall be determined by the relevant provisions of the NYISO tariffs.

#### E. Scheduling Procedures

1. Authority will advise Customer or its dispatching agent by the tenth (10<sup>th</sup>) Business Day of the preceding month of the estimated quantity of Firm Hydroelectric Energy expected to be made available from the Project.
2. Authority may require that such Firm Hydroelectric Energy from the Project be scheduled in general accordance with the individual system load shapes of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts from the Project on a clock hour basis.
4. Subsequent to Authority approval of firm schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

F. Payment by Customer for Firm Hydroelectric Power and Energy

1. Customer shall pay charges for Firm Hydroelectric Power and Energy during any billing period equal to the sum of a) and b) below:
  - a. The demand rate per kW for Firm Hydroelectric Power specified in this Service Tariff or any modification thereof applied to Customer's contract demand for the billing period: and
  - b. The energy rate specified in this Service Tariff or any modification thereof applied to the amount of Firm Hydroelectric Energy delivered by Authority to Customer during such billing period as determined pursuant to General Provision D-2 above.
2. Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

G. NYISO Billing Records

If the Authority acts as Customer's transmission agent with the NYISO for delivery of Customer's Firm Hydroelectric Power and Energy allocation, the Authority shall maintain, for a period of at least three (3) calendar years, records of billings and supporting data received from the NYISO for such delivery services to the Border. Upon request, such billing data shall be provided to Customer in a mutually agreed upon electronic format.

H. Supplementary Provision

Sections 454.2 (c) and 454.5 of the Rules are inapplicable to this Service Tariff.

I. Rules and Regulations

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern.

## **V. Flow Adjustment Computation ("FAC")**

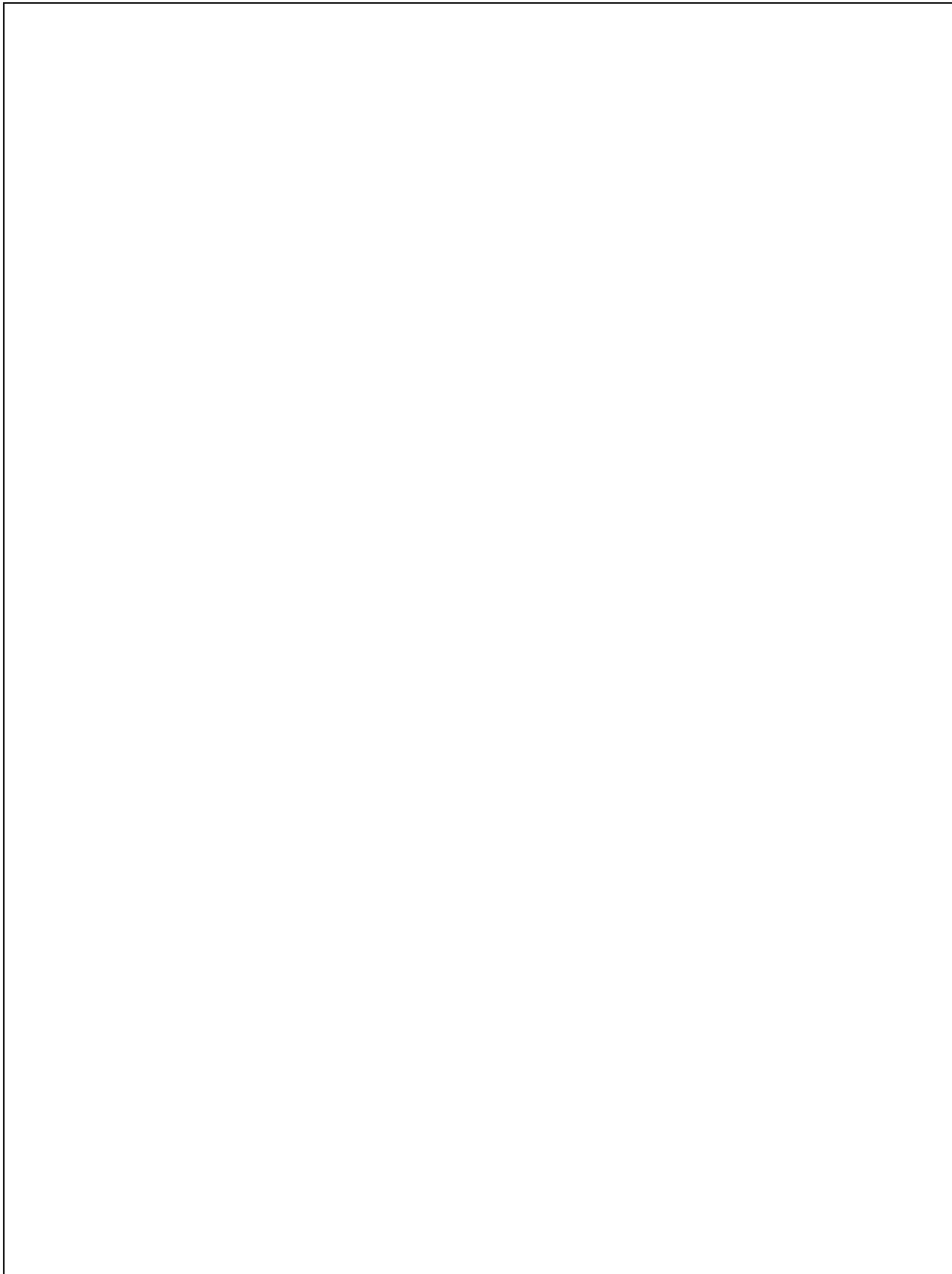
The energy charges hereunder plus those under this Service Tariff and the applicable Service Tariffs associated with the Niagara Hydroelectric Project, in the aggregate, are subject to a credit or surcharge pursuant to a FAC in any rate year following a calendar year for which the Hydroelectric Project Rate Stabilization Reserve ("RSR") is greater than \$+25 million, or less than \$-25 million, respectively. The RSR will be used to ensure rate stability and cost recovery and its level will be determined and any credit or surcharge for the succeeding rate year will be calculated after the prior calendar year's costs and generation levels are known. Any credit or surcharge will be applied on a uniform basis to the monthly billing statements rendered pursuant to this Service Tariff during the succeeding rate year.

The FAC would be inapplicable in any rate year succeeding a calendar year at the end of which the RSR is within the \$+25 million to \$-25 million range. If at the end of any calendar year, the RSR is determined to exceed \$+25 million, such excess amount will be credited pro-rata to Customers during the succeeding rate year pursuant to the FAC. If the RSR at the end of any calendar year is determined to be less than \$-25 million, the difference below \$-25 million will be surcharged pro-rata to Customers during the succeeding rate year pursuant to the FAC.

To the extent that there is a balance in the RSR (positive or negative) on the effective date of service under the applicable Agreement(s), arising out of service under a prior agreement for the sale of Project Power and Energy, that RSR balance shall be carried forward and maintained as the balance as of the effective date of service under the applicable Agreement(s).

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX



Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207



POWER AUTHORITY OF THE STATE OF NEW YORK  
30 SOUTH PEARL STREET  
ALBANY, NY 12207

Electric Service Tariff for Neighboring States  
Non-Firm Hydroelectric Energy Service

Service Tariff No. SL-2

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

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Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

## **Schedule of Rates for Non-Firm Hydroelectric Energy Service**

### **I. Applicability**

To sale of St. Lawrence-FDR Hydroelectric Project non-firm energy to Designated Customer (as defined below).

### **II. Frequently used Abbreviations and Terms**

A. The following abbreviations are used:

kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator

B. The term "Agreement" means contract for the Sale of Hydropower and Energy between Authority and Customer.

C. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York

D. The term "Border" means New York State border.

E. The term "Customer" means the bargaining agent identified in the applicable Agreement with the Authority.

F. The term "Non-Firm Hydroelectric Energy" means energy from Project, that is in addition to the energy associated with Firm Hydroelectric Power, that is available from time to time, and is subject to interruption for extended periods because of decreased water flows or other system conditions.

G. The term "Neighboring State Customers" means Customer and all other neighboring state bargaining agents that receive service from Project.

H. The term "Project" means the Authority's St. Lawrence-FDR Hydroelectric Project.

I. The term "Rules" means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.

J. The term "Service Tariff" means this Service Tariff No. SL-2.

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

### III. Monthly Rates and Charges

- A. The monthly energy charge paid by Neighboring State Customers to Authority shall be based on the preference power rates charged by Authority, as shown below.

<u>Period</u>	<u>Energy Rate</u> Mills/kWh
5/1/2008 through 4/30/2009	4.92

The energy rate set forth above will apply at the Project switchyard and shall be subject to a monthly adjustment in accordance with a Flow Adjustment Computation (FAC) described in Section V.

B. Minimum Monthly Charge

None.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

D. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time);

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customers or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customers that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law.

Such NYISO Charges are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

E. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

#### **IV. General Provisions**

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and this Service Tariff with regard to deliveries to Customer are as follows:

##### **A. Character of Service**

Alternating current, 60 hertz, three-phase.

##### **B. Availability of Energy**

Non-firm energy will be subject to its availability as determined by Authority. Transmission of non-firm energy will be subject to availability of transmission capacity on the systems of Authority and its wheeling agents as determined pursuant to General Provision D-1. The offer of energy for delivery pursuant to General Provision D-1 below shall fulfill Authority's obligations for purposes of this General Provision whether or not the energy is taken by Customer.

##### **C. Adjustment of Rates**

To the extent not inconsistent with the Agreement for the Sale of Hydropower and Energy, the monthly rates and charges contained in this Service Tariff may be revised by Authority from time to time on not less than thirty (30) days written notice to Customer.

##### **D. Delivery and Metering**

1. Delivery – Non-Firm Hydroelectric Energy supplied hereunder shall be delivered by Authority at the Project switchyard to the NYISO for delivery to Customer's transmission agent at the Border. For the purpose of this Service Tariff, Non-Firm Hydroelectric Energy shall be deemed to be offered when Authority is able to supply such Non-Firm Hydroelectric Energy and NYISO transmits it to its designated points of interconnection with the Customer's transmission agent(s).
2. Metering - The Non-Firm Hydroelectric Energy delivered to Customer's transmission agent at the Border shall be measured at or computed as though measured at the Border. For deliveries made under the NYISO tariffs, the amounts of Non-Firm Hydroelectric Energy delivered at the Border shall equal the amounts provided at the Project switchyard. Under this approach, any energy lost in delivery shall be purchased from the NYISO at the Border at the prevailing NYISO hourly prices at the relevant Border interconnection point(s) between NYISO and Customer's transmission agent(s). Alternatively,

the Customer, in its sole discretion, after coordinating with Authority, may elect to provide "losses in kind" or such other arrangements as permitted by the NYISO tariffs for the provision of losses. In such case, the procedures for measuring and financially settling for energy losses to the Border shall be determined by the relevant provisions of the NYISO tariffs.

E. Scheduling Procedures

1. Authority will advise Customer or its dispatching agent by the tenth (10<sup>th</sup>) Business Day of the preceding month of the estimated quantity of Non-Firm Hydroelectric Energy expected to be made available from the Project.
2. Authority may require that such Non-Firm Hydroelectric Energy from the Project be scheduled in general accordance with the individual system load shapes of Customer or its dispatching agent or as otherwise agreed upon by the Customer and Authority.
3. Customer or its dispatching agent shall file with Authority pursuant to procedures established by Authority, a daily schedule setting forth the Customer's requested amounts on a clock hour basis.
4. Subsequent to Authority approval of non-firm schedules for any day, Authority and Customer or its dispatching agent may agree on changes in such schedules subject to NYISO scheduling requirements and procedures Authority shall establish such that an efficient dispatch of Authority facilities will be accomplished.

F. Payment by Customer for Non-Firm Hydroelectric Energy

1. Customer shall pay for Non-Firm Hydroelectric Energy during any billing period the energy rate specified in this Service Tariff or any modification thereof applied to the amount of Non-Firm Hydroelectric Energy delivered by Authority to Customer during such billing period as determined pursuant to General Provision D-2.
2. Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

G. NYISO Billing Records

If the Authority acts as Customer's transmission agent with the NYISO for delivery of Customer's power and energy allocation, the Authority shall maintain, for a period of at least three (3) calendar years, records of billings and supporting data received from the NYISO for such delivery services to the Border. Upon request, such billing data shall be provided to Customer in a mutually agreed upon electronic format.

H. Supplementary Provision

Sections 454.2 (c) and 454.5 of the Rules are inapplicable to this Service Tariff.

I. Rules and Regulations

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern.

## **V. Flow Adjustment Computation ("FAC")**

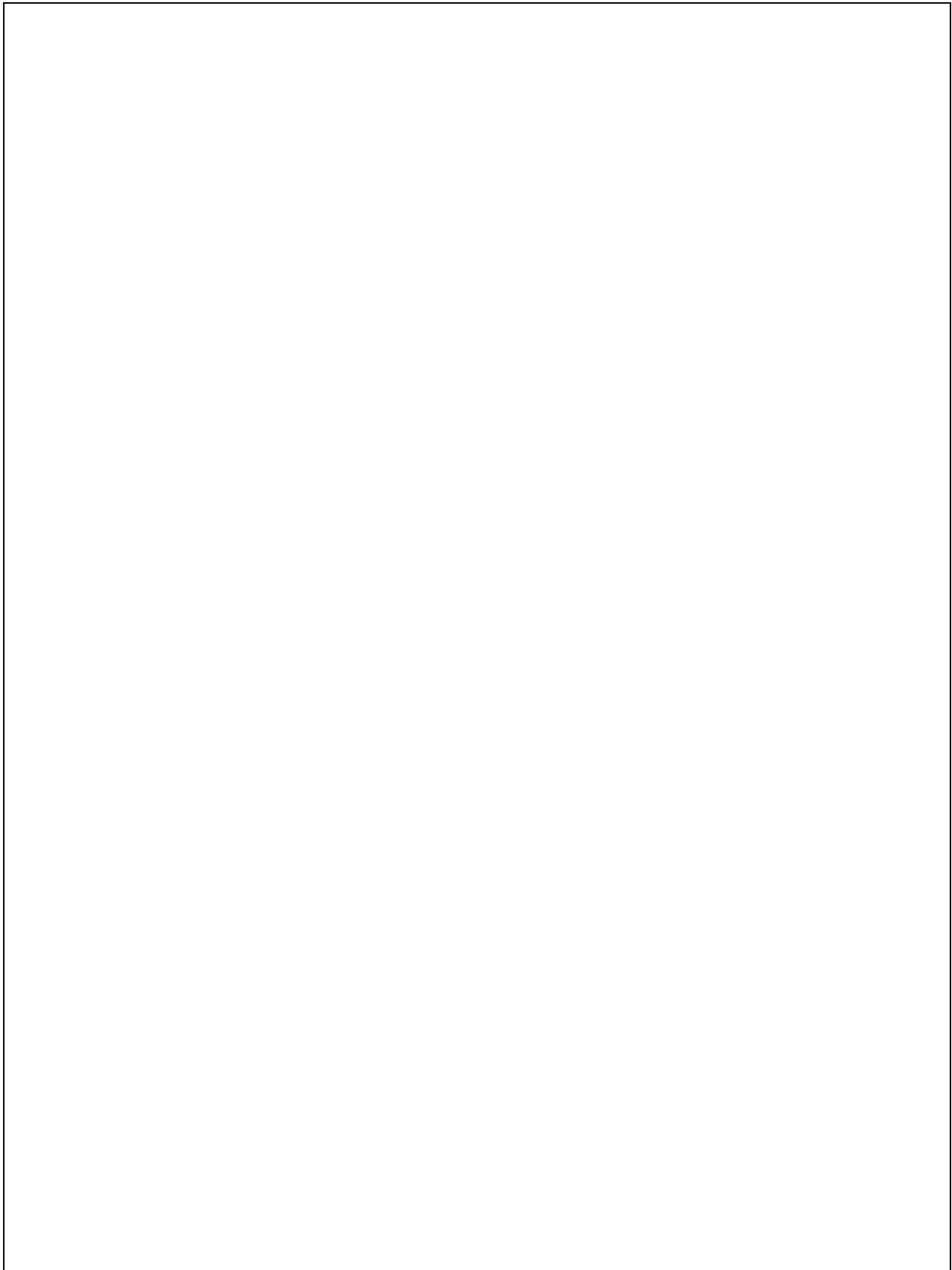
The energy charges hereunder plus those under this Service Tariff and the applicable Service Tariffs associated with the Niagara Hydroelectric Project, in the aggregate, are subject to a credit or surcharge pursuant to a FAC in any rate year following a calendar year for which the Hydroelectric Project Rate Stabilization Reserve ("RSR") is greater than \$+25 million, or less than \$-25 million, respectively. The RSR will be used to ensure rate stability and cost recovery and its level will be determined and any credit or surcharge for the succeeding rate year will be calculated after the prior calendar year's costs and generation levels are known. Any credit or surcharge will be applied on a uniform basis to the monthly billing statements rendered pursuant to this Service Tariff during the succeeding rate year.

The FAC would be inapplicable in any rate year succeeding a calendar year at the end of which the RSR is within the \$+25 million to \$-25 million range. If at the end of any calendar year, the RSR is determined to exceed \$+25 million, such excess amount will be credited pro-rata to Customers during the succeeding rate year pursuant to the FAC. If the RSR at the end of any calendar year is determined to be less than \$-25 million, the difference below \$-25 million will be surcharged pro-rata to Customers during the succeeding rate year pursuant to the FAC.

To the extent that there is a balance in the RSR (positive or negative) on the effective date of service under the applicable Agreement(s), arising out of service under a prior agreement for the sale of Project Power and Energy, that RSR balance shall be carried forward and maintained as the balance as of the effective date of service under the applicable Agreement(s).

Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX



Date of Issue: XXXXXXXX

Date Effective: XXXXXXXX

Issued by James H. Yates, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207

2. **Financial Reports for the Four Months Ended April 30, 2008**

*Mr. Arnold Bellis presented the highlights of the reports to the Trustees. In response to a question from Trustee James Besha, Mr. Bellis said that the Authority's voluntary contribution of \$60 million to the New York State Treasury was being shown on the books as 12 monthly payments of \$5 million each for 2008.*

**NEW YORK POWER AUTHORITY**  
**FINANCIAL REPORTS**  
**FOR THE FOUR MONTHS ENDED APRIL 30, 2008**

<b>NEW YORK POWER AUTHORITY</b> <b>FINANCIAL REPORT</b> <b>FOR THE FOUR MONTHS ENDED APRIL 30, 2008</b>
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(\$ in millions)

<u>Financial Summary</u>	<u>2008 YTD</u>		<u>April 2008</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Net operating revenues	\$88.4	\$68.0	\$9.4	\$13.1
Net revenues	99.6	84.6	3.9	15.7
O&M (incl. administrative)	86.5	93.4	22.2	23.9
Generation (gwh's)	8,994	8,089	2,282	1,908

	<u>Current</u>	<u>Prior Month</u>	<u>December 2007</u>
<b>Reserves</b>	\$273	\$283	\$284

Net revenues through April 30, 2008 were \$99.6 which was \$15.0 higher than budgeted including higher net operating revenues (\$20.4) partially offset by lower non-operating income (\$5.4). Net operating revenues were higher at Niagara (\$28.6) and St. Lawrence (\$4.4) due to higher generation. Higher market-based sales contributed to higher net operating revenues at the SCPP's (\$2.6) and Blenheim Gilboa (\$1.9). Year-to-date net generation (8,994 gwh) was 11% higher than budgeted (8,089 gwh) with higher production at both the hydro and fossil facilities. These positives were substantially offset by the recognition of a \$20.0 charge relating to the additional voluntary contribution to the State's General Fund based on the State's fiscal year 2008-9 Budget Bill. This charge represents a proportionate share of the additional \$60.0 contribution authorized by the Trustees in April and subsequently paid. The remainder of this amount will be recognized monthly during the rest of the year. Non-operating income included a \$7.9 lower than anticipated year-to-date mark-to-market gain on the Authority's investment portfolio (resulting from higher than anticipated market interest rates) partially offset by lower costs on variable rate debt.

Net revenues for the month of April were \$3.9 which was \$11.8 lower than anticipated due to lower non-operating income (\$8.0) and lower net operating revenues (\$3.8). Non-operating income included a mark-to-market loss on the Authority's investment portfolio (\$8.7), due to an increase in market interest rates to December 2007 levels, partially offset by lower costs on variable rate debt. Net operating revenues included the recognition of a \$20.0 provision related to the voluntary contribution to the State General Fund (see above). Excluding this adjustment, net operating revenues were \$16.3 higher than expected primarily at Niagara (\$13.6) and the transmission facilities (\$3.4). Niagara production was 32% higher than anticipated resulting in higher market-based sales. Revenues for the transmission facilities included higher FACTS congestion rents. Overall production for the month of April was 20% higher than anticipated.

**NYPA**  
**Net Revenues**  
**For The Four Months ended April 30, 2008**  
**(\$ in 000'S)**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Operating Revenues</b>				
Customer	\$2,001,278	\$630,198	\$637,998	(\$7,800)
Market-Based Power Sales	723,815	345,540	221,698	123,842
Ancillary Services	60,181	31,924	23,025	8,899
NTAC and Other	92,647	33,678	31,746	1,932
Total Market-Based and ISO	<u>876,643</u>	<u>411,142</u>	<u>276,469</u>	<u>134,673</u>
	<b>2,877,921</b>	<b>1,041,340</b>	<b>914,467</b>	<b>126,873</b>
<b>Operating Expenses</b>				
Purchased Power	1,055,203	375,228	\$345,251	(29,977)
Ancillary Services	91,102	52,372	29,713	(22,659)
Fuel Consumed - Oil & Gas	542,804	216,091	180,914	(35,177)
Wheeling	384,331	95,376	92,033	(3,343)
Operations & Maintenance	294,993	86,452	93,390	6,938
Other expenses	140,879	68,253	46,964	(21,289)
Depreciation & Amortization	175,420	61,270	60,712	(558)
Allocation to Capital	(8,002)	(2,057)	(2,489)	(432)
	<u>2,676,730</u>	<u>952,985</u>	<u>846,488</u>	<u>(106,497)</u>
<b>Net Operating Revenues</b>	<b>201,191</b>	<b>88,355</b>	<b>67,979</b>	<b>20,376</b>
Interest Income and Realized Gains	144,416	52,144	52,854	(710)
Mark to Market Adjustment	12,000	119	8,000	(7,881)
<b>Investment Income</b>	<u>156,416</u>	<u>52,263</u>	<u>60,854</u>	<u>(8,591)</u>
Interest and Other Expenses	128,887	40,977	44,262	3,285
<b>Net Revenues</b>	<u><u>228,720</u></u>	<u><u>99,641</u></u>	<u><u>84,571</u></u>	<u><u>15,070</u></u>

**New York Power Authority**  
**Net Revenues by Facility**  
**For the Four Months ended April 30, 2008**  
(\$ in 000's)

	Niagara	St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
<b>Operating Revenues</b>										
Customer	\$ 85,907	\$ 38,797	\$ 2,458	\$ 350,653	\$ 228	\$ 85,795	\$ 48,121	\$ 27,700	\$ (9,461)	\$ 630,198
Market-Based Power Sales	67,132	11,251	35,400	218,347	44,081	14,163			(44,834)	345,540
Ancillary Services	24,880	694	207	5,896	247					31,924
NTAC and Other								33,678		33,678
Total Market-Based and ISO	92,012	11,945	35,607	224,243	44,328	14,163		33,678	(44,834)	411,142
<b>Operating Expenses</b>										
Purchased Power	38,682	16,606	22,912	251,718	2,593	101,120			(58,403)	375,228
Ancillary Services	11,081	5,803	90	29,368	35	5,995				52,372
Fuel Consumed - Oil & Gas				152,627	26,325		37,139			216,091
Wheeling	2,379	282		89,637		2,943	135			95,376
Operations & Maintenance	22,866	9,674	8,267	16,995	5,254	432	2,638	20,326		86,452
Other expenses	4,752	1,114	573	4,424	329	16,746	169	2,630	37,516	68,253
Depreciation & Amortization	10,026	5,144	2,425	19,695	8,655	283	1,773	13,269		61,270
Allocation to Capital	(595)	(291)	(249)	(348)	(9)		(68)	(497)		(2,057)
	89,191	38,332	34,018	564,116	43,182	127,519	41,786	35,728	(20,887)	952,985
<b>Net Operating Revenues</b>	88,728	12,410	4,047	10,780	1,374	(27,561)	6,335	25,650	(33,408)	88,355
Investment and Other Income		2					13		52,248	52,263
Interest and Other Expenses	(10,396)	(6,516)	299	(10,306)	(16)	(18)	(427)	(9,342)	(4,255)	(40,977)
<b>Net Revenues (loss)</b>	78,332	5,896	4,346	474 *	1,358	(27,579)	5,921	16,308	14,585	99,641
Budget	48,664	1,393	2,223	1,581	(1,245)	(25,223)	4,139	10,757	42,282	84,571
Variance	\$ 29,668	\$ 4,503	\$ 2,123	\$ (1,107)	\$ 2,603	\$ (2,356)	\$ 1,782	\$ 5,551	\$ (27,697)	\$ 15,070

\* Revenues for SENY are presented net of a \$10.1 million reduction resulting 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 Four Months ended April 30, 2008  
(Millions)

		Better/(Worse) than budget	
<b>Niagara</b>	o Higher customer revenues (pass-through of purchased power costs)	\$ 9.1	
	o Higher market-based revenues (higher volumes)	41.7	
	o Higher purchased power costs (higher prices & volumes)	(18.9)	
	o Higher ancillary service costs (primarily local reliability)	(4.6)	
	o Lower allocated administrative expenses	1.5	
	o Other (primarily lower interest costs)	0.9	\$29.7
<b>St. Lawrence</b>	o Higher revenues	0.6	
	o Lower purchased power costs (lower volumes)	5.7	
	o Higher ancillary service costs	(2.2)	
	o Other	0.4	4.5
<b>Blenheim-Gilboa</b>	o Higher market-based revenues (higher prices & volumes)	3.5	
	o Higher purchased power costs (primarily higher prices)	(2.3)	
	o Other	0.9	2.1
<b>SENY</b>	o Lower customer revenues (primarily ECA adjustment offset)	(13.2)	
	o Higher market-based sales (higher prices & volumes)	79.2	
	o Higher purchased power costs (primarily higher volumes)	(25.4)	
	o Higher ancillary service costs (primarily local reliability)	(13.1)	
	o Higher fuel costs (higher generation & higher prices)	(27.3)	
	o Other	(1.3)	(1.1)
<b>SCPP</b>	o Higher revenues (higher volumes & prices on market-based sales)	11.1	
	o Higher purchased power costs (higher volumes)	(1.7)	
	o Higher fuel costs (higher generation)	(7.3)	
	o Lower site O&M (less than anticipated maintenance charges)	0.9	
	o Other	(0.4)	2.6
<b>Market Supply Power</b>	o Higher revenues (higher volumes & prices on market-based sales)	2.8	
	o Higher purchased power costs (higher prices)	(2.8)	
	o Higher ancillary service costs (primarily local reliability)	(2.7)	
	o Other	0.3	(2.4)
<b>Flynn</b>	o Higher revenues	1.9	
	o Higher fuel costs (higher generation)	(0.6)	
	o Other	0.5	1.8
<b>Transmission</b>	o Higher revenues (including TCC revenues for the FACTS Project)	3.3	
	o Lower allocated administrative expenses	1.1	
	o Other (includes lower interest costs)	1.2	5.6
Consolidating adjustments :Including additional (\$20.0) accrual for voluntary contributions to NYS & lower mark-to-market gain			(27.7)
Net Revenues			\$ 15.1

**NYPA**  
**Operations & Maintenance**  
**For the Four Months Ended April 30, 2008**

	(\$'s in millions)	
	<u>Actual</u>	<u>Budget</u>
<b>Power Generation</b>		
Headquarters Support	\$3.3	\$2.2
Blenheim-Gilboa	4.5	4.8
Charles Poletti	6.7	6.7
500 MW	2.9	3.7
R.M. Flynn	1.6	1.8
SCPP	4.9	5.8
Small Hydros	1.0	1.5
Niagara	13.0	12.9
St. Lawrence	<u>5.6</u>	<u>5.9</u>
	43.5	45.3
<b>Transmission</b>		
ECC/Headquarters	3.3	3.8
Transmission Facilities	<u>12.1</u>	<u>11.5</u>
	15.4	15.3
<b>Corporate Support</b>		
Executive Office	3.4	4.0
Business Services	10.4	12.1
HR & Corporate Support	5.7	6.4
Energy Marketing & Corporate Affairs	<u>5.4</u>	<u>5.9</u>
	24.9	28.4
<b>Research &amp; Development &amp; Other</b>	2.7	4.4
<b>Total</b>	<u>\$86.5</u>	<u>\$93.4</u>

Through April, O&M expenses were \$6.9 million under budget including underruns in HQ Corporate Support departments, Power Generation and Research & Development & Other.

HQ Corporate Support expenses were under budget by \$3.5 million mostly due to under spending for legal, ERAC and ERM consultants, HQ communications, IT contract services, and CSS building maintenance and contract services.

Power Generation expenditures were \$1.8 million lower than anticipated due primarily to early year timing differences in maintenance and non-recurring charges at the SCPP's (\$0.9), the 500MW plant (\$0.8), and the Small Hydro facilities (\$0.5) partially offset by overruns at Power Generation HQ (\$1.1).

The underrun in Research & Development & Other expenses includes less than expected spending for renewable and emerging technology, transmission technology and electric vehicle programs.

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

	<u>APRIL 2008</u>	<u>DECEMBER 2007</u>	<u>NET CHANGE</u>
<b>ASSETS:</b>			
Electric Plant In Service, Less Accumulated Depreciation	\$3,404,668	\$3,449,829	(45,161)
Construction Work In Progress	136,091	124,519	11,572
Net Utility Plant	<u>\$3,540,759</u>	<u>\$3,574,348</u>	<u>(33,589)</u>
Restricted Funds	91,598	93,683	(2,085)
Construction Funds	262,872	261,181	1,691
Investment In Decommissioning Trust Fund	945,263	979,336	(34,073)
Current Assets:			
Cash	72	72	-
Investments In Government Securities	883,071	861,405	21,666
Interest Receivable On Investments	18,963	20,067	(1,104)
Receivables-Customers	297,834	175,365	122,469
Materials & Supplies-Plant & General	75,430	75,604	(174)
-Fuel	34,349	33,809	540
Prepayments And Other	39,975	44,318	(4,343)
Notes Receivable-Nuclear Sale	156,603	193,533	(36,930)
Deferred Charges And Other Assets	<u>497,661</u>	<u>478,576</u>	<u>19,085</u>
<b>TOTAL ASSETS</b>	<b><u>\$6,844,450</u></b>	<b><u>\$6,791,297</u></b>	<b><u>\$53,153</u></b>
<b>LIABILITIES AND OTHER CREDITS:</b>			
Long-Term Debt - Bonds	\$1,795,058	\$1,869,236	(74,178)
Notes	143,995	150,000	(6,005)
Short-Term Notes Payable	271,726	268,488	3,238
Accounts Payable And Accrued Liabilities	889,894	846,161	43,733
Spent Nuclear Fuel Disposal	213,369	211,316	2,053
Decommissioning Of Nuclear Plants	945,263	979,336	(34,073)
Deferred Revenue	<u>217,114</u>	<u>198,369</u>	<u>18,745</u>
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b><u>4,476,419</u></b>	<b><u>4,522,906</u></b>	<b><u>(46,487)</u></b>
<b>ACCUMULATED NET REVENUES-JANUARY 1</b>	<b>2,268,390</b>	<b>2,033,621</b>	<b>234,769</b>
<b>NET REVENUES</b>	<b><u>99,641</u></b>	<b><u>234,770</u></b>	<b><u>(135,129)</u></b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b><u>\$6,844,450</u></b>	<b><u>\$6,791,297</u></b>	<b><u>\$53,153</u></b>

NYPA  
**SUMMARY OF NET GENERATION (MWH'S)  
 FOR THE FOUR MONTHS ENDED APRIL 30, 2008**

Facility	Year-to-date April			Month of April 2008				
	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget
Niagara	4,708,762	4,322,313	386,449	8.94%	1,169,162	885,200	283,962	32.08%
St. Lawrence	2,138,586	1,882,562	256,024	13.60%	572,849	497,376	75,473	15.17%
Combined	6,847,348	6,204,875	642,473	10.35%	1,742,011	1,382,576	359,435	26.00%
Poletti	511,502	302,664	208,838	69.00%	149,944	101,307	48,637	48.01%
500MW	1,006,429	1,031,931	(25,502)	-2.47%	228,011	276,722	(48,711)	-17.60%
SCPP	220,532	172,840	47,692	27.59%	61,984	52,718	9,266	17.58%
Blenheim Gilboa	(103,570)	(116,919)	13,349	-11.42%	(23,628)	(28,631)	5,003	-17.48%
Small Hydro	86,292	72,051	14,241	19.77%	22,156	22,008	148	0.67%
R. M. Flynn	425,249	421,740	3,509	0.83%	101,621	101,391	230	0.23%
Total	8,993,782	8,089,182	904,600	11.18%	2,282,099	1,908,091	374,008	19.60%

**NYPA**  
**Capital Expenditures**  
**For the Four Months Ended April 30, 2008**

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
<b>Energy Services</b>	27.2	28.0
<b>Existing Facilities</b>	20.4	27.9
<b>Transmission</b>	5.6	6.9
<b>Headquarters</b>	8.9	8.3
<b>General Plant and Minor Additions</b>	<u>3.7</u>	<u>3.3</u>
	<u>\$65.8</u>	<u>\$74.4</u>

Capital expenditures through April were \$8.6 million lower than budget. **Existing Facilities** were under running the budget by \$7.5 million primarily due to less than anticipated usage of consultants for the Niagara Relicensing Project and delays in the St. Lawrence & B-G LEM, Niagara Generator Stator Rewind and 100-Ton Gantry Projects. The underrun in **Transmission** of \$1.3 million was primarily due to the delayed procurement of equipment in the Static Var Compensator & Tri Lakes Reliability Project and construction of the 46kv transmission line. **Headquarters** expenditures were over the budget by \$0.6 million primarily due to a timing difference related to the Billing System Project.

Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of \$ 3.6 million for 2008. There were no expenditures authorized this month.

**Demand Side Management**  
**Cost Summary (Inception to Date)**  
**April 30, 2008**  
**(\$ 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	50,997	33,632
433,000	NYPA Energy Services Program	ES-ESN	80,902	123,377	204,279	73,976	130,303
780,000	SENY Govt Cust Energy Serv	ES-GSN	92,774	20,659	113,433	50,995	62,438
130,000	SENY HELP LTEPA	ES-LTN	5,921	81,805	87,726	62,010	25,716
1,200	MUNI Vehicle Program	ES-MVN		512	458	384	74
140,000	Non-Elect End Use LTEPA	ES-NEN	32,237	58,269	90,506	54,384	36,122
35,000	Peak Load Mgmt	ES-PLN	9,790	165	9,955		9,955
<b>Completed Programs</b>							
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	\$1,184	\$603
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	38,939	2
130,000	SENY HELP	ES-SEN		134,305	134,305	134,305	0
60,000	Statewide	ES-SWN		56,733	56,733	55,910	823
4,085	Other			746	746	746	0
7,500	Wattbusters			5,441	5,441	5,441	0
<u>\$2,122,435</u>			<u>\$231,719</u>	<u>\$733,299</u>	<u>\$965,311</u>	<u>\$663,880</u>	<u>\$301,431</u>

**(B) POCR Funding**

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
<u>\$ 16,390</u>	Colleges & Universities	<u>\$ 16,390</u>	<u>\$ 16,187</u> (1)	<u>\$ 203</u>

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	16,186
31,199	(1) POCR Grants	13,907
<u>\$ 74,293</u>		<u>\$ 47,419</u>

**(C) CASP Funding**

Authorized	Program	Issued
\$133,188	(2) Coal Conversion	\$129,839

**(D) Board of Ed Funding**

Authorized	Program	Issued
\$44,614	(2) Climate Controls (NYC BOE)	\$35,227

**(E) NYC Housing Auth Funding**

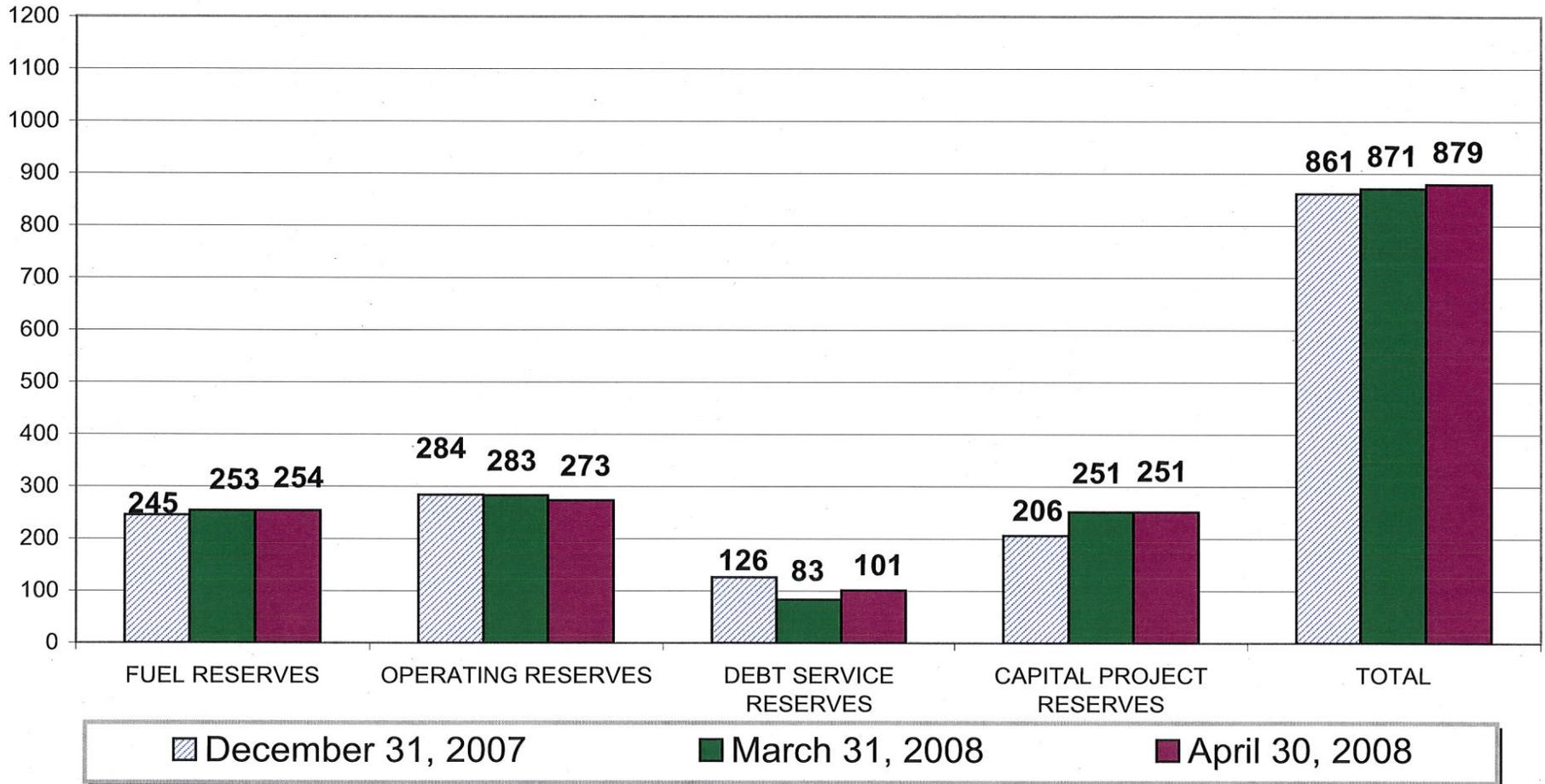
Authorized	Program	Issued
\$25,909	(2) NYCHA Hot Water Heaters	\$22,766

**(F) Lower Manhattan Energy Independence Initiative Program**

Authorized	Program	Issued
\$26,063	(2) Lower Manhattan Energy Serv	\$6

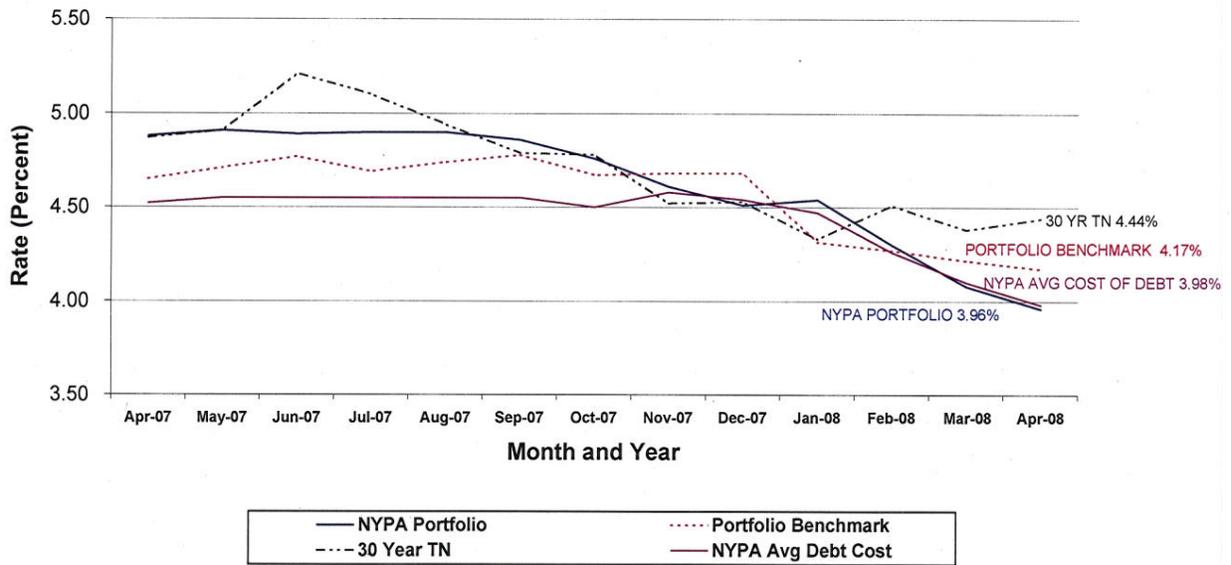
(1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POCR Grant Program.  
(2) Authorized funds reflect both principal received and the interest earned on such principal.

**NEW YORK POWER AUTHORITY  
OPERATING FUND  
(\$ MILLIONS)**

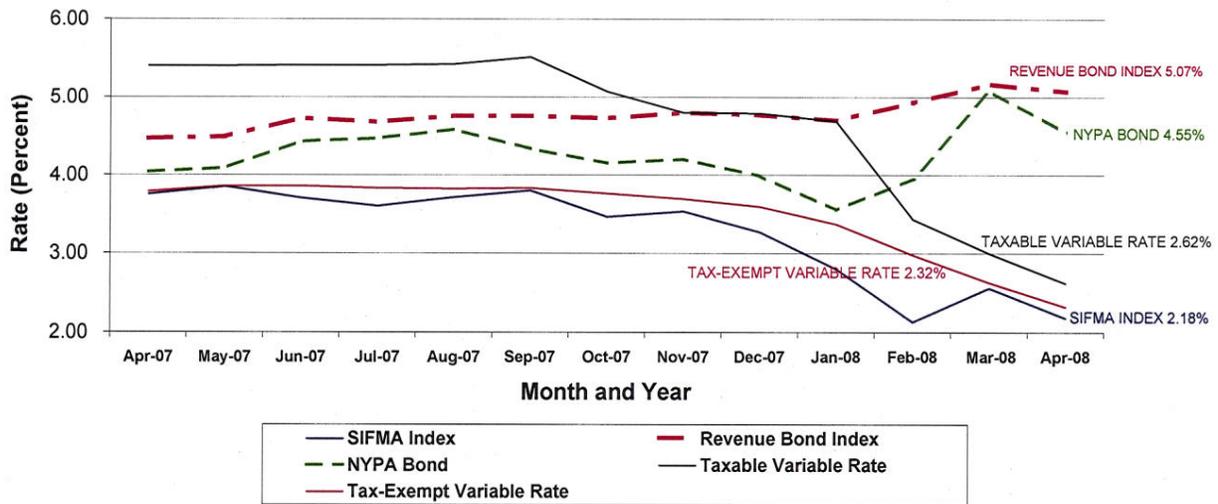


Fuel Reserves include \$213.4 million for Nuclear Spent Fuel and \$40.6 million for Energy Hedging Reserve Fund.

### Portfolio Performance



### Financing Rates



3. Report from the President and Chief Executive Officer

*President Roger Kelley said that from an overall point of view he could tell the Trustees unequivocally that the staff continues to move forward doing the day-to-day business of the Authority and successfully carrying out the Authority's mission for the people of New York State. He reported on the following developments:*

*Unaccounted for Energy ("UFE") Charges: As previously reported, the power bills for two of the Authority's full-requirements customers, the villages of Lake Placid and Tupper Lake, included extraordinarily large UFE charges earlier this year. In response to these charges, and as previously discussed, the Authority agreed to suspend the UFE charges pending an investigation into the root cause and allow the two customers to spread these New York Independent System Operator ("NYISO") charges over several months, thus smoothing out their payments. Staff continues its discussions with NYISO, the Public Service Commission and National Grid to address the issue and the Authority remains hopeful that the parties will soon arrive at a mutually agreeable solution.*

*Gregory B. Jarvis Plant at Hinckley Reservoir – Governor's Working Group Issues Report: Due to abnormally low water levels and lack of precipitation in the West Canada Creek Watershed in 2007, the inflow of water to the Hinckley Reservoir from May to October 2007 was at one of the lowest rates in the past 60 years. In September 2007, the volume of water in the Reservoir was estimated to be about 15% of full capacity and the Authority's Jarvis Plant was taken off-line in early September due to hydraulic limitations. In response to the low water levels and concerns raised by the Authority and the Mohawk Valley Water Authority, the New York State Canal Corporation and the New York State Department of Environmental Conservation ("DEC"), the Governor created a Working Group in October 2007 to examine ways of facilitating communication and water allocation among the several competing interests and to develop a plan to help the Reservoir meet the future needs of the Oneida County community. After numerous meetings, the Working Group issued a report on April 30<sup>th</sup> that contains 10 recommendations, including calls for improved communication and data sharing among the various stakeholders and for certain capital infrastructure improvements. A copy of the report is available should any Trustee want to review it.*

*Tri-Lakes Reliability Project Update: Construction of the 46 kilovolt ("kV") line began in September 2007. The project has been separated into three parts:*

- *The 8.5-mile northern section of the route is essentially complete. The right-of-way (“ROW”) is cleared and access established; the poles and hardware are installed; the conductor is strung and existing distribution lines have been transferred to the new poles. Verizon is transferring its telecommunications facilities.*
- *The construction of the 11.5-mile southern section of the route began in late January. Approximately 90% of the ROW is cleared and access established; 30% of the poles and hardware is installed and the contractor is stringing the conductor and transferring the existing distribution lines.*
- *Construction on the central portion of the route, which initially included the bypass of the Forest Preserve, was originally scheduled to begin in April. Authority staff negotiated an agreement with DEC and National Grid to construct, instead of the bypass, the State Route 56 Alternative, which will go through the Forest Preserve for part of the central portion of the route. The agreement was executed on February 7, 2008. To effectuate the agreement, the Authority and National Grid had to prepare a supplement to the Environmental Impact Statement and an application to the Adirondack Park Agency (“APA”) for the Route 56 Alternative. On May 9<sup>th</sup>, APA’s Board approved the Route 56 Alternative and the order was issued on May 14<sup>th</sup>. It is anticipated that construction of the central portion will begin in June and that the project will be completed by the end of the year.*

*RFP #5 Update: Since last month’s Trustees’ Meeting, when the Board authorized the execution of a long-term supply agreement with Astoria Energy, staff has been working diligently to finalize the terms of the transaction. Good progress is being made and the Authority expects to have a formalized term sheet very soon. Vice Chairman Townsend said that he was very pleased to see the substantial progress that has been made since last month.*

**4. Authorization to Fund Governmental Customers  
Energy Services Program – SENY Implementation  
Contractor – Contract Award**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to authorize increased funding in the amount of \$750 million for the Governmental Customers Energy Services Program (‘GCESP’). This amount would be in addition to the \$780 million previously approved by the Trustees at their meeting of February 26, 2008. In addition, the Trustees are requested to approve contracts with the firms of DMJM+Harris of New York, NY, Chu & Gassman Consulting Engineers (‘Chu & Gassman’) of Middlesex, NY, Camp Dresser and McKee, Inc. (‘CDM’) of Woodbury, NY, RCM Technologies, Inc. of New York, NY and Fulcrum Facilities Group of Short Hills, NJ for an initial amount of \$700 million in aggregate for implementing contractor services in connection with the GCESP in the Southeastern New York area. The terms for these contracts would be up to five years. All costs will be recovered from participants in the GCESP.

**BACKGROUND**

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

“In accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services or equipment contracts in excess of \$3 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 the Trustees’ approval.

“The Authority’s mission is to provide clean, economical and reliable energy consistent with its commitment to safety, while promoting energy efficiency and innovation for the benefit of its customers and all New Yorkers. In that regard, since the late 1980s, the Authority has provided energy services programs throughout New York State. These programs have been very successful and, to date, the Authority has achieved nearly \$105 million in annual customer savings. Of these savings, more than \$70 million annually is attributable to the Governmental Customers served by the Authority in the Southeastern New York area.

“In April 2007, plans were announced for a reduction in overall electricity usage and greenhouse gas emissions in New York State (‘State’) and New York City (‘City’), respectively. Due to the renewed focus on energy efficiency initiatives as set forth by the Governor (15% x 2015) and the Mayor (PlaNYC 2030), the Authority is planning to implement an expanded energy efficiency program to help the State and the City achieve the aggressive goals outlined in their plans. It is estimated that an investment of \$1.4 billion Statewide will be required to help attain a 15% reduction in energy usage throughout the State by 2015, with about \$700 million invested for the Authority’s Governmental Customers as part of the GCESP.

“As a full-service comprehensive energy provider to its Governmental Customers, the Authority meets these customers’ needs by offering low-cost competitive power and by providing value-added energy services. The services rendered are not limited to program-specific offerings, but, rather, are flexible to allow customers to request services specific to their individual needs. Customer-tailored project-specific offerings complement the Authority’s existing menu of programs and allow flexibility in the design of services that reduce customers’ energy costs while providing them with infrastructure improvements.

“The Authority provides services that include developing feasibility studies, engineering designs, life-cycle cost analyses, procuring equipment, contractor labor, hazardous waste disposal, managing projects/construction and financing projects. Measures include, but are not limited to: building envelope-related improvements; HVAC modernization, including energy-efficient chillers, boilers and controls; high-efficiency motors; variable-speed

drives, energy management systems ('EMS'); process controls and distributed generation and a variety of beneficial electrification technologies.

## DISCUSSION

"As the general contractor for the GCESP, the Authority will contract for the installation of ESP measures with Implementation Contractors ('ICs'). The services provided by the ICs will complement the Authority's headquarters staff resources. The IC's scope of work generally consists of the following:

- On-site screenings of customer's facilities to determine which ones are likely candidates for realizing significant energy and operational cost savings from installing energy efficiency measures.
- On-site surveys, energy audits, technical feasibility studies and Energy Master Plans to identify potential applications for energy efficiency measures approved for the GCESP.
- Detailed engineering studies and analyses of specific energy efficiency measures or systems.
- Design of proposed systems and/or measures.
- Preparation of project proposal documents and solicitation of competitive bids.
- Procurement of equipment and installation services.
- Construction management and oversight of proposed system and/or measure installation and project closeout (including waste management).

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

"On February 25, 2008, the Authority advertised in the New York State Contract Reporter a Request for Proposals ('RFP') soliciting firms interested in providing implementation services for the GCESP. As a result of that advertisement and invitations to bid, 24 firms downloaded the RFP from the Authority's website. Twelve firms attended a mandatory bidders' conference that was held on March 5, 2008 to explain the proposed scope of work and provide an opportunity for potential bidders to ask questions and seek clarification. The RFP was divided into three options: Option A – Energy Services (Large Projects), Option B – Clean Water/Waste Water Facilities and Option C – Energy Services (Small Projects). The bidders could elect to submit a proposal for any or all of the three options.

"On March 20, 2008, six firms submitted bids for one or more of the above options. The bids were evaluated by a team of six staff members based on cost and qualifications for each of the three options, which were evaluated separately. The qualification criteria included: relevant experience of the firm; design and construction management experience in New York City; experience in implementing energy efficiency projects; organization of the project team; qualifications of the support staff; familiarity with codes and permitting processes; financial capabilities; location(s) of support offices; commercial terms and proposal content and format.

"The bids were analyzed and, as a result, staff recommends awarding contracts to the following five firms: DMJM+Harris, Chu & Gassman, CDM, RCM Technologies and Fulcrum Facilities Group. Multiple contracts are to be awarded for each option based on the anticipated level of program activity and to ensure the availability of qualified resources in the event that any contractor's performance does not meet the Authority's expectations.

"For Option A – Energy Services (Large Projects – Material and Labor cost over \$1.5 million), the qualification evaluation results were tabulated in a bid evaluation matrix in which DMJM+Harris, Chu & Gassman, CDM, RCM Technologies and Parsons Brinckerhoff were ranked by staff as 1, 2, 3, 4 and 5, respectively. In addition, a separate analysis was conducted based solely on overall cost in which Chu & Gassman, DMJM+Harris, CDM, RCM Technologies and Parsons Brinckerhoff were ranked 1, 2, 3, 4 and 5, respectively. Finally, a cumulative ranking was performed using the rankings determined from both the qualifications and cost evaluations. The firms were ranked from lowest (best) to highest. As a result, DMJM+Harris, Chu & Gassman, CDM and RCM Technologies were ranked 1, 2, 3 and 4, respectively. Based on the evaluation of their experience and their fees, staff recommends that contracts for Option A be awarded to these four firms.

“For Option B – Clean Water/Waste Water Facilities, the qualification evaluation results were tabulated in a bid evaluation matrix in which DMJM+Harris, CDM and Chu & Gassman were ranked by staff as 1, 2 and 3, respectively. In addition, a separate analysis was conducted based solely on overall cost in which Chu & Gassman, DMJM+Harris and CDM were ranked 1, 2 and 3, respectively. Finally, a cumulative ranking was performed using the rankings determined from the qualifications and cost evaluations. The firms were ranked from lowest (best) to highest. As a result, DMJM+Harris, Chu & Gassman and CDM were ranked 1, 2 and 3, respectively. Based on the evaluation of their experience and their fees, staff recommends that contracts for Option B be awarded to these three firms.

“For Option C – Energy Services (Small Projects – Material and Labor cost up to \$1.5 million), the qualification evaluation results were tabulated in a bid evaluation matrix in which DMJM+Harris, Chu & Gassman, CDM, RCM, Fulcrum Facilities Group and Parsons Brinckerhoff were ranked by staff as 1, 2, 3, 4, 5 and 6, respectively. Parsons Brinckerhoff received the lowest score based on its qualifications and past performance. In addition, a separate analysis was conducted based solely on overall cost in which Chu & Gassman, RCM Technologies, CDM, Fulcrum, Parsons Brinckerhoff and DMJM+Harris were ranked 1, 2, 3, 4, 5 and 6, respectively. Finally, a cumulative ranking was performed using the rankings determined from both the qualifications and cost evaluations. The firms were ranked from lowest (best) to highest. As a result, Chu & Gassman, RCM Technologies, CDM, DMJM+Harris and Fulcrum Facilities Group were ranked 1, 2, 3, 4 and 5, respectively. Based on the evaluation of their experience and their fees, staff recommends that contracts for Option C be awarded to these five firms.

#### **Camp, Dresser and McKee, Inc.**

“CDM is a full-service consulting, engineering, construction and operations firm that specializes in environmental, infrastructure and industrial projects. CDM’s services include energy audits, efficiency analyses, feasibility studies, rate studies, process improvement, design and construction management, power generation, bio-solids management, reliability studies, efficiency planning, operations optimization and system troubleshooting. CDM has performed well on design and implementation services it has performed for the Authority. CDM understands the Authority’s processes and has proven program experience in all facility types.

#### **Chu & Gassman Consulting Engineers, PC**

“Chu & Gassman is a New York State-certified minority-owned business enterprise (‘MBE’), with full-service electrical, HVAC, plumbing and process instrumentation engineering and construction management capabilities. This company has a well-proven track record and has worked directly with a number of the Authority’s Governmental Customers in the past. Chu & Gassman has performed well on design and implementation services it has performed for the Authority. Chu & Gassman also understands the Authority’s processes and has proven program experience with schools, housing developments, universities, government buildings, etc.

#### **DMJM+Harris, Inc.**

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

#### **Fulcrum Facilities Group**

“Fulcrum, which has an office in Westchester County, has performed commissioning services and energy management for customers throughout New York State. Fulcrum has experience serving hospitals, universities and school systems. Fulcrum, which has strengths in detailed audits and developing feasibility studies, is a new Authority contractor.

**RCM Technologies, Inc.**

“RCM has provided professional engineering services to commercial and government clients for decades. With offices in New York City, RCM capitalizes on its diverse engineering and technology platform to offer clients fully integrated and coordinated design, construction management and consulting services for HVAC, electrical and plumbing systems, with strengths in utility coordination. RCM is a new Authority contractor.

**FISCAL INFORMATION**

“Additional funding of \$750 million is requested to implement the Authority’s energy services offered under the GCESP. The funding will be provided from the proceeds of the Authority’s Commercial Paper Notes and/or the Operating Fund. In addition, projects may be funded, in part, with monies from Petroleum Overcharge Restitution (‘POCR’) funds. An initial allocation of \$20 million will be made to each of the five firms being recommended. Additional allocations will be made based on each firm's performance, and subject to the Approval Limits for Execution of Commitments in the Authority’s then-current Expenditure Authorization Procedures (or equivalent limits set forth in any successor procedures). All Authority costs, including Authority overheads and the costs of advancing funds, but excluding the POCR grants, will be recovered consistent with other Energy Services and Technology Programs.

**RECOMMENDATION**

“The Senior Vice President – Energy Services and Technology and the Director – Energy Services recommend that the authorized funding for the Governmental Customer Energy Services Program be increased by \$750 million and that the implementation services contracts for GCESP services be awarded to DMJM+Harris, Camp, Dresser and McKee, Inc., Chu & Gassman Consulting Engineers, RCM Technologies and Fulcrum Facilities Group.

“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, the Senior Vice President – Marketing and Economic Development and I concur in the recommendation.”

*Mr. Angelo Esposito presented the highlights of staff’s recommendations to the Trustees. Trustee Beshar said that this is a wonderful program and that even more needs to be done in this area. He added that he would hope the Authority would develop a similar program for upstate facilities. Mr. Esposito responded that staff expects to present an agenda item authorizing such an upstate program. Responding to a question from Trustee D. Patrick Curley, Mr. Esposito said that staff uses the simple payback over time method to evaluate energy services projects.*

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

**RESOLVED, That the Trustees authorize the President and Chief Executive Officer, the Executive Vice President – Energy Marketing and Corporate Affairs, the Senior Vice President – Energy Services and Technology or such other officer designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority and Governmental Customers Energy Services Program (“GCESP”) participants and to execute agreements and other documents with implementation contractors, such agreements having such terms and conditions as the executing officer may approve, subject to the approval of**

the form thereof by the Executive Vice President, General Counsel and Chief of Staff, to facilitate the development of the GCESP and that the authorized funding level for the GCESP be \$750 million, in addition to the \$780 million previously authorized for the GCESP, as listed below:

<u>Commercial Paper Program/ Operating Fund/ POCR</u>	<u>Authorization</u>
GCESP	
Previously Authorized	\$ 780 million
Additional Funding	<u>\$ 750 million</u>
Total Amount Authorized	<u>\$1,530 million</u>

AND BE IT FURTHER RESOLVED, That in accordance with the Guidelines for Procurement Contracts adopted by the Authority and the Approval Limits for Execution of Commitments in the Authority's then current Expenditure Authorization Procedures (or equivalent limits set forth in any successor procedures), \$700 million of the foregoing amount be allocated to the approved contracts for DMJM+Harris, Camp, Dresser and McKee, Inc., Chu & Gassman Consulting Engineers, RCM Technologies, Inc. and Fulcrum Facilities Group in the amount and for the purposes listed below:

<u>Commercial Paper Program/ Operating Fund/POCR</u>	<u>Ceiling</u>	<u>Date</u>
DMJM+Harris	Initial allocations of	<u>5/31/2013</u>
Chu & Gassman Consulting Engineers	\$20 million per contractor, up to	
Camp, Dresser & McKee, Inc.	<u>\$700 million</u> (aggregate)*	
RCM Technologies, Inc.	<i>*Funds will be allocated</i>	
Fulcrum Facilities Group	<i>based on contractor performance and areas of specialization</i>	

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

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

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

May 20, 2008

**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.**

**5. Procurement (Services) Contract – Fuel Gas Piping Inspection and Repair – Consolidated Edison Company of New York, Inc. – Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of a three-year sole-source procurement (services) contract to Consolidated Edison Company of New York, Inc. (‘Con Edison’) to provide for inspection, repair, cleaning, painting and project management services for the aboveground fuel gas transmission piping at the Charles Poletti Power Project site (‘Poletti’). This is part of a larger Con Edison project to inspect and repair the fuel gas supply system that operates at the Astoria Complex. The Trustees are also requested to approve funding in the amount of \$2 million for the term of the contract.

BACKGROUND

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

“The Authority’s Expenditure Authorization Procedures (‘EAPs’) require the Trustees’ approval for the award of personal services contracts in excess of \$500,000 if awarded on a sole-source basis.

“Con Edison provides fuel gas for power generation to NRG Energy, Inc., US Power Generating Company and the Authority via aboveground fuel gas transmission piping owned by the aforementioned utilities at the Astoria Complex. The Authority is responsible for maintaining its share of the fuel gas pipe and related structures. However, per its contractual agreement with the other two utilities, Con Edison is responsible for all maintenance activity related to the pipe, piping supports and related structures on their respective properties. While some of the pipe is within the Poletti site perimeter, most of the Authority’s fuel gas supply system is located on Con Edison’s property and any maintenance performed by the Authority is subject to Con Edison’s regulations regarding access to its property and requires the Authority to indemnify and hold Con Edison harmless for all loss, cost and expense resulting from the exercise of the Authority’s right of access. The Authority’s portion of the fuel gas supply and delivery system is a critical part of the Authority’s infrastructure; its inspection and maintenance is essential and Con Edison is uniquely positioned to carry out this work.

DISCUSSION

“Con Edison has performed initial inspections of the fuel gas transmission piping system and has offered to contract for additional detailed inspections, repair, cleaning and painting of the fuel gas piping for the Authority’s interconnected portion. The subject work scope would cover work on each utility’s property, as well as on Con Edison’s property. It is advisable to have all of the piping repaired at the same time and by the same entity. The proximity of each utility’s piping to that of the others and their sharing of some common structural supports, as well as other factors including scheduling, sequencing of the work, safety, environmental remediation and quality control, support the prudent business decision that all project piping inspection, repair, cleaning and painting services be performed by one responsible contractor under Con Edison’s project management.

“The total project involves approximately 7,239 feet of large-diameter pipe, ranging from 12 ft. to 26 ft., and approximately 457 pipe supports. The Authority’s portion of this fuel gas delivery system is approximately 1,493 ft. of pipe and 95 pipe supports, which does not include any work on the recently installed 500 MW fuel gas transmission piping. The Authority would pay its proportional share of the cost, approximately 25%. The work will be performed over a three-year period and comprises the following: maintaining pipe supports (cleaning, painting and repairing steel and concrete, as required); retrofitting existing structural pipe supports; inspecting fuel gas mains and sleeving, as required and maintaining fuel gas mains (cleaning and painting).

“The subject services will be competitively bid by Con Edison. Upon receipt of the Trustees’ approval, the Law Department will establish a ‘side agreement’ to the existing Operating Agreement between the Authority and Con Edison permitting Con Edison to perform the project work commencing on or about August 15, 2008 and requiring that Con Edison note in its bid document for such services that work on Authority property will be compensated in accordance with the New York State Prevailing Wage Rates, that the Authority be listed as an additional insured on the Insurance Certificate and that the Authority be provided with all information regarding work on Authority property, among other requirements.

“Based on the foregoing, staff recommends the award of a sole-source contract to Con Edison for inspection, repair, cleaning, painting and project management services (including the competitive bidding and contractor selection process for the subject services), for a term of three years and in the amount of \$2 million.

FISCAL INFORMATION

“Funds required to support this contract 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. Payment will be made from the Operating Fund.

RECOMMENDATION

“The Vice President – Project Management, the Vice President – Environment, Health and Safety and the Regional Manager – Southeastern New York recommend the Trustees’ approval of the award of a multiyear procurement (services) contract to Con Edison for the purpose and duration and in the amount set forth above.

“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, the Executive Vice President and Chief Engineer – 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 Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures adopted by the Authority, the award of a multiyear procurement (services) contract to Consolidated Edison Company of New York, Inc. is hereby approved as recommended in the foregoing report of the President and Chief Executive Officer, for the period of time indicated, in the amount and for the purpose listed below:**

<u>O&amp;M</u>	<u>Projected Closing Date</u>	<u>Contract Approval</u>
Fuel Gas Piping Inspection and Repair	on or about 8/15/11	<u>\$2 million</u>

**AND BE IT FURTHER RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, 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. New York State 2008 “Stay Cool!” Program**

The President and Chief Executive Officer submitted the following report:

### SUMMARY

“The Trustees are requested to authorize the President and Chief Executive Officer to enter into an agreement with the New York State Energy Research and Development Authority (‘NYSERDA’) and provide \$900,000 to support the coordinated 2008 statewide ‘Stay Cool’ program. The program is intended to promote the use of higher-rated energy-efficient ENERGY STAR<sup>®</sup> products and increase public awareness of the need for energy conservation throughout the New York Energy Smart<sup>SM</sup> territory. This effort will deliver the important message of air conditioner replacement in addition to tips for reducing residential energy consumption and summer energy saving tips.

### BACKGROUND

“Since 2001, State agencies have engaged in a variety of energy demand-reduction initiatives. Among those efforts was a coordinated campaign involving NYSERDA, the Authority and the Long Island Power Authority (‘LIPA’), in cooperation with the New York State Public Service Commission (‘PSC’), to promote prudent use of electricity in New York State. These programs, known as ‘Keep Cool,’ ‘Stay Cool’ and ‘Be Cool,’ incorporated ENERGY STAR<sup>®</sup> product awareness campaigns and an air conditioner bounty program for the purchase of residential ENERGY STAR<sup>®</sup> room air-conditioning equipment and the return of old, inefficient units.

### DISCUSSION

“The focus of the public awareness campaigns is educating consumers on the value of energy efficiency and providing advice on ways to stay cool during the summer months while controlling energy costs. The public appeal highlights the need to use power sensibly, coupled with ways to be more energy efficient. The program uses assorted communications media, including television, internet, radio, newspapers and direct mail. Promotional materials direct consumers to the ENERGY STAR<sup>®</sup> retailer partners, participating State government websites and the toll-free consumer hotline 1-877-NY-SMART (1-877-697-6278). It is noteworthy that more than three-quarters of New York State consumers now recognize the ENERGY STAR<sup>®</sup> label, compared to one-third in 1999.

“In 2001 and 2002, the ‘Keep Cool’ Air Conditioner Replacement Bounty Program was designed to ensure that old, inefficient air conditioners were taken out of circulation, recycled and replaced with highly efficient ENERGY STAR<sup>®</sup> models. State residents could receive a \$75 bounty when they turned in their old, working room air conditioner and purchased an ENERGY STAR<sup>®</sup> model. In 2003, the bounty was reduced to \$35. Market share of ENERGY STAR<sup>®</sup> room air conditioners increased to approximately 70%, compared to 14% in 1999. According to NYSERDA, ENERGY STAR<sup>®</sup> room air conditioners now comprise approximately 80% of the room air conditioner units sold to consumers. More than 250,000 older units were removed from operation statewide and residential peak demand was permanently reduced by nearly 83 MW statewide as of 2006. In addition, the demand-reduction and load-shifting tips marketed to consumers resulted in nearly 100 MW of reduced peak demand.

“Authority participation in the program specifically enabled residents of municipal electric systems and rural electric cooperatives to become eligible for the bounty program. From 2001 through 2003, municipal and cooperative customers turned in more than 4,500 units. By the end of 2005, with more than 1.5 million room air conditioners in operation statewide, 961,000 were ENERGY STAR<sup>®</sup> appliances. Consequently, a revised ‘Stay Cool!’ program was instituted to sustain public awareness of energy-efficient products and focus on energy conservation during the summer peak demand period through New York Energy Smart<sup>SM</sup>, a statewide program to promote ‘clean, energy-efficient products and solutions.’ The 2006 ‘Stay Cool!’ Program and the ‘Have an Energy Smart Summer’ campaign were estimated to have reached three million consumers.

“In 2007, the ‘Be Cool!’ Program achieved a peak load reduction of 1.5 MW and installed energy savings of 912,000 kWh while removing 10,000 inefficient air conditioners from the electric grid. The marketing campaign the Authority helped fund in support of the ‘Be Cool!’ program had a 72% recall rate among surveyed consumers. These marketing materials, appearing either in print, through broadcast media or on the internet, were viewed more

than 200 million times. The marketing survey also provided information that 32% of consumers were influenced through public awareness messages to shift their energy consumption behaviors to off-peak hours and 72% of consumers in New York City regularly use compact fluorescent light bulbs in their homes.

FISCAL INFORMATION

“The Trustees have authorized the following amounts for the above-mentioned energy efficiency programs:

Year	Total Authorized by Trustees	Amount Transferred to NYSERDA
2001	\$2,000,000	\$1,097,000
2002	\$2,000,000	\$1,470,000
2003	\$1,250,000	\$1,050,000
2004	\$750,000	\$710,755
2005	\$550,000	\$538,560
2006	\$500,000	\$464,000
2007	\$1,000,000	\$771,737

“For 2008, the Trustees are requested to authorize a contribution of up to \$900,000, which will be drawn from the Authority’s Operating Fund.

RECOMMENDATION

“The Executive Vice President – Energy Marketing and Corporate Affairs, the Senior Vice President – Energy Services and Technology and the Vice President – Intergovernmental and Community Affairs recommend that the Trustees authorize the President and Chief Executive Officer to enter into an agreement with the New York State Energy Research and Development Authority for the purpose of providing up to \$900,000 to New York State’s 2008 ‘Stay Cool!’ and New York Energy \$mart<sup>SM</sup> summer energy conservation awareness programs.

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

*Mr. Paul Finnegan presented the highlights of staff’s recommendations to the Trustees. In response to a question from Trustee Elise Cusack, Mr. Finnegan said that the New York State Energy Research and Development Authority’s (“NYSERDA”) role in the “Stay Cool!” program is to provide the personnel resources to put the program together. President Kelley said that in the past NYSERDA had hired the contractors to collect old air-conditioning units from customers buying new energy-efficient models. Mr. Finnegan added that, up until last year, NYSERDA had also administered the rebate program, which has now been phased out. Responding to a question from Trustee Thomas Scozzafava, Mr. Finnegan said that similar programs exist for winter energy efficiency measures, but that the Authority has not been asked to participate in such programs.*

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

**WHEREAS, the energy challenges facing New York State require sustained public attention to the need for energy efficiency; and**

**WHEREAS, Section 1001 of the Power Authority Act states “that it is desirable that the authority give its fullest cooperation to the energy research and development authority in advancing and promoting the development and implementation of new energy technologies ...”; and**

**WHEREAS, Section 1854(3) of the Public Authorities Law empowers the New York State Energy Research and Development Authority to contract with the Power Authority with respect to “the construction and operation of experimental or developmental facilities which implement new energy technologies which have prospects of reducing the economic, environmental and social costs of energy production and utilization”; and**

**WHEREAS, such energy technologies as are referred to in the foregoing statutory provisions include advanced high-efficiency products promoted under the ENERGY STAR<sup>®</sup> program; and**

**WHEREAS, a coordinated effort among and between New York State agencies and authorities is a proven effective means to educate consumers about the value of energy efficiency and raise public awareness of the availability of high-efficiency ENERGY STAR<sup>®</sup> products;**

**NOW THEREFORE BE IT RESOLVED, That the President and Chief Executive Officer of the Authority be, and hereby is, authorized to execute, on behalf of the Authority with the New York State Energy Research and Development Authority, an agreement to contribute up to \$900,000 for the New York State 2008 “Stay Cool!” and New York Energy \$mart<sup>SM</sup> summer energy conservation awareness programs, 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, 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 (Engineering) Contract –  
St. Lawrence/FDR Power Project Relicensing –  
Design for a New Dike at Wilson Hill  
Wildlife Management Area – Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of a procurement contract to Gomez and Sullivan, Engineers, P. C. for engineering and design services for a new dike to be constructed within the Wilson Hill Wildlife Management Area (‘WHWMA’) at the St. Lawrence/FDR Power Project (‘Project’). The term of the contract will be from June 1, 2008 through December 31, 2010. The amount for which authorization is requested is \$435,000, which includes the contract price and contingency.

BACKGROUND

“Pursuant to the license for the Project issued by the Federal Energy Regulatory Commission (‘FERC’) on October 23, 2003, the Authority is required to implement a variety of improvements at the WHWMA. The license requires that the Authority refurbish and improve the existing dikes and water control structures, install new water control structures, install a new dike to separate the East and West pools of the WHWMA (‘New Dike’) and provide new or upgraded trails and wildlife viewing stations. The New Dike would follow the alignment of a submerged asphalt road from the mainland to the western end of Wilson Hill Island and would have an emergency access road built on top of it.

“In June 2004, the Authority awarded a contract to Shaw/Stone & Webster Engineering of NY, Inc. (‘SHAW’) of Stoughton, MA, for the design of the WHWMA improvements. Following completion of the design by SHAW, a contract was awarded in July 2007 to J. E. Sheehan Contractors, Inc. (‘Sheehan’) of Potsdam, NY to refurbish and improve the existing dikes and water control structures, install new water control structures and install the New Dike. Construction commenced in August 2007.

“When construction of the New Dike began in September 2007 and deteriorated asphalt was removed from the submerged asphalt road, a previously unknown log road built in or before the 1860s was discovered. Upon discovery of the log road, construction of the New Dike was halted pending discussion with the New York State Historic Preservation Officer (‘SHPO’), archeological investigation of the log road and review of engineering considerations for the New Dike. While SHPO approved the resumption of construction in December 2007, the engineering review determined that the presence of the logs compromised the principal purpose of the New Dike, namely, creation of an impervious physical barrier between the East and West pools. While it has been possible for Sheehan to successfully advance the improvements to existing dikes and water control structures within schedule and budget, construction of the New Dike could not proceed without a redesign that accounted for these unsuitable conditions.

“Redesign of the New Dike by SHAW was considered. Following review of the Authority’s Expenditure Authorization Procedures (‘EAPs’), it was determined that the amount of work involved with the redesign, including additional geotechnical investigations to determine the extent of the log road, would exceed the EAPs’ rebidding thresholds for change orders. Further, it was determined that the redesign work would be rebid because it was not an emergency condition and the design scope represented a task that a number of qualified engineering firms could perform.

DISCUSSION

“On April 7, 2008, the Authority issued a Request for Proposals (‘RFP’) for the engineering services for the design of the New Dike and associated geotechnical work, including a notice in the New York State Contract Reporter. Information regarding the nature of the log road, as well as available geotechnical, bathymetric and previously developed design data was included with the RFP. Three proposals were received on April 28, 2008

from Gomez and Sullivan Engineers ('GSE'), GZA GeoEnvironmental of New York ('GZA') and Paul C. Rizzo Associates, Inc. ('Rizzo').

"Staff from the Authority's Licensing, Compliance and Implementation and Procurement and Real Estate Divisions, with support from Power Generation – Engineering, evaluated the proposals for technical qualifications and pricing. All three firms were technically qualified. GZA was not considered further because its bid price was significantly higher than GSE's and Rizzo's prices. GSE provided a thorough treatment of all aspects of the work and a realistic price to accomplish it. The bid price for GSE was slightly (less than 6%) higher than the bid price for Rizzo, but Rizzo did not propose an adequate level of effort for precursory review of existing geotechnical and bathymetric information to prepare the program for acquiring the additional geotechnical information that will be fundamental to redesigning the New Dike. As a result, Rizzo did not capture an important aspect of the work and consequently underestimated the cost of the project. A more substantial effort for this task would increase Rizzo's cost to a point where it would exceed the GSE price.

"It is recommended that the contract be awarded to GSE. Its proposal demonstrated a superior familiarity with overall geotechnical conditions along the St. Lawrence River, a more comprehensive approach to evaluating the existing geotechnical and bathymetric information and completed construction work and a better recognition of the importance of this work in developing an effective program to obtain additional data to support the New Dike design. GSE's proposal was the only one to adequately address the full required project scope at a realistic price. The term of the contract will be from June 1, 2008, through December 31, 2010; the award amount is \$435,000.

#### FISCAL INFORMATION

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for the WHWMA improvement project and will be disbursed from the Capital Fund in accordance with the St. Lawrence/FDR Power Project License Compliance and Implementation Capital Expenditure Authorization Request.

#### RECOMMENDATION

"The Executive Director – Licensing, Implementation and Compliance and the Vice President – Environment, Health and Safety recommend that the Trustees authorize award of a contract to Gomez and Sullivan Engineers, P. C. for \$435,000 for design engineering services for the installation of a New Dike with water control structure and emergency access road at the Wilson Hill Wildlife Management Area at the St. Lawrence/FDR 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 Executive Vice President – Energy Marketing and Corporate Affairs and I concur in the recommendation."

*Mr. John Suloway presented the highlights of staff's recommendations to the Trustees. Trustee Besha said that he thinks the Authority should use a qualification-based selection process for projects such as this one. He said that federal law requires this, although similar legislation in New York State has not been enacted, but that he thinks the Authority should consider this in the future.*

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, approval is hereby granted to award a contract to Gomez and Sullivan Engineers, P. C. for a period commencing on June 1, 2008 and ending on December 31, 2010, in an amount of \$435,000, for design engineering services to install a New Dike with water control structure and emergency access road at the Wilson Hill Wildlife Management Area at the St. Lawrence/FDR Power Project in compliance with the new license, as recommended in the foregoing report of the President and Chief Executive Officer, as listed below:**

<u>Contractor</u>	<u>Contract Approval</u>
Gomez and Sullivan Engineers, P. C.	<u>\$435,000</u>

**AND BE IT FURTHER RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, 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.**

**8. Massena Substation—Designation of The Roger B. Clough Transmission Maintenance Facility**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to designate the Line Crew and Service Building at the Authority’s Massena Substation as The Roger B. Clough Transmission Maintenance Facility.

**BACKGROUND**

“Roger B. Clough’s remarkable career of nearly 43 years at the Authority included service as a skilled transmission lineman and then as the longtime leader of Local 2032 of the International Brotherhood of Electrical Workers (‘IBEW’). As the Business Manager of Local 2032 from 1982 until his retirement in November 2007, Mr. Clough represented the Local’s members at the St. Lawrence-Franklin D. Roosevelt Power Project, the Blenheim-Gilboa Pumped Storage Power Project and the Frederick R. Clark Energy Center and, before its sale to Entergy Corp., the James A. FitzPatrick Nuclear Power Plant.

“The Line Crew and Service Building, dating to 1980, originally consisted of a garage, a small office and lunchroom and limited shower and locker facilities. It was expanded in 2002 to include a new lunchroom and offices as well as improved shower and locker accommodations. The building now functions as the nerve center for the Authority’s Northern Region transmission operations, housing planning, engineering and supervisory activities and serving as the base for Authority linemen in the region.

**DISCUSSION**

“Roger Clough began work as a janitor at what was then known as the St. Lawrence Power Project in December 1964. He became a groundman just over two years later and, after a series of promotions, was named a hotstick lineman in 1974.

“After serving as an IBEW steward, Mr. Clough was elected President of Local 2032 in 1977 and Business Manager in 1982. During his quarter-century as Business Manager, he proved a formidable negotiator, respected by a succession of Authority executives for his honesty and integrity and by his members for his steadfast commitment to their well-being. Among the many complex issues he helped to address were the coming of the Authority’s 765-kilovolt transmission line and the sale of its two nuclear power plants.

“Mr. Clough also earned the admiration and trust of local, state and national union leaders and of public officials in Albany and Washington. He was quick to recognize areas in which the interests of his members and those of the Authority coincided and was an effective and important ally of the Authority on a number of critical matters.

**RECOMMENDATION**

“The Senior Vice President – Transmission recommends that the Trustees designate the Line Crew and Service Building at the Authority’s Massena Substation as The Roger B. Clough Transmission Maintenance Facility.

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President Corporate Services and Administration, the Executive Vice President – Energy Marketing and Corporate Affairs, the Executive Vice President and Chief Engineer – Power Generation and I concur in the recommendation.”

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

**WHEREAS, Roger B. Clough occupies a unique place in the history of the New York Power Authority by virtue of a career of nearly 43 years that included service as a transmission lineman and, for 25 years, as Business Manager of Local 2032 of the International Brotherhood of Electrical Workers (“IBEW”); and**

**WHEREAS, Mr. Clough’s sound judgment, unswerving integrity and broad knowledge of critical issues brought immense benefit to his members and to the Authority; and**

**WHEREAS, after joining the Authority staff in December 1964 as a janitor at the St. Lawrence Power Project, Mr. Clough went on to become a groundman and then a lineman, ascending to the position of hotstick lineman in 1974; and**

**WHEREAS, he became active in union affairs during this period and subsequently was elected President of Local 2032 in 1977 and Business Manager, the Local’s top position, in 1982; and**

**WHEREAS, during his quarter-century as Business Manager until his retirement in November 2007, Mr. Clough represented his members with skill, dedication and utmost concern for their welfare while at the same time earning the trust, respect and friendship of his negotiating counterparts at the Authority; and**

**WHEREAS, Mr. Clough recognized that a strong Power Authority and a strong union were in each other’s best interests and consistently applied his considerable talents and vision to the pursuit of these goals; and**

**WHEREAS, Mr. Clough’s extraordinary career stands as a testament to the vital role of union labor and union leadership in ensuring the Authority’s success; and**

**WHEREAS, it is fitting that Mr. Clough’s name be applied to a facility dedicated to the transmission maintenance function to which he devoted the formative years of his career and to the enhanced efficiency of members of the union that became the cornerstone of his professional life;**

**NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York express their appreciation to Roger B. Clough for his many years of exemplary service and that they hereby designate the Line Crew and Service Building at the Authority’s Massena Substation as the The Roger B. Clough Transmission Maintenance Facility.**

9. **Motion to Conduct an Executive Session**

*“Mr. Chairman, I move that the Authority conduct an executive session pursuant to Section 105(1)(c) and (f) of the Public Officers Law of the State of New York to discuss matters relating to current and future investigations and personnel.”* Upon motion made and seconded, an Executive Session was held.

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

*“Mr. Chairman, I move to resume the meeting in Open Session.”* Upon motion made and seconded, the meeting resumed in open session.

May 20, 2008

**11. Next Meeting**

The next Regular Meeting of the Trustees will be held on **Tuesday, June 24, 2008, at 11:00 a.m., at the St. Lawrence Power Project, Massena, New York**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

May 20, 2008

**Closing**

On motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 1:23 p.m.

A handwritten signature in blue ink, appearing to read "ABCahill".

Anne B. Cahill  
Corporate Secretary