NEW YORK STATE OF OPPORTUNITY. | NY Power Authority

Memorandum

Date: **March 29, 2016**

To: **THE TRUSTEES**

From: **THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

Subject: **Decrease in New York City Governmental Customer Fixed Cost Component – Notice of Adoption**

SUMMARY

The Trustees are requested to take final action to approve a decrease in the Fixed Cost component of the production rates by $4.8 million or 3.6%, excluding Astoria Energy II ("AEII") plant expenses to be charged in 2016 to the New York City Governmental Customers ("NYCGCs" or "Customers"). The decrease would be effective with the March 2016 bills.

BACKGROUND

At their September 29, 2015 meeting, the Trustees directed the publication in the New York State Register ("State Register") of a notice that the Authority proposed to decrease the 2016 Fixed Costs component of the production rates by 2.8%, or $3.8 million. The State Register notice was published on October 21, 2015 in accordance with the State Administrative Procedure Act ("SAPA"). The 45 day public comment was extended to February 15, 2016. The City of New York ("City") and the Metropolitan Transportation Authority ("MTA") filed formal written comments on the Fixed Cost component of the 2016 Cost-of-Service ("COS").

Under the Customers' Long Term Agreements ("LTAs"), the Authority must establish Fixed Costs based on cost-of-service principles and may make changes only under a SAPA proceeding with the approval of the Trustees. The LTAs establish two distinct cost categories: Fixed Costs and Variable Costs. Fixed Costs, which represent 21% of the total production cost-of-service, include Operation and Maintenance ("O&M"), Shared Services, Capital Cost, Other Expenses (i.e., certain directly assignable costs), and a credit for investment and other income. Variable Costs, representing 57% of the total production costs, include items such as fuel, purchased power, transmission costs, etc. The remaining portion of costs represents AEII plant expenses agreed to by contract.

DISCUSSION

In response to Customer comments received and staff's analysis, the final decrease in Fixed Costs sought by this action is $4.8 million. This represents an additional $1.0 million decrease from the proposed Fixed Costs estimate in the September 29, 2015 Trustee NOPR meeting.

As part of the SAPA process, the City and MTA submitted formal written comments. The City recognized and appreciated the extensive information and responses to the City's discovery questions that the Authority staff has provided on the 2016 COS. They stated that the process has resulted in the Authority amending certain fixed cost assignment to the Customers. The City requested that the level of Fixed Costs for the 2016 COS should be further adjusted

and discussed five issues as listed in the staff analysis below in more detail. The City's comments in their entirety are attached as Exhibit "A". In their comments, the MTA similarly expressed their appreciation to NYPA's staff responsiveness to data requests but suggested that the responses could be improved to avoid information overload. In regards to the relevant 2016 Fixed Costs comments to this NOA, the MTA recognized that the overall Fixed Costs have remained reasonably stable over the years. However, they raised their concerns about the increases in O&M and AEII costs. The MTA further expressed their concern on costs allocator assignments between the Customers and Westchester governmental customers. The MTA's comments in their entirety are attached as Exhibit "B".

Below are staff's analyses and recommendations addressing the public comments received on the Fixed Costs proposal from the City and MTA.

1. Staff Analysis of Public Comments on Fixed Costs and Recommendations

Staff notes that the Fixed Costs have decreased noticeably since the end of 2011. Over a five year period, Fixed Costs have decreased by 18%. Fixed Costs, exclusive of those associated with AEII, are outlined in the following table:

Year	2012	2013	2014	2015	2016
Fixed Costs (in millions)	$159.7	$154.3	$138.3	$135.8	$131.0*

** If the Trustees accept staff's recommendations*

Staff Review of 2016 LTA Annual Process: During this cycle of the LTA annual process, NYPA staff has provided the Customers with abundant verifying information in the form of a comprehensive Preliminary 2016 COS and accompanying staff report. In addition, NYPA staff has responded to numerous data requests made during the discovery process.

The Preliminary 2016 Variable Costs were distributed to the NYCGCs on July 10, 2015 to assist NYPA and the NYCGCs in formulating their procurement plans for energy, capacity, and ancillary services for 2016. Preliminary Fixed Costs estimates were released on October 2, 2015. As agreed with the Customers, NYPA provided updated Fixed Costs estimates on December 18, 2015, capturing final data used in NYPA's 2016 Official Budget which was approved by the Trustees on December 17, 2015.

On October 29, 2015, the City of New York submitted the first set of discovery questions on behalf of the NYCGCs, related to Fixed Costs and variable costs. There were twenty six discovery requests, many of which contained multiple parts. NYPA responded on December 23, 2015, with a complete set of answers including various analyses. On November 30, 2015, the MTA followed the City of New York with a second set of twelve discovery questions related to Fixed Costs and variable costs, which were answered on December 23**,** 2015.

On December 18, 2015, NYPA distributed updated Fixed Costs, including O&M and Shared Services backup information, explanation on labor ratios and capital additions. The City of New York followed with an additional set of twenty discovery questions on January 5, 2016. These questions were responded to on January 15, 2016. In total, sixty discovery questions, some with multiple parts, were submitted by City of New York and the MTA, which were answered by NYPA from December 23, 2015 through January 15, 2016. The questions focused

on O&M, Shared Services, headquarters budget, total site payroll at the 500MW Unit, AEII, the benefits of BG to the governmental portfolio, contracted services and overall value of the small hydro facilities, and the Kensico decommissioning project.

As a follow-up to the written responses, NYPA and the NYCGCs took part in a call on January 19, 2016 to clarify answers NYPA had previously provided. There were twelve follow up questions that were raised during this meeting. The major questions raised during the call dealt with such issues as total site payroll at the 500MW Unit, projects and studies being completed at the small hydro facilities; including an explanation on the overall value of the small hydros, Kensico decommissioning project, Governmental Load Research study, and Risk Cloud Implementation project. Complete answers to these action items were provided to the NYCGCs on February 17, 2016.

Staff Analysis and Recommendation on Issues Raised by the City: Staff now provides its analysis and recommendations regarding five issues raised by the City in their comments filed on February 15, 2016.

Issue I: The Fixed Costs Not Related To Debt Service Are Too High

1) **The Level Of Increase Of O&M And Shared Services Costs Over Time Is Excessive And Does Not Correspond To The Services Provided By NYPA**

Comments: The City contends that some of the expenses included in O&M and Shared Services are not consistent with the LTA. In addition, there is concern that the proposed increase is ten percent higher than the 2015 Cost-of-Service and in the past five years these costs have increased by twenty eight percent. The City states that the services provided by NYPA have not materially changed since 2005 and thus the significant increase in these expenses cannot be justified.

Staff Analysis: The main drivers for the O&M increase over the period of 2012-2016 are; recurring costs (including labor costs, contract and consulting services and materials purchases); the inclusion of AEII O&M expenses in the SENY COS starting in 2014; and a slight increase in non-recurring and scheduled outage work at the 500MW plant. It is important to note that the above mentioned O&M costs are for the projects directly assigned to the Customers. Also, AEII costs were agreed upon under a separate contractual agreement and are not subject to the State Administrative Procedure Act process.

Shared services costs have trended upward from 2012-2016 due to payroll and benefit escalations, the addition of strategic initiatives such as Workforce Planning and Knowledge Management, an increase in NYPA-wide IT initiatives including cyber security and cloud solutions as well as increases in hardware, software and communications maintenance and licensing expenses.

Staff Recommendation: Staff completed a thorough analysis of Fixed Costs over the past five years and has determined that all costs are reasonable and justified and therefore no adjustment or reduction is recommended.

2) **The O&M And Shared Services Costs Must Be Reduced To Include Only Those Costs Directly Related To The Provision Of Service To The NYCGCs**

Comments: As a continuation of the previous section, the City's position is that the Fixed Costs charged must be justified as reasonably incurred to provide service as per the LTA. The City specifically contends that Research & Development ('R&D") costs are mere allocations of NYPA's total costs and bear no relationship to the provision of service to the NYCGCs.

Furthermore, the City is questioning certain budget cost centers and the manner in which labor ratios are used to allocate O&M costs. Lastly, the City is questioning the 500MW Unit's total site payroll and the $2.6 million increase in 2016.

Staff Analysis: Attachment B of the LTA delineates in broad terms the Fixed Cost components that can be recovered by NYPA from the NYCGCs. These broad Fixed Cost categories are O&M, Shared Services, Debt Service, Other Expenses, and Investment and Income. Shared Services and Other Expenses are also known in utility parlance as Administrative & General expenses ("A&G"). R&D cost is predominately classified as an A&G expense that is appropriately recovered through the COS.

The allocation of a percentage of cost for R&D is an industry standard. In addition to reviewing FERC rules regarding the treatment of R&D expenses, NYPA staff also reviewed certain rate charges that are assessed to NYPA by other utilities to determine if and how they recover R&D costs. We reviewed charges that apply to NYPA's use of certain transmission facilities owned by investor owned utilities such as Consolidated Edison Company of New York, Inc. ("Con Edison"), National Grid, and New York State Electric & Gas Corp. These respective utilities, by the rate that they charge NYPA, assess an A&G cost. Included in this A&G cost by said utilities, are R&D expenses.

The NYCGCs put forth a similar argument last year regarding allocating R&D costs. Attached is the question raised by the Customers as Issue 4: Allocation of R&D Costs and NYPA's response as Exhibit "C". That response is still valid.

In response to the Customers specific questions about Business Development & Power Contracts being included in SENY's labor ratio:

Cost Center H407: Business Development

This Cost Center is for NYPA's Pricing & Energy Market Analysis group, which was named as "Business Development" incorrectly. This group is not focused on creating new business; this was a Cost Center title error that will be changed to avoid any confusion going forward. The Pricing & Energy Market Analysis group is responsible for governmental and business customer production rate development, pricing, tariff administration, customer savings calculations and monthly reports/analyses, including monthly Energy Charge Adjustment processing and reporting. Their expertise applies across all customer segments, with a majority of their time dedicated to the Governmental customer segment. In light of that consideration, 50% of Pricing's time being allocated to SENY is appropriate.

Cost Center H410: Power Contracts

This group is responsible for contract development and administration for all customer segments. NYPA has three customer segments and this group allocates their time equally amongst these segments. Therefore, a labor ratio allocation of 34% to SENY is appropriate. In their comments, the City implies that the size and output of the plants, Niagara and St. Lawrence being much larger facilities than SENY dictates the costs assigned to the Customers through this cost center. The size of the facility does not factor into the allocation of costs, but rather it indicates how the Power Contracts group allocates their time amongst the three customer segments. It is important to point out that the Governmental Customers represent NYPA's largest customer segment.

In their comments, the City expressed concerns in regards to the Fixed Cost increase related to the 500MW Unit, specifically the increase related to the change in methodology of

allocating employees. In NYPA's February 4th response to the Customers, the issue of total site payroll at the 500MW unit was addressed. Please see below for this response:

The $2.6 million increase in the 500MW payroll is due to the following:

[1] $0.4 million was attributable to increases in salary and benefits

[2] Increase of $0.3 million in direct labor charges primarily from the 500MW facility. This includes NYPA employees who have directly charged a portion of their time to projects at the 500MW facility.

[3] The $1.9 million balance is based upon changes in methodology undertaken by NYPA to more accurately account for employees' time.

In previous years, labor dollars for workers based out of the 500MW plant were charged to the 500MW plant (and SENY) based upon the allocation of time they were projecting to spend working directly at the facility. The remaining portion of their time was charged out to other facilities, such as the Small Clean Power Plants (the SCPP's are not generally manned facilities, so work at those plants is sourced from employees at the 500MW).

After conducting a detailed historical review, it was determined that the employees at the 500MW plant were not spending as much of their time actually working at the other facilities as originally budgeted, and thus under-projected the percent of time allocated to the 500MW. Results of the analysis further demonstrated that a rolling 5 year average of actual time spent working at each facility by the 500MW staff was the most accurate forecast of the next year's allocation, and is now the method used.

There were no instances of double counting of labor dollars.

Staff Recommendation: Accordingly, staff recommends no change in the allocation of A&G costs inclusive of R&D to the COS. In addition, the increase in total site payroll at the 500MW Unit was explained to the Customers and no reduction or change is warranted at this time.

3) The NYCGCs Should Not Be Charged For Projects That Are Cancelled, Delayed Or Deferred

Comments: The City states that NYPA has charged the NYCGCs for at least one project that was deferred and includes duplicative charges for the same project in a subsequent year. The specific project cited was the Risk Cloud Implementation project. In addition, the City questions whether there are other charges that follow this pattern and if so, NYPA should either credit the amounts back to the NYCGCs or carry-over amounts to subsequent years when the projects are undertaken.

Staff Analysis: In NYPA's February 4, 2016 response to the Customers, NYPA agreed not to charge Customers for a Risk Cloud Implementation Project in 2016, which had been charged previously in 2015 and for which work had not begun. The response was:

> *During the January 19th call between NYPA and the Customers, the question was raised about the possibility of creating a "fund" for the $581k Risk Cloud Implementation expense which was budgeted and charged within the 2015 COS, but not spent within that year, and re-budgeted and charged during the 2016 COS.*

Though, under the LTA, fixed costs are not reconciled, NYPA is willing to make an exception in this case because the nature of the expense is for a single use assessment analysis for a new risk software program rather than operational O&M. The line item for the $581k in the 2016 non-recurring O&M budget will be removed for purposes of the COS.

NYPA reviewed the Non-recurring Operating and Maintenance costs charged to the Customers going back three years to determine if there were any other instances where expenses were charged multiple times for which no work had been done and found no such expenses.

Staff Recommendation: As stated in the Customers comments, NYPA staff has agreed to credit the NYCGCs $581,000 for the Risk Cloud Implementation project. This credit has been applied to the Final 2016 COS and is an exception to the LTA and is being granted due to the nature of this expense, a single-use assessment analysis rather than operational O&M.

As mentioned above, NYPA staff completed an in-depth review for the last three years and found no other occurrence where expenses were charged multiple times and the work had not moved forward. No additional credits or carry-over costs are warranted at this time.

4) NYPA Should Not Undertake And Charge The NYCGCs For Studies That Were Not Requested By The NYCGCs And For Which There Were No Prior Consultation With Or Approvals From The NYCGCs

Comments: The City questions the $1.1 million expense for what was termed the "TDI/ Champlain Power Express" and that NYPA initially stated that only $20,000 pertained to the TDI project while the rest pertained to "Potential New Projects Evaluation." The City's also states that they never asked NYPA to engage in such study and NYPA never sought out the NYCGCs approval. Therefore, any such costs should be removed from the 2016 Final COS.

Staff Analysis: The studies being questioned by the Customers are initiatives undertaken in the normal course of business at NYPA, and do not require Customer approval or consent. These are initial stage evaluations from NYPA's Project and Business Development Group which are not in an appropriate stage of development to assign to a particular cost center, and are therefore part of A&G.

In regards to the City's comments on the TDI/Champlain Power Express expense applicability, response provided by NYPA staff on February 4**th** to the Customers can be found below:

As discussed in the January 19th conference call, there was an error in the budget involving the allocation of funds for TDI/Champlain Power Express under the H106 Cost Center in the amount of $1.1 Million dollars. The total amount that should have been charged for TDI/Champlain Power Express under the H106 Cost Center is $20,000. The difference, as mentioned in the call, is for Potential New Project Evaluations within our Project and Business Development group.

Potential new product evaluations covers feasibility studies, constructability studies, and conceptual engineering to determine whether projects should go forward, or to prepare preliminary applications. Expected studies for 2016 include:

- ***Small Hydro Power Studies***
  There have been several Federal studies completed that claim there are substantial additional hydroelectric resources in NY State that remain underdeveloped (300 MW). Customers are interested in increasing the amount of renewable resources in their electricity supply. One of the goals of the State Energy Plan is to increase hydro generation. NYPA concluded it would be prudent to explore this potential in greater dept. Therefore, NYPA engaged a consultant who is performing an analysis to identify opportunities for developing small, renewable hydropower in NY. Other feasibility studies for hydro development may be undertaken based on recommendations from NYPA Business and Project Development, requests from the Governor's office in support of REV, or from NYPA Research & Development.

- ***Potential Licensing/Permitting of T-LEM Projects***
  T-LEM involves a host of projects on existing lines. Depending on the project and the permitting status of the line affected, this may constitute a modification, subject to regulatory jurisdiction. In these cases, applications for modification and supporting materials will need to be prepared and the necessary procedures followed to gain regulatory approval

- ***Studies at Massena***
  During the construction of the Massena Substation, land was purchased to allow for the connection to an existing railroad. This connection was not built at that time. The Massena Substation was constructed pursuant to the 765 kV Article VII Certificate. This project was put on hold in 2015, but a determination may be made to move forward with studies for a Certificate amendment or change to the existing EM&CP in 2016.

- ***PV20 Submarine Cable***
  In cooperation with VELCO, NYPA is replacing the existing underwater cable under Lake Champlain. This is expected to involve crossing or being crossed by other cables (e.g., TDI Champlain Express, New England Clean Power Link). This will require development and or evaluation of techniques for the cables to safely cross. These may require regulatory review and approval, which could include evidentiary hearings.

- ***Access Road Evaluations***
  Project Management began an assessment of access roads on its rights-of-way. Many of the access roads were permitted under Article VII Certificates. If it is determined that changes to the access roads are needed, studies, Certificate amendments or EM&CP changes may be necessary.

Staff Recommendation**:** The studies being questioned by the Customers are initiatives undertaken in the normal course of business at NYPA, and do not require Customer approval or consent. As discussed in Point 1, Comment 2, these studies are properly assigned to A&G, therefore the Customers are appropriately allocated a portion of these expenses.

5) The Use Of Labor Ratios To Allocate Shared Services Costs To The NYCGCs Is Inconsistent With The Requirements Of The LTA And Is Not Required As A Matter Of Law

Comments: The City has a concern with the use of labor ratios to allocate shared services headquarters costs. They break it down into two components: as required by the LTA and as required by law. Regarding the LTA, the City claims the Shared Services costs appear to be allocated without any consideration of whether the costs were incurred to provide service to the NYCGCs. Regarding the law, NYPA has asserted to the NYCGCs that the New York Courts have required it to allocate costs to the NYCGCs including shared services expenses based on labor ratios. The City counters that the Court did not mandate the use of labor ratios. Furthermore, the City claims that NYPA is overcharging NYCGCs due to the fact that NYPA has recovered just under $200 million in excess of the costs it incurred from 2011 – 2015 and plans to incur in 2016.

Staff Analysis: The case of Village of Bergen vs. Power Authority of the State of New York, 284 A.D.2d 976 (4th Dep't 2001) ordered NYPA to use labor ratios as an allocator for preference power rates. In order to properly allocate costs to all customer segments without either under collecting or over collecting total expenses, labor ratios must be applied across all customer segments, including the NYCGCs, rather than a capacity ratio allocator, which was in use prior to the litigation.

The NYCGCs are NYPA's largest customer segment, representing approximately 50% of NYPA's revenue. The 16% allocation of headquarters staff devoted to the NYCGCs is warranted. NYPA is not in violation of the LTA and is not subsidizing costs from other NYPA customers. The use of labor ratios is a fair and proper methodology.

In regards to the City's statement that NYPA is recovering $200 million in excess of the actual costs incurred for the period 2011 to 2016, staff analysis shows the following:

- Debt service for both the Poletti (2005) and Small Hydro (2008) outstanding bonds required larger payments in early years with decreasing payments over time. The NYCGCs requested that NYPA levelize their debt payments over the life of the bonds. In an effort to accommodate their request, beginning with the 2005 COS, the Poletti debt payments were fixed at $15.4 million until their maturity in 2013 and the Small Hydro debt payments were fixed beginning with the 2008 COS at $7.5 million until their maturity in 2015. The cash flow differential between actual payments made by NYPA and the levelized debt payments recovered from the Customers created a net income loss or gain on NYPA's books. Over the entire period, until maturity, this essentially worked out to no overall gain or loss to NYPA.
- The Customers requested that they wanted to pay for actual expenses instead of forecasted expenses. Those expenses currently include Rate Design Study, GE Litigation Expenses, Oil Inventory Carrying Cost, Load Research Study, Minor and Capital Additions.
- Governmental Customers requested that the Wood Group Contract be levelized at $6.724 million per year.

These costs were expensed on NYPA books in a manner as requested by the Customers. Hence, the matching of revenues to expenses from prior periods would result in the appearance of revenues being higher than expenses. Therefore, this was not a revenue generator for NYPA over the entire payback period, and only represents a timing lag between the expenses incurred and the recovery of those expenses by from the Customers.

Staff Recommendation: In all instances mentioned above, NYPA staff has confirmed that the NYCGCs have not been overcharged in their COS. Therefore, no adjustment is necessary.

Issue II: Action Is Needed To Reduce The Cost Burdens Imposed On The NYCGCs By Certain Assets Within Their Supply Portfolio

1) **The Capacity Cost Charged To The NYCGCs For The Blenheim-Gilboa Facility Is Unreasonable**

Comments: The Blenheim-Gilboa facility was identified by the City as having no net benefit, but an actual net cost to the NYCGCs of over $640,000. Further, the City states that the B-G capacity rate of $3.49/kW-month is excessive and unreasonable and that the rate should be limited to the capacity charge to the market price reported by the New York Independent System Operator ("NYISO").

Staff Analysis: The City's analysis includes a production and transmission cost. The production benefit for 2016 is $2,198,215 and the net transmission cost is $2,839,360 which results in the $640,000 loss that the NYCGs are commenting on.

The City's comment on the high capacity price of the Blenheim-Gilboa Pump Storage Power Project ("BG") relative to the market inaccurately states the net benefits to the project. Please see Exhibit "D" for additional information on the net benefits the Customers received. In certain years, the Customers have paid more for the 250 MW from BG and other years they have paid less. Over the four year period from January 2009 to December 2012, the Customers total BG production charge was $16,578,269. Over the three year period of January 2013 to December 2015, the Customers total production benefit was $16,640,771. The main driver for the savings over the past three years was high Rest-of-State capacity and energy prices. A detailed breakout of the calculation was provided to the Customers on December 4, 2015 (with data through September 2015).

In Exhibit "E", attached, is the Trustee approved item from September 2004 stating that the BG capacity would be charged to the portfolio in the amount of $3.49/kW-month. In the September 27, 2004 meeting, the Trustees were requested to file notice for publication in the New York State Register of a revision of the firm demand charge for BG from $2.30/kW-month to $3.92/kW-month. The Trustee item explained that the rate was being increased due to increased capital costs, greater allocation of shared services expenses and the institution of OPEB expenses. The item references the SENY customer 250 MW and it shows that SAPA was followed.

Concerning the BG transmission payment referenced by the NYCGCs, it should be noted that the transmission charge paid by the NYCGCs allows them to have 250 MW of grandfathered transmission congestion contracts ("TCCs") that help reduce their energy costs. At the onset of NYISO operations many if not most of NYPA's Customers, such as Municipal and Cooperative customers, had a similar arrangement with NYPA where they paid a NYPA transmission charge and received grandfather TCCs in return. Customers have the option to discontinue the "grandfathered" transmission arrangements. This option is and has been available to the NYCGCs, but has not been requested. NYPA is willing to work with the NYCGCs to end the "grandfathered" transmission arrangements if that is the Customers preference.

*NOTE 1) BG rate development was inclusive of both the generation function ($3.49/kW-month) and for the transmission function ($0.43/kW-month).

Staff Recommendation: The capacity costs charged to the Customers for the BG facility are consistent with all agreements between NYPA and the NYCGCs. Therefore, no adjustments are warranted.

2) The Small Hydros Are Uneconomic And The Board Erred In Approving Substantial New Projects For Those Facilities Without Any Analysis Of The Impacts And Cost-Effectiveness Of The Projects

Comments: Based on information provided by NYPA, the City contends that the costs of the small hydros substantially exceed the benefits they produce. Another concern by the City relates to the comparison of the costs assigned to the small hydros and the 500MW unit. The City's claim is that it was never the intent of the LTA that the NYCGCs be forced to subsidize uneconomic resources. As a result, the City requests that a comprehensive review of the entire NYCGC portfolio be conducted to ensure that as the costs charged to the NYCGCs increase, the value proposition to the NYCGCs is not worsened.

Staff Analysis: The City states that "it was never the intent of the LTA that the NYCGCs be forced to subsidize uneconomic resources." Exhibit "F" is a Trustee item dating back to June 1988 and shows the rationale behind putting BG and the small hydro plants into the Governmental portfolio. As stated in the item, significant customer outreach was undertaken at the time.

In regards to the City's comment on the $15 million spent at both Crescent & Vischer Ferry Units 3 & 4 for Life Extension and Modernization ("LEM"), this project was fully vetted and approved based on the project approval process at the time.

The Customers commented in a similar fashion on labor costs at the small hydro facilities last year. The answer provided last year has been updated with 2016 budget figures and can be found below:

> *The Small Hydro facilities are dedicated to serving the NYCGC's load. In the 2016 Budget, there are 30 full-time equivalents ("FTE's") that are directly charged/assigned to these facilities. Seventeen FTE's are from the operations and maintenance staff at the Blenheim-Gilboa and Clark facilities. The balance of the FTE's represent real estate, environmental, engineering, project management and site functions such as warehouse and purchasing that support Small Hydro work and projects. NYPA staff is often required to travel significant distances (from the Blenheim-Gilboa and Clark facilities) to the facilities, which is charged as working time to the cost center, in order to perform routine plant maintenance. Also, at some of the facilities, there are shoreline, recreational and environmental issues that must be addressed to comply with license requirements.*
>
> *NYPA support for SENY includes account management, load research, billing, system operations, risk management, scheduling and settlements. As stated in prior Customer responses, we have indicated that there is no double counting of the FTE's that support SENY in the SENY headquarters cost allocation. As with the Small Hydro facilities, contractors and consultants are utilized when it is more economical or NYPA staff does not have the expertise to perform certain tasks. In 2016, contract services and consultants will be primarily associated with market analysis for pipeline construction and fuel costs, and other miscellaneous services.*

The Customers point regarding the Crescent Tainter Gate work was answered in Question 31 of the February 4th responses:

> *In response to a FERC request, NYPA contracted with the consulting firm Klienschmidt Group in 2008 to perform an inspection of the Crescent Tainter Gate. Based upon the inspection and assessments, Klienschmidt recommended that the Tainter Gate be repainted within 5 to 10 years and that the concrete pier faces be repaired within 10 years.*
>
> *In 2012/13, 5 years after the recommendation, coinciding with the earliest actionable date proposed by Klienschmidt, NYPA's engineering team began an assessment of the condition of the Tainter Gate and its concrete walls. In 2014, NYPA's civil and mechanical engineers completed the assessment and determined that the work proposed by Klienschmidt needed to be completed. An RFP was issued in May 2015, for which three bids were received in late June. NYPA staff evaluated the bids and made a recommendation to the NYPA Trustees for contract approval in late 2015. The Trustees approved the contract award to CD Perry at their December 2015 meeting. NYPA Procurement then awarded a contract to CD Perry in January 2016. The scope of work includes the following steps, to be completed over the next 2 years:*
>
> - *CD Perry will prep and recoat the lifting beam and stop logs in 2016*
> - *CD Perry will construct a concrete sluiceway in 2016*
> - *CD Perry will prep, repair, and recoat the Tainter Gate in 2017*
> - *CD Perry will repair the concrete retaining wall, North and South pier walls in 2017*
>
> *Additionally, as part of the request for overall life expectancy, the Crescent & Vischer Ferry small hydro facilities are expected to operate without a major overhaul for the next 20 years (post LEM). The Ashokan & Jarvis Units are expected to operate for an additional 10 years, with the assumption that a future LEM is completed.*
>
> *Lastly, as discussed on the January 19th call, many of the tasks outlined in the RFP (repair concrete, prep work, recoat and repaint the Tainter Gate) are considered repair and therefore, accounted for as O&M. The only exception to this may be constructing a concrete sluiceway. This may be considered a capital addition depending on the cost.*

The Customer's comment about the value of the small hydro units was addressed in Question 5 of the February 4th responses and can be found below:

> *The Small Hydro's have been affected by equipment end-of-life outages and capital upgrade programs over the past 3-5 years. Upon completion of the various upgrades and a Life Extension & Modernization (LEM) program, it is expected that greatly increased availability and reduced maintenance costs will provide more value from these emission-free facilities.*
>
> *Specifically, the Ashokan turbines have been shut down extensively in recent years due to capital upgrade projects by the NYCDEP Bureau of Water Supply in the Catskill Aqueduct System. Ashokan turbines were also troubled by control system failures which have recently been corrected by a complete system upgrade.*

The Crescent and Vischer Ferry projects have experienced extensive downtime due to turbine end-of-life problems that are currently being addressed by the LEM program.

The value created by completing these LEM projects are that the small hydro facilities will be more efficient and reliable. Also, reduced O&M costs should be expected going forward.

In regards to the Customers comment about reviewing the NYCGCs portfolio, maintenance to the facilities are done to comply with NYPA's best practices for the safe and efficient operation of these facilities. Analyses are completed before undertaking any major projects, which includes both a cost-benefit analysis and a review of alternative methods. On an annual basis, the NYPA Trustees approve NYPA's capital plan, which includes these major expenditures. Certain expenses, when warranted, are also brought to the Trustees for individual authorization.

Staff Recommendation: Sufficient analyses were performed and controls are set in place to ensure that spending at its plants results in a safe, reliable and economic output from the facilities. No further review or authorizations are required.

Issue III: Decommissioning Costs Continue To Be A Concern

Comments: The City continues to object to the level of decommissioning costs included in the COS and has asked for an $8 million reduction in such costs. In addition, the City has concerns over the decommissioning charge for the 500MW unit and the decommissioning costs related to the Kensico facility.

Staff Analysis: The City is requesting a reduction in the Poletti decommissioning costs of $8 million, a repeat of Issue 5 from last year's comments to the Trustees. NYPA staff reiterates its position that the included costs are justified from last year response. The additional costs added to the project during the deconstruction process could only be identified once the operation was underway, and were discussed in detail last year in Exhibit "G" which is attached. Attached is the question raised by the Customers as **Issue 5: Poletti Decommissioning Costs** and NYPA's response as Exhibit "G".

For Kensico decommissioning costs, NYPA staff provided the Customers a detailed response on February 17, 2016 and follows below:

NYPA Direct Labor Explanation:

*NYPA direct labor accounted for approximately $160,000 of the total Kensico decommissioning project cost, which was roughly a $100,000 decrease from the chart that was provided to the customers in response to the initial round of questions submitted by the City of New York. The final cost of this project was $1,083,938. Please see Attachment 30 – "Kensico Decommissioning" for an updated Figure 5C that the Customers will see in the 2016 Final COS. In addition, please see Attachment 31 – "Kensico Cost Breakdown", (**Attached to this item as Exhibit "H"**)which is an update to the spreadsheet that was sent to the customers in December 2015. The existing payment of $122,462/year will continue until the project is paid off in 2022. Since the payment goes beyond the term of the existing LTA, NYPA will codify these payment terms in any future agreement the Customers execute.*

FMV Explanation:

NYPA hired a fair market valuation consultant to evaluate the equipment at Kensico prior to removing the assets. The consultant performed the following required activities prior to the work being awarded to a deconstruction contractor:

- *Fair Market Valuation*
- *Photographed all equipment on site*
- *Assessed warehouse inventory of spares/parts*
- *Evaluated on site condition of equipment*
- *Evaluated removal requirements for repurposing of equipment*
- *Reviewed any and all maintenance records*
- *Determined fair market value if sold for repurpose or for scrap*
- *Provided a report with all information evaluated*
- *RFP Development*
- *Prepared RFPs, for disposal of equipment and deconstruction*
- *Procurement Support*
- *Reviewed all pre-qualification submissions*
- *Conducted two pre-walkthrough teleconferences with potential bidders*
- *Attended bid walk downs*
- *Reviewed all bid proposals for both purchase and deconstruction*
- *Interviewed bidders to confirm compliance with their developed specifications*
- *Provided recommendation to NYPA on bidders in compliance with PAAA and RFPs*
- *Additional support required due to lack of bid interest during the first attempt*

The equipment was then assigned a value for both scrap and re-use value which was used as a comparative base at the time of awarding a deconstruction contractor who would take possession of the assets once removed. This is to ensure NYPA receives any remaining equipment value that either NYPA or the Customers have already paid for.

Staff Recommendation: All decommissioning costs have been reviewed by NYPA staff and are justified. Therefore, a reduction in decommissioning costs is not warranted at this time.

Issue IV: The Cost-Of-Service Process Requires Further Refinements

Comments: Although the City acknowledges NYPA's efforts to improve the process, further improvements are needed. In addition, the City's contends that the process is skewed against the NYCGCs rather than being unbiased and objective in setting the COS. Also, the issue of individualized sections was brought up by the City stating that the perspectives and risk levels of the individual customers with respect to portfolio volatility and hedging vary and that NYPA has not fulfilled its commitment on this matter as required by the LTA.

Staff Analysis: Though NYPA staff works diligently to ensure that all information provided to the Customers is correct. Any errors that are identified throughout the collaborative process are reviewed and corrected. NYPA appreciates the Customer's patience as staff works to resolve all issues.

In response to the Customers request for review by an unbiased entity, staff confirms to the Trustees that each item questioned by the Customers is answered in a transparent manner, with extensive backup and supporting documentation provided. NYPA has endeavored to explain all Customer requests in a manner which logically and thoroughly walks the Customers through the answer, sometimes over multiple exchanges utilizing various approaches.

In regards to the Customers concern about individualized cost recovery mechanisms, NYPA staff would like to mention that on April 28, 2015, the Customers collectively selected the Energy Charge Adjustment ("ECA") with Hedging option for this year's COS. In regards to the Customers concern about hedging, NYPA staff have implemented numerous hedges and hedging strategies on behalf and at the direction of the Customers since 2005.

Staff Recommendation: The COS is a collaborative process between NYPA and the NYCGCs and we look forward to working together to continue making improvements to the process. Due to the collaborative nature of this process, coupled with the fact that NYPA Trustee approval is required to adopt new production rates, it is not necessary for the City's comments and NYPA's responses to be reviewed by an unbiased person or entity. Lastly, NYPA staff will continue to work in a collaborative effort with the Customers towards the goal of exploring appropriate risk mitigation strategies.

Issue V: NYPA Should Engage In a Comprehensive Review And Audit of Its Management And Operations

Comments: As requested in the previous two years, the City has asked for a comprehensive management audit of NYPA's practices and operations which would be similar to management audits performed by the Public Service Commission. The City requests that the audit be conducted by an independent entity and that the entity be given the ability to review any and all records and access to all personnel and contractors.

Staff Analysis: NYPA staff provided a response to the Customers last year regarding their request for NYPA to engage in a comprehensive review and audit of its management and operations. See Exhibit "I" for the Customers **Issue 7: NYPA Should Commission an Independent Management Audit** and NYPA's response.

Staff Recommendation: As stated last year, NYPA staff believes that the existing independent external and internal audits, along with NYPA's extensive public disclosures provide a sufficient review of NYPA's operations.

Staff Analysis and Recommendation on Issues Raised by the MTA: The following is a summary of the MTA comments filed under SAPA process and NYPA's responses.

Selection of Recovery Method Independent of Other Customers

Comments: A detailed business plan is requested for the implementation of the new risk management system, which will allow for hedging of individual loads, and the associated billing system modifications needed for such an update. The MTA notes that the upgrade is a contractual obligation, as it is stated in the LTA requests that NYPA work diligently with the NYCGCs to identify and assess a fair and equitable method whereby each Customer may select a different cost recovery mechanism in an effort to be implemented by Rate Year 2008.

Staff Analysis: The MTA references Section II.D.4 of the LTA and suggests that NYPA is not complying with its contractual obligations relative to customer choice, hedging and billing. In regards to the Customers concern about separate books, NYPA staff would like to mention that on April 28, 2015, the Customers collectively selected the ECA with Hedging option for this year's COS. In regards to the Customers concern about hedging, NYPA staff have implemented numerous hedges and hedging strategies on behalf and at the direction of the Customers since 2005.

Staff Recommendation: NYPA staff will continue to work in a collaborative effort with the Customers towards the goal of exploring appropriate risk mitigation strategies.

Transparency Undermined by Information Overload

Comments: While NYPA is responsive to MTA data requests, the large amount of information provided is not well organized and requires the MTA to benchmark the data against budgets and comparable data in order to find value. The MTA requests that the NYCGCs and NYPA agree on a template which will showcase the NYPA, SENY, and NYCGCs process and associated data.

Staff Analysis: The MTA commented during the January 19, 2016 teleconference that the information provided to the MTA "is not in a format that the MTA finds useful and since NYPA has business intelligence systems it should produce the data the way that the MTA wants it."

When referring to the COS and related documents, the data and exhibits that NYPA produces is in a format that the Customers have collectively requested and agreed to.

Staff Recommendation: If the Customers, collectively (80% LTA rule) can agree to a way in which they wish to receive data going forward, NYPA is willing to accommodate their request.

Fixed Costs

Comments: The MTA finds the growth in Operations and Maintenance costs and Astoria Energy II costs, from 2013 to 2016, to be a matter of serious concern. In addition, the MTA requests that NYPA not base their method of allocating Fixed Costs to NYCGCs based on load and demand allocators, but rather split such costs equally between the twelve SENY customers.

Staff Analysis: The MTA states that NYPA's O&M and AEII costs have been increasing at a greater rate than the decrease in capital costs, which is a cause for concern for the Customers.

O&M Increase:

In regards to O&M, the biggest contributor to the increase in cost was total site payroll. Specifically, total site payroll for the 500MW Unit increased by approximately $2.6 million from 2015 to 2016. See below for the response that staff provided to the Customers regarding this increase:

Staff Response: *The $2.6 million increase in the 500MW payroll is due to the following:*

[1] $0.4 million was attributable to increases in salary and benefits

[2] Increase of $0.3 million in direct labor charges primarily from the 500MW facility. This includes NYPA employees who have directly charged a portion of their time to projects at the 500MW facility.

[3] The $1.9 million balance is based upon changes in methodology undertaken by NYPA to more accurately account for employees' time.

In previous years, labor dollars for workers based out of the 500MW plant was charged to the 500MW plant (and SENY) based upon the allocation of time they were projecting to spend working directly at the facility. The remaining portion of their time was charged out to other facilities, such as the Small Clean Power Plants (the SCPP's are not generally manned facilities, so work at those plants is sourced from employees at the 500MW).

After conducting a detailed historical review, it was determined that the employees at the 500MW plant were not spending as much of their time actually working at the other facilities as originally budgeted, and thus under-projected the percent of time allocated to the 500MW. Results of the analysis further demonstrated that a rolling 5 year average of actual time spent working at each facility by the 500MW staff was the most accurate forecast of the next year's allocation, and is now the method used.

Astoria Energy II Increase:

In regards to the Customers concerns about AEII costs increasing, the $2 million increase from 2015 to 2016 is due to the escalation clause, which is outlined in the agreement labeled *Subject Transaction Confirmation by and between Power Authority of the State of New York and Astoria Energy II LLC* under Special Conditions #14: Escalation Rate Process. As stated in the agreement, the AEII payments are adjusted in accordance with the prescribed calculation each year of the 20-year agreement.

Allocation of Fixed Costs:

In Section II.B.1.a of the LTA, it is stated that *"Fixed Costs will include only those costs justified on the basis of cost causation principles, shall be set consistent with accepted regulatory COS methodologies, and can be changed only through a rate case filing in accordance with SAPA."*

To suggest that NYPA proportion the Fixed Costs equally among twelve customers (the 12th being Westchester, which is comprised of 103 customers under a separate agreement) irrespective of their actual contribution to those Fixed Costs, would be contradictory to the most basic rate making/cost causation principles. The current method of assigning Fixed Costs to the Customers (including the MTA) based on their peak load is a reasonable and fair way to apportion costs. The MTA currently contributes significantly to the peak and is advocating for NYPA to arbitrarily shift a portion of its share of Fixed Costs to other customers.

Staff Recommendation: The increases in O&M and AEII costs are justified. In regards to the O&M increase, NYPA provided a detailed response to the Customers in early 2016. As stated above, the AEII adjustments occur each year for the term of the agreement. Therefore, no adjustments to O&M or AEII costs are warranted.

In regards to the MTA's concern about the allocation of Fixed Costs, the LTA is clear on how NYPA can proceed using COS and cost causation principles. Therefore, there will be no recommended change to the Fixed Costs allocation methodology to and between the NYCGCs.

Relationship with Con Edison

Comments: As NYPA is the direct customer of Con Edison, in regards to the delivery portion of the NYCGCs bill, the quality of representation on behalf of the MTA is not adequate. The MTA claims that NYPA is not representing the interests of NYCGCs, specifically in regards to the scheduling of plant outages.

Staff Analysis: NYPA can advocate for the NYCGCs as a whole and intervene in Con Edison rate cases to ensure that delivery rate increases are "fair and reasonable". Under the LTA NYPA advocates for 11 Customers, who are serviced under Con Edison's Service Tariff PSC No. 12, NYPA will normally remain neutral on Con Edison rate proposals that may increase or lower one delivery rate, in relation to another delivery rate, thereby disproportionally benefiting or harming particular NYPA customers, provided that Con Edison has demonstrated

a COS based justification. NYPA, however, may facilitate a discussion amongst the Customers with the goal of reaching a mutual consensus and outcome.

In their comment the MTA specifically mentions plant outages. Con Edison, as the transmission owner is responsible for maintaining its transmission facilities. The New York Independent System Operator coordinates all requests for transmission outages based on their potential impact on power system reliability. The NYISO will determine if reliability criteria violations will occur based on the requested transmission outages scheduled. The NYISO has final authority in postponing or canceling outages on transmission facilities under NYISO operational control, if the outage would violate established reliability criteria. Transmission owners have final authority in scheduling, postponing, or canceling outages on all transmission facilities except for those under NYISO operational control.

For the particular transmission outage in question from 12/14/2015 – 2/29/2016, Con Edison appropriately scheduled the transmission outage through the NYISO which approved the outage. AEII notified NYPA who in turn notified its Customers as soon as the information was made available.

FERC's Standard of Conducts has specific requirements on how generators interact with transmission owners. Generators are limited to obtaining publically available transmission information only. The transmission outage which is part of a Storm Hardening program initiated after Super Storm Sandy, limited the output at AEII to 318 MWs initially. Through AEII, NYPA worked with Con Edison to increase the output to 325MWs to mitigate market impacts and maintain operational flexibility.

NYPA continues to provide updates to its customers as information becomes available. NYPA also provides a lost opportunity analysis to keep its customers informed.

Staff Recommendation: In regards to Con Edison rate cases NYPA has in the past, and will continue to represent and be an advocate for all NYCGCs by seeking to minimize the Customers' overall delivery revenue requirement. NYPA's secondary goal is to seek consensus on rate proposals that have differential Customer impacts.

In regards to plant outages, NYPA must adhere to FERC's Standard of Conduct policy. Once information becomes public we will continue to share it with Customers and relay any potential impacts.

2. Final Recommendation on 2016 Fixed Costs

Based on Customer comments received and further staff analysis, staff recommends a decrease in the Fixed Cost as compared to the 2015 Final COS and the originally proposed 2016 COS in the Notice of Proposed Rulemaking that was noticed in the State Register pursuant to Trustees direction at their September 29, 2015 meeting. This is a $1.0 million decrease from the costs appearing in the October 21, 2015 SAPA notice with Other Expenses (DSM and OPEB) decreasing by $4.9 million, O&M decreasing by $1.1 million, and Shared Services increasing by $5.0 million. Overall, the Fixed Costs for 2016 would decrease by $4.8 million, as compared to the 2015 Final Fixed Costs, to $131.0 million. The decrease in Fixed Costs will be reflected in the production rates effective with the March 2016 bills.

3. Description of Final 2016 COS and Customer Rates

Because the Variable Costs component (i.e., fuel and purchased power, risk management, New York Independent System Operator ancillary services and O&M reserve, less a credit for NYISO revenues from Customer-dedicated generation) is developed in

collaboration with the Customers in accordance with the provisions of the LTAs previously approved by the Trustees, staff is not requesting the Trustees' approval of the Variable Costs component of the production rates for 2016. Additionally, the Authority passes through all Variable Costs to the Customers by way of the "Energy Charge Adjustment with Hedging" cost-recovery mechanism that the Customers collectively selected for 2016. This cost-recovery mechanism offered under the LTAs employs a monthly charge or credit that reflects the difference between the projected Variable Costs of electricity (i.e., the Variable Costs recovered under the Customers' tariffs) and the monthly actual Variable Costs incurred by the Authority to serve the Customers.

For the Trustees' information, the projected Variable Costs are expected to decrease by 12.7% from 2015 levels and in combination with the recommended Fixed Costs decrease and AEII costs, results in a final projected 2016 COS of $625.4 million. At existing rates, revenues of $668.5 million would be produced, resulting in an over recovery of $43.1 million. As a result, staff is recommending that rates be revised to decrease revenue collection by 6.5%. The current 2015 Customer rates and recommended 2016 Customer rates with the overall 6.5% revenue decrease are shown in Exhibit "J."

FISCAL INFORMATION

The adoption of the Fixed Costs decrease would result in an estimated $4.8 million decrease in revenue to the Authority, which is justified by the forecasted reduction in costs. The Energy Charge Adjustment mechanism will protect NYPA from the effects of movements in variable costs above those projected.

RECOMMENDATION

The Manager – Pricing and Energy Market Analysis and the Vice President – Finance recommend that the Trustees authorize the Corporate Secretary to file a Notice of Adoption with the New York State Department of State for publication in the New York State Register for a decrease in Fixed Costs applicable to the New York City Governmental Customers under the Long-Term Agreements ("LTAs").

The Trustees are also requested to authorize the Senior Vice President – Economic Development and Energy Efficiency, or his designee, to issue written notice of adoption and the revised tariff leaves, as necessary, to the affected Customers.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

R E S O L U T I O N

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency or his designee be, and hereby is, authorized to issue written notice of this final action by the Trustees to approve a decrease in the Fixed Cost component of the production rates by $4.8 million or 3.6%, excluding Astoria Energy II plant expenses, to be charged in 2016 to the Authority's New York City Governmental Customers; and be it further

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file such notices as may be required with the New York State Department of State for publication in the New York *State Register* and to submit such other notice as may be required by statute or regulation concerning the rate decrease; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating 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 and General Counsel.

EXHIBIT "A"

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February 15, 2016

VIA E-MAIL AND OVERNIGHT DELIVERY

Ms. Karen Delince
Corporate Secretary
New York Power Authority
123 Main Street, 11-P
White Plains, New York 10601

Re: SAPA No. PAS-42-15-00004-P – Rates for the Sale of Power and Energy

Dear Ms. Delince:

Enclosed please find the Comments of the City of New York on the New York Power Authority's notice of proposed rulemaking published in the New York State Register on October 21, 2015. The rulemaking, and the attached Comments, pertain to the production rates the New York Power Authority has proposed for its New York City Governmental Customers for 2016.

If you have any questions regarding these comments, please feel free to contact me.

Sincerely,

COUCH WHITE, LLP

Kevin M. Lang

Kevin M. Lang

Enclosure
cc: Hon. Lisette Camilo, Commissioner, DCAS
Ms. Laura Ringelheim, Special Counsel to the Commissioner
Suzanne, M. Lynn, Esq., General Counsel, DCAS
Robert Craig, Esq., Associate General Counsel, DCAS
Ms. Susan Cohen, Assistant Commissioner, Energy Budget, Supply & Reporting, DCAS
Gail Rubin, Esq., Chief, Affirmative Litigation, NYC Law Department
Mr. Anthony J. Fiore, Director of Energy Regulatory Affairs, MOS

POWER AUTHORITY
OF THE STATE OF NEW YORK

Rates for the Sale of Power and Energy	**SAPA No. PAS-42-15-00004-P**

COMMENTS OF THE CITY OF NEW YORK

February 15, 2016

COUCH WHITE, LLP
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PRELIMINARY STATEMENT

The City of New York ("City") appreciates the extensive information provided by the New York Power Authority ("NYPA") with respect to the 2016 Cost-of-Service and in response to the City's discovery requests. Setting the Cost-of-Service at a reasonable and fair level is important to the City, and the information provided aids the City in understanding the basis for the amounts included.

In each of the past two years, this process has resulted in NYPA correcting certain interest charges and the assignment of certain project expenses, reducing the fixed cost portion of the 2016 Cost-of-Service charges to the New York City Governmental Customers ("NYCGCs") by $8.9 million. Based on its review and analysis of the information provided this year, the City's comments focus on the following issues: (1) the rate of increase of the portion of fixed costs not related to debt service is too high; (2) above-market costs of certain assets unilaterally assigned to the NYCGCs should be reassessed and reduced; (3) decommissioning costs continue to be a concern; (4) going forward, the Cost-of-Service process requires refinements; and (5) NYPA should engage in a comprehensive management and operations audit.

PROCEDURAL SETTING

A *"Preliminary Staff Report – New York City Governmental Customers Annual Planning and Pricing Process Analysis, Including: Preliminary 2015 Cost-of-Service (Base Variable Cost)"* was provided to the NYCGCs on or about July 10, 2015. As its name implies, that Report addressed only the variable cost portion of the 2016 Cost-of-Service. It was used to assist NYPA and the NYCGCs in formulating their procurement plans for energy, capacity, and ancillary services for 2016.

On October 2, 2015, NYPA shared with the NYCGCs some preliminary estimates of the fixed cost portion of the 2016 Cost-of-Service. On December 18, 2015, NYPA provided updated

figures and some supporting information for the 2016 fixed costs. The City posed two sets of discovery requests to NYPA on the proposed variable and fixed costs, and the Metropolitan Transportation Authority ("MTA") posed a single set of discovery requests. Additional questions were posed during a teleconference among NYPA and the NYCGCs on January 19, 2016. As of the date of preparation of these comments, some questions remain unanswered.

A Notice of Proposed Rulemaking related to the fixed cost portion of the 2016 Cost-of-Service was published in the October 21, 2015 edition of the New York State Register. In subsequent electronic communications to the NYCGCs, NYPA extended the deadline for submitting comments on the fixed costs to February 15, 2016. Pursuant to the notices and the procedure set forth in the Long Term Agreements between NYPA and NYCGCs, dated in or about March 2005 ("LTA"), the City respectfully submits these comments on the fixed cost portion of the 2016 Cost-of-Service.

COMMENTS

POINT I

THE FIXED COSTS NOT RELATED TO DEBT SERVICE ARE TOO HIGH

The beneficial nature of the relationship between NYPA and the NYCGCs does not usurp or diminish the City's or other NYCGCs' rights to ensure that the costs they are being charged are fair and reasonable and actually associated with NYPA's provision of service to the NYCGCs. The City respectfully requests that the NYPA Board of Trustees ("Board") undertake a comprehensive assessment of the reasonableness and propriety of the items and expenses included in the fixed costs charged to the NYCGCs, as well as the overall level of fixed costs included in the Cost-of-Service. As appropriate, the fixed costs should be adjusted to be consistent with NYPA's contractual requirements under the LTA that the fixed costs charged to the NYCGCs

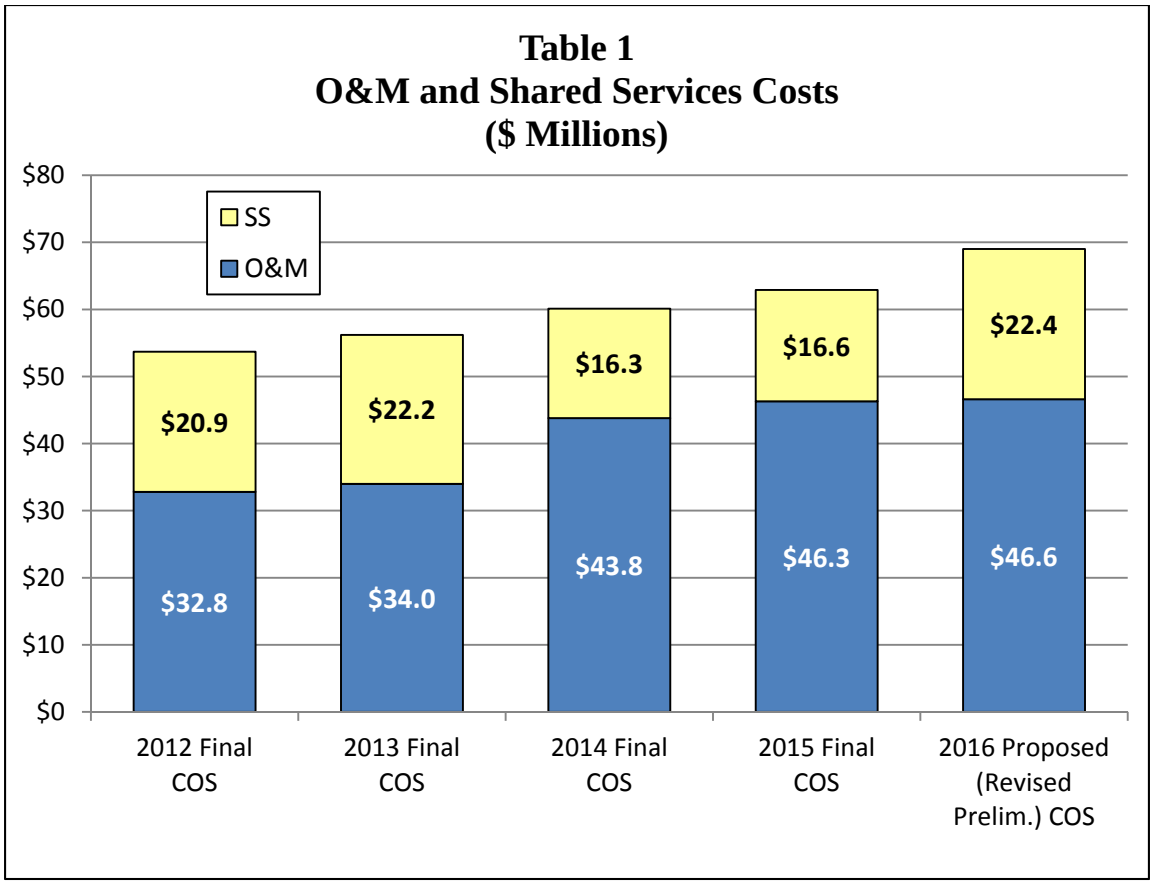
must be limited to those costs incurred by NYPA in serving the NYCGCs. LTA §II.B.1.a. Going forward, the Board should consider the impact on the NYCGCs' Cost-of-Service when considering projects related to the NYCGCs' portfolio of assets.

1. The Level Of Increase Of O&M And Shared Services Costs Over Time Is Excessive And Does Not Correspond To The Services Provided By NYPA

For 2016, the City respectfully requests that the Board focus on two of the four categories of costs that comprise the fixed cost portion of the Cost-of-Service - Operations and Maintenance ("O&M") and Shared Services. The City's ongoing review and analysis of the information provided by NYPA reveals that some of the expenses included in those categories are not consistent with the terms of the LTA. These costs need to be examined collectively because some expenses recently were reallocated from one category to the other.[1] Elimination of costs that are improperly included should reduce the overall level of fixed costs charged to the NYCGCs.

In addition to examination of the individual elements that comprise the O&M and Shared Services costs, the Board should more carefully examine the overall cost increases in NYPA's annual O&M budget. As shown in Table 1 below, the combined O&M and Shared Services cost levels proposed for 2016 constitute an increase of 10 percent compared to the 2015 Cost-of-Service; over the past five years, these costs have increased by over 28 percent.

[1] Prior to 2015, there was no "SENY" category of O&M costs. It is the City's understanding that such costs were treated as headquarters expenses and allocated to the NYCGCs as part of the Shared Services costs. Further, prior to 2014, Shared Services costs for AEII were bundled with other expenses and not separately charged to the NYCGCs.



The City questions the reasonableness of this level of increase, especially when considered in context of the nature and scope of services provided by NYPA. Since 2005, the services have not materially changed, and as discussed below, NYPA has yet to undertake a contractual commitment that the parties agreed would be completed in or about 2008. The City does not believe the level of service it is receiving from NYPA has increased at a level commensurate with the 28 percent increase in costs to which it has been subjected since 2012. Over the same period of time, inflation has been very low. Thus, the increases cannot be justified based on the increasing cost of labor or materials.

2. The O&M And Shared Services Costs Must Be Reduced To Include Only Those Costs Directly Related To The Provision Of Service To The NYCGCs

In order to understand the reasons for the substantial increases discussed above, the City has undertaken an analysis of the components of the fixed costs. That analysis reveals a significant concern with some of the fixed costs charged to the NYCGCs, generally.

In pertinent part, the LTA provide that the fixed costs charged to the NYCGCs "must be justified as reasonably incurred to provide service to the NYC Governmental Customers." LTA §II.B.1.a. However, in certain respects, the materials provided by NYPA to the NYCGCs in support of the proposed 2016 fixed costs do not include the justification required by the LTA. Rather, the materials provided demonstrate that some expenses included in the fixed costs, such as research and development ("R&D") expenses, are mere allocations of NYPA's total costs and bear no relationship to the provision of service to the NYCGCs.

The NYCGCs are being charged $1.4 million for research and development expenses, which amount was determined using the cumulative percentage by which headquarters expenses are allocated to the NYCGCs. However, the details provided regarding the R&D projects demonstrate that the vast majority of the projects are unrelated to the provision of service to the NYCGCs.

In response to the City's discovery requests regarding the R&D costs (NYPA Response to City Information Request 33(ii)) and during the January 19 teleconference, NYPA stated that the inclusion of these costs in the Cost-of-Service is appropriate because the projects benefit the entire State. From the information provided by NYPA, the City cannot verify this assertion. Regardless, that is not the standard governing the inclusion of costs in the Cost-of-Service. To the extent NYPA has employed such a standard, it has violated the LTA. More broadly, because the R&D

expenses charged to the NYCGCs are not being incurred to provide service to the NYCGCs,[2] the costs are improper and should be removed.[3]

With respect to the headquarters costs, the City has reviewed the labor ratios and other documentation provided by NYPA in support of the 2016 Cost-of-Service. Although the City did not undertake a detailed review of the manner in which the labor ratios used to allocate the O&M costs were derived, even a cursory review raises concerns.[4] For example, Table 5 of the 2016 labor ratio calculation, which was provided to the NYCGCs on December 18, 2015, shows that 50 percent of business development and 34 percent of power contracts costs are charged to the NYCGCs. However, NYPA is not developing new business from the NYCGCs, and the power contracts allocation is equivalent to that for the St. Lawrence and Niagara hydroelectric projects. The latter are substantially larger facilities, and there is only one generating facility within the NYCGCs' portfolio that is subject to a power contract. Although the dollar amounts associated with these cost elements are not substantial, the allocations call into question the allocation approach generally.

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[2] The City receives no allocation of power from NYPA's Niagara or St. Lawrence hydroelectric projects. Therefore, no projects related to such facilities, such as the Niagara GSU Bushing Forensic Testing (ER-PGP-0158) and 765-kV Gas Analyzer for St. Lawrence (ER-PGP-0098), are related to NYPA's provision of services to the City and cannot be included in the Cost-of-Service.

[3] More broadly, the information provided by NYPA regarding the 2016 R&D expenses does not indicate that any R&D projects are directly related to the provision of service to the NYCGCs. To the extent any of the projects are so related, an allocated portion of those projects' costs would not be objectionable.

[4] The City submits that a comprehensive management audit would be the appropriate process in which to conduct a detailed review of the labor ratios and ascertain their accuracy and reasonableness. This is yet another reason why the Board should direct the performance of a management audit.

As for the 500 MW Unit, for the 2016 fixed costs, NYPA proposes an increase of $2.6 million for total site payroll expense (Figure 2). The City questioned these increases and was told that the majority of the increase (*i.e.*, $1.9 million) was attributable to a "change in methodology" for allocating employees' time (NYPA Response to City Information Request 30 and Follow-up Action Items Response dated February 4, 2016). Assuming a cost of $150,000 per full-time equivalent employee, NYPA's responses would mean that more than 12.6 full-time equivalent employees were being charged to one location but working for another. The response referenced a "detailed historical review" but did not provide any workpapers or other documentation. Because this claim is not supported, the adjustment appears to the City to be simply a shift of more costs from NYPA to the NYCGCs as part of the 10% year-over-year increase in combined O&M and Shared Services costs.

3. <u>The NYCGCs Should Not Be Charged For Projects That Are Cancelled, Delayed, Or Deferred</u>

The City's review of the documentation supporting the 2016 fixed costs and the information provided regarding prior years' fixed costs has revealed that NYPA has charged, and intends to charge, the NYCGCs for at least one project that was deferred and to include duplicative charges for the same project in a subsequent year. Although the LTA provides that fixed costs will not be reconciled with actual expenditures each year, neither the City nor the other NYCGCs ever intended that the LTA would become a source of general revenues and net income for NYPA to use for other purposes. The City further submits that the inclusion of such costs violated Section II.B.1.a of the LTA inasmuch as such costs are not reasonably incurred to provide service to the NYCGCs.

In discovery, NYPA revealed that no tasks were performed in 2015 related to the Risk Cloud Implementation project (NYPA Response to City Information Request 40). However,

during the January 19 teleconference, NYPA informed the NYCGCs that they were charged $500,000 for that project in the 2015 Cost-of-Service. In 2016, NYPA initially proposed to charge the NYCGCs $600,000 for the same project and same tasks included in the 2015 charge. In the February 4, 2016 Follow-up Action Items Response, NYPA agreed to remove the double charge for this item. While the City appreciates that decision, it is not clear how many more projects are subject to this same fact pattern, but from the information provided (*e.g.*, Attachment 14), it appears that a number of projects have been cancelled, delayed, or deferred, but with no adjustments to the amounts charged to the NYCGCs.

In instances where there is a cost deviation between the amount included in the Costs-of-Service and the amounts incurred by NYPA, the provisions of the LTA should be operative and no reconciliation should occur. However, in instances where NYPA has decided for any reason not to proceed with a project, the charges of which are included in the Costs-of-Service, NYPA either should credit the amounts back to the NYCGCs or carry-over those amounts to subsequent years when the projects are undertaken (with corresponding reductions to the subsequent years' Costs-of-Service).

4. <u>NYPA Should Not Undertake And Charge The NYCGCs For Studies That Were Not Requested By The NYCGCs And For Which There Were No Prior Consultation With Or Approvals From The NYCGCs</u>

NYPA's explanation of the major changes in the fixed costs from 2015 to 2016 included a $1.1 million expense for what it termed "TDI/Champlain Power Express." The City questioned this expense, and NYPA initially stated that only $20,000 pertains to the TDI project, and the rest pertains to "Potential New Projects Evaluation" (NYPA Response to City Information Request 46(i)). None of the projects listed in the response appeared to relate to the provision of service to the NYCGCs, so the City continued to question this expense.

In the February 4, 2016 Follow-up Action Items Response, NYPA stated that it is exploring opportunities for new small hydro facilities in New York. Separately, it noted that the NYCGCs have an interest in increasing their use of renewable resources. While that separate statement is correct as to the City, the City never asked NYPA to engage in this study. Inasmuch as NYPA decided on its own, and without any consultation with the City (or presumably any other NYCGC) to undertake this study, there is no basis for its cost to be included in the 2016 Cost-of-Service. Based on the rest of the February 4 Response, which lists and briefly describes other projects that do not pertain to the provision of service to the NYCGCs, most, if not all, of the $1.1 million expense should be removed from the 2016 Cost-of-Service.

The February 4, 2016 Follow-up Action Items Response also indicates that $800,000 is for "Distributed Generation/Microgrid assessments in support of REV" (Staff Response to Question #34). Like the hydro study discussed above, the NYCGCs have not asked NYPA to perform this assessment, nor have they generally asked NYPA to perform any analyses related to the Public Service Commission's Reforming the Energy Vision proceeding. Accordingly, such costs, or any allocation thereof, should be removed from the 2016 Cost-of-Service.

5. <u>The Use Of Labor Ratios To Allocate Shared Services Costs To The NYCGCs Is Inconsistent With The Requirements Of The LTA And Is Not Required As A Matter Of Law</u>

The City has a more general concern with the use of labor ratios to allocate shared services headquarters costs (Figure 3 of the Cost-of-Service). The allocation percentages appear to be taken from the labor ratios used to assign O&M costs as shown in Figure 2. The shared services then appear to be allocated without any consideration of whether the underlying costs were incurred to provide service to the NYCGCs, as required by the LTA. It seems unlikely that almost 16 percent of the headquarters staff and efforts are devoted to the NYCGCs, or that the level of effort

expended by headquarters personnel on the small hydros equates to $4.2 million (*see* Figure 3 of the 2016 Preliminary Cost-of-Service).[5] Rather, it appears that the NYCGCs are, in effect, subsidizing other NYPA customers, in violation of the LTA.

NYPA has asserted to the NYCGCs that the New York Courts have required it to allocate costs to the NYCGCs, including shared services expenses, based on labor ratios, citing to the decision in *Village of Bergen v. Power Auth. Of the State of N.Y.*, 249 A.D.2d 902 (4th Dept. 1998), *appeal den'd*, 97 N.Y.2d 606 (2001). However, a review of that decision reveals that the case is neither controlling nor dispositive. The NYCGCs' cost allocation was not at issue, and there is no discussion of it, or of the LTA contractual provision in the decision. Rather, the case pertained to NYPA's statutory requirement for setting preference power rates at the "lowest possible rate" (*id.* at 903), which is a different standard than that set forth in the LTA.

Contrary to NYPA's assertions, the Court did not mandate the use of labor ratios. Instead, it remanded the matter for further discovery because "this record does not provide a basis for any other rate calculations." *Id.* at 904. The Court then held that "it is not possible to determine whether the petition should be granted." *Id.* A court decision remanding a case for further discovery, in which NYPA did not contest the use of labor ratios for calculating preference power rates for certain upstate hydropower municipal customers, does not govern the manner in which NYPA determines the fixed costs applicable to the NYCGCs under a different legal standard.

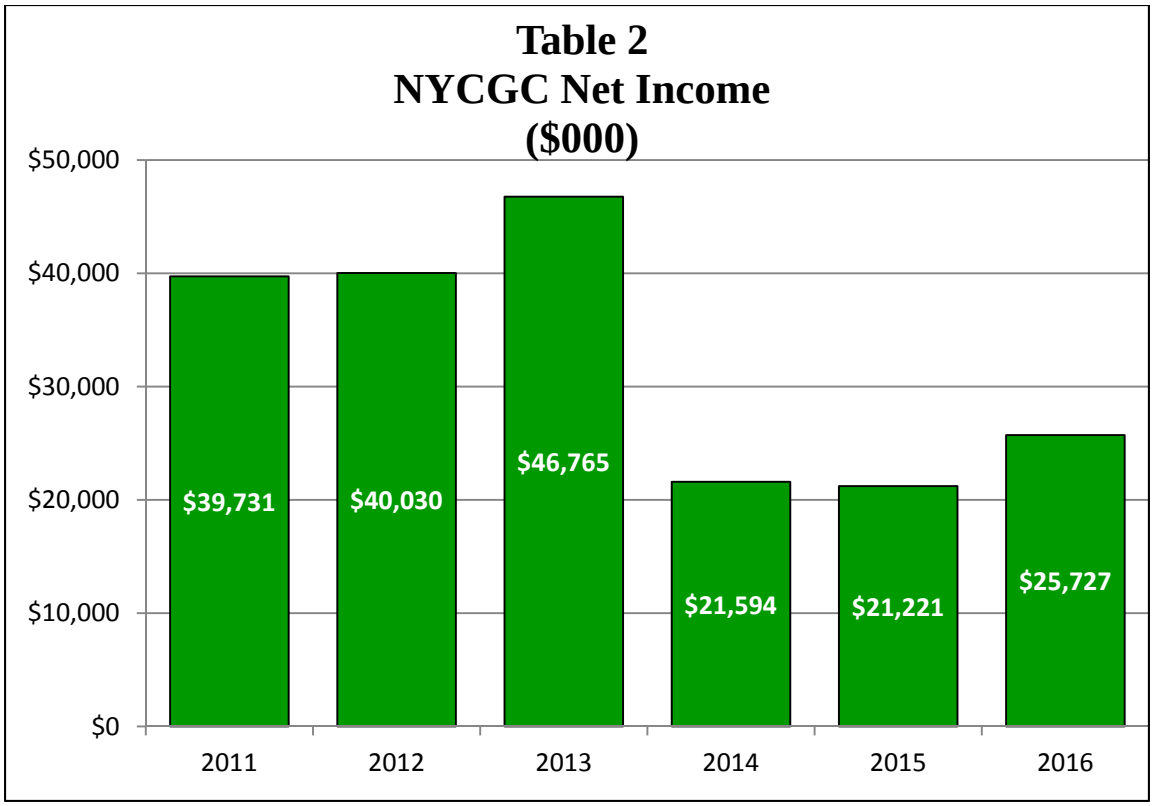
The only other case of which the City is aware that addressed this issue is a later lawsuit commenced by the Village of Bergen – *Village of Bergen v. Power Auth. Of the State of N.Y.*, 284 A.D.2d 976 (4th Dept. 2001). That case also dealt with preference power rates, and, the Court

[5] It is important to note that these headquarters costs are in addition to the $5.0 million of labor costs, and $6.7 million of O&M costs directly assigned to the small hydros (of which $4.1 million and $5.6 million, respectively, are allocated to the NYCGCs; *see* Figure 2).

rejected NYPA's position due to its failure to preserve issues for appeal and its reliance on "mere speculation" instead of evidence. *Id.* at 977. For the same reasons discussed above, this case is not controlling or dispositive.

Further evidence that NYPA is overcharging the NYCGCs can be found in NYPA's annual O&M Budgets. Since 2011, the NYCGCs have selected the Energy Cost Adjustment with Hedging cost recovery mechanism. Under this mechanism, variable costs are reconciled such that the NYCGCs pay the actual costs incurred. The fixed costs each year were claimed by NYPA to be set at levels consistent with the requirements of the LTA. There is no provision in the LTA that allows NYPA to generally earn profits, or generally to recover amounts in excess of the costs it incurs in servicing the NYCGCs. However, the annual O&M Budgets adopted by the Board for each year show the following amounts of net income to be obtained from the NYCGCs:[6]

[6] These amounts are shown on the O&M Operating Budgets as annual forecasts under the "SENY" project category.



In total, NYPA has forecast recoveries of just under $200 million in excess of the costs it incurred (in 2011 to 2015) and plans to incur (2016) in serving the NYCGCs. This is not acceptable and cannot continue.

In setting the fixed cost portion of the Cost-of-Service, the Board must consider whether the level and composition of costs proposed to be included is rational, reasonable, and consistent with the requirements of the LTA.

POINT II

ACTION IS NEEDED TO REDUCE THE COST BURDENS IMPOSED ON THE NYCGCS BY CERTAIN ASSETS WITHIN THEIR SUPPLY PORTFOLIO

The NYCGCs' supply portfolio is comprised of a number of owned and/or leased generating facilities, hedging instruments, and spot market purchases. The City recognizes that

there are no guarantees that any particular generation asset within the portfolio will produce benefits consistently over time. However, when a generation asset is consistently imposing costs on the NYCGCs that are greater than the benefits it provided, there should be some reevaluation of the propriety of maintaining that asset in the portfolio and of steps that can be taken to reduce its cost burden. There are two assets within the NYCGCs' supply portfolio that warrant such a reevaluation – the Blenheim-Gilboa Pumped Storage Facility ("B-G") and, collectively, the group of small hydroelectric facilities ("small hydros"). Moreover, it was inappropriate for the Board to summarily approve millions of dollars of incremental expenditures for two of the small hydros without any cost-benefit analysis or other consideration of the impact of those expenditures.

1. The Capacity Cost Charged To The NYCGCs For The Blenheim-Gilboa Facility Is Unreasonable

The first asset for which a reassessment is required and a reduction in costs is needed is B-G, a 250 MW portion of which is allocated to the NYCGCs. NYPA attempted to assert in its Preliminary Cost-of-Service Report (Figure 9C) that B-G is now providing a benefit to the NYCGCs' portfolio. However, when the transmission costs and transmission congestion credit rents are included, thereby allowing for a full assessment of the costs and benefits of B-G, there is no net benefit. For 2016, the asserted $300,488 benefit shown in the preliminary Figure 9C should have been a cost of $3,064,426 (NYPA Response to City Information Request 4 and Attachment 1). In December, NYPA provided revised variable cost forecasts updated as of November 19, 2015 and a revised Figure 9C, which now includes B-G transmission costs (the City appreciates this increase in clarity of reporting). The revised forecast shows that, taking all costs into consideration, B-G has a net cost to the NYCGCs of over $640,000.

Further, although NYPA has continually claimed that the parties agreed that the B-G capacity would be charged to the portfolio at the amount of $3.49/kW-month, such agreement is

not contained in the LTA and NYPA has never produced any document – written or electronic – that evidences any such agreement. This rate is excessive and unreasonable. From 2011 to the present, during the winter capability period, the NYCGCs have paid between $11.4 million and $17.7 million more for their allocation of B-G capacity than if they purchased the same amount of capacity from the New York Independent System Operator, Inc.'s ("NYISO") capacity markets (the amount of the overpayment depends on the market in which the capacity would have been procured).

The Board should reconsider the reasonableness of the charges for B-G that are imposed on the NYCGCs. At a minimum, the Board should remove the arbitrary $3.49/kW-month capacity charge and limit the capacity charge to the market price reported by the New York Independent System Operator, Inc. For purposes of the 2016 Cost-of-Service, purchasing the capacity in the strip auctions would provide the greatest certainty and lowest cost. Doing so would reduce the capacity costs for the 2015-2016 winter capability period by $3.36 million.

2. The Small Hydros Are Uneconomic, And The Board Erred In Approving Substantial New Projects For Those Facilities Without Any Analysis Of The Impacts And Cost-Effectiveness Of The Projects

The second asset for which a reassessment is required and a reduction in costs in needed is the small hydros included in the NYCGCs' portfolio. The information provided by NYPA cumulatively shows that the costs of the small hydros substantially exceed the benefits they produce. Exacerbating this concern, NYPA has stated that it conducted no cost-benefit or other analysis prior to spending over $15 million on major projects at the Crescent and Vischer Ferry facilities (NYPA Response to City Information Request 48 and Attachments 25 and 26).[7]

[7] Further exacerbating the City's concerns with these costs, although the work to be performed appears to be capital in nature, which should be recovered over its service life, NYPA apparently intends to treat the expenditures as O&M expenses and recover them as incurred.

Another concern arises from a comparison of the costs assigned to the small hydros and the 500 MW Unit. Although the small hydros comprise less than one-tenth the size of the capacity of the 500 MW Unit and can be operated remotely and automatically (whereas the 500 MW Unit requires on-site employees on a full-time basis), Table 2 of the 2016 labor ratio calculations shows that the labor costs assigned to the small hydros are one-half of the costs of the 500 MW Unit. The labor costs for the small hydros defy credulity, especially when considered in context with the contracted services and consultants retained to perform multiple tasks at those facilities. In prior years, the City asked the Board to conduct a benchmarking assessment to ascertain whether its costs are reasonable. Its refusal to do so further casts suspicion on the reasonableness of the costs.

In reviewing the increased costs proposed to be included in the 2016 Cost-of-Service, the City questioned the contracted services included for the small hydros (City Information Request 31). Although NYPA never provided the itemization requested,[8] in the February 4, 2016 Follow-Up Action Item Response, it provided some additional information on ongoing projects at Crescent and Vischer Ferry. That information raises more concerns about the lack of oversight of the expenses charged to the NYCGCs for the small hydros.

In 2008, NYPA retained a consultant to inspect the Crescent Tainter Gate. The consultant did so and recommended that the gate be repainted and the concrete pier be repaired. Presumably, the costs for this consultant were included in the 2009 Cost-of-Service. Then, in 2014, NYPA conducted a second assessment of this very same work and concluded that the consultant's

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This treatment is not consistent with the accounting treatment of capital investments under the Uniform System of Accounts, to which NYPA claims that it now adheres. This accelerated cost recovery could unjustly inure to NYPA's benefit, depending on the nature of the parties' relationship, if any, after 2017.

[8] NYPA's Attachment 18 to its response to City Information Request 31 included only a single dollar amount for a list of recurring expenses. That is not an itemization of each contracted service, as requested by the City.

recommendations were valid and the work should proceed. It is inexplicable why NYPA needed to conduct a second analysis for the sole purpose of confirming the first analysis. If the consultant's analysis was suspect, then NYPA should have disputed the work and refused to pay for it. There is no indication that that occurred. More importantly, inasmuch as NYPA was able to perform the second assessment using its own employees, there was no need to retain a consultant for this work. This course of events demonstrates that NYPA is not exercising appropriate oversight over the use of consultants or the costs charged to the NYCGCs.

Further, in a response to an MTA discovery request, NYPA claimed that the small hydros will provide more value once all of the upgrades are completed (NYPA Response to MTA Information Request 5). However, it appears that the upgrades will not be completed until 2016, or possibly 2017. Thus, the NYCGCs are unlikely to receive the alleged value during the term of the LTA. Further, NYPA advised the NYCGCs on the January 19 teleconference that it is projecting lower revenues from the small hydros in 2016 due to declining energy prices. In other words, the value proposition is decreasing.

Based on the information provided by NYPA, MTA calculated the net cost of the small hydros to be approximately $49/MWh and the revenues to be about $45/MWh. These calculations were shared with NYPA on the January 19 teleconference, and NYPA did not dispute them.[9] Accordingly, NYPA's assertion of increasing value is disproven by the facts, and there can be no legitimate dispute that the NYCGCs are not receiving positive net value for the small hydros.

[9] The revised variable cost forecasts provided by NYPA (Revised Figure 11A from the 2016 Preliminary Cost-of-Service) indicate that the revenues from the small hydros will be almost 20 percent lower – about $37/MWh. This growing disparity reinforces the points that (i) the Board needs to consider and weigh costs and benefits before approving any expenditures at those facilities and (ii) the future viability of the small hydros must be assessed.

It was never the intent of the LTA that the NYCGCs be forced to subsidize uneconomic resources. Further, the LTA did not relieve NYPA of the responsibility or fiduciary obligation to prudently manage the assets. In particular, given these circumstances, it was inappropriate for the Board to approve the additional expenditures for Crescent and Vischer Ferry at its December 2015 meeting without requiring any analysis justifying the costs and without any questioning of the reasonableness of the expenditures.[10] The NYCGCs should not be required to bear any of these unreasonable costs. At a minimum, the Board should require that the costs be capitalized and recovered over their service lives (which range from 12.5 to 30 years, according to Attachment 24 to NYPA's Response to City Information Request 38). Such a requirement should reduce the amounts included in the fixed costs.

More generally, the Board should require NYPA Staff to engage in a comprehensive review of the entire NYCGC portfolio and ensure that as the costs charged to the NYCGCs increase, the value proposition to the NYCGCs is not worsened. If the review reveals that value is inverse to costs (*i.e.*, the value of the portfolio to the NYCGCs decreases as its cost increases), the Board should require changes and reforms to rectify that problem. Further, before approving capital projects or other significant expenditures at any asset for which the costs are borne by the NYCGCs, the Board should require that a cost justification be prepared.

[10] City Information Request 48 sought copies of written justifications for these projects. NYPA's response stated that there was no specific justification for either project, and no documentation supporting the proposals, other than the bid packages and bid summaries.

POINT III

DECOMMISSIONING COSTS CONTINUE TO BE A CONCERN

In prior years, the City has submitted extensive comments regarding the decommissioning costs for Poletti. It also has raised concerns that the decommissioning charge for the 500 MW Unit is excessive. For the same reasons stated in prior years, the City continues to object to the level of decommissioning costs included in the Cost-of-Service. For those reasons, the City urges the Board to reduce the decommissioning costs by $8 million.[11]

Additionally, information provided by NYPA related to the Kensico decommissioning costs adds a new dimension to these concerns. Until this year, NYPA had advised the NYCGCs, and the Board, that the costs of decommissioning the Kensico small hydro would be $590,000, and that the costs would be amortized over a six-year period, starting in 2013. In fact, the final Costs-of-Service approved by the Board and provided to the NYCGCs for each of 2013, 2014, and 2015 reflected the $590,000 total cost. However, with no explanation, NYPA included a new cost of $1,600,000 for the decommissioning work in the fixed cost portion of the Preliminary 2016 Cost-of-Service on December 18, 2015.

The City questioned this increase and was informed by NYPA that the higher amount has been known to NYPA since November 2012 (NYPA Response to City Information Request 22(iii)). The City then questioned why this information was withheld from the NYCGCs, and apparently the Board, for the past three years. NYPA's response was that it made a 'business decision" not to disclose to the NYCGCs its knowledge that the costs could be substantially higher. (NYPA Revised Response to City Information Request 37(ii)). This lack of transparency, as well

[11] Inasmuch as NYPA charges the NYCGCs a fixed amount each year for the decommissioning expense, this adjustment would reduce the total amount owed, but not necessarily the annual charge.

as the lack of a clear and coherent explanation of the cost increase until very late in the process continue to be a concern to the City.[12]

The City also questioned the basis for the cost more than doubling, but NYPA's explanations remain inconsistent and confusing. Both the draft preliminary fixed costs provided on October 2, 2015 and the 2016 Preliminary Cost-of-Service – fixed costs provided on December 20, 2015 showed a total cost of $1.6 million. In response to the City's request for details on the costs of the Kensico decommissioning work, NYPA provided a spreadsheet on December 4, 2015 showing a total cost of $1,224,756.11 (NYPA Response to City Information Request 22(ii)) and Attachment 2). That document included both costs incurred to date and remaining costs. In response to the City's follow-up questions on Kensico, NYPA provided a different explanation that justifies only $250,000 of the increase above the $590,000 amount that previously had been disclosed to the NYCGCs and included in the prior years' Costs-of-Service (NYPA Response to City Information Request 37(iii)). The City further questioned NYPA about this matter during the January 19 teleconference, but again, NYPA could not explain or justify the totality of the increase. Although NYPA Staff stated that more information would be provided, no additional information has been provided.

During the teleconference, NYPA indicated that $160,000 of the increase was due to an adjustment for the fair market value of some unidentified equipment. However, NYPA could not explain why the NYCGCs are liable for this adjustment, especially given that NYPA has separately advised and demonstrated to the NYCGCs that the fixed costs are based on book costs, or original cost less depreciation.

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[12] NYPA could have, and should have, provided a complete explanation of this matter in its initial discovery response. The City should not have had to press NYPA, and wait another six weeks, for an explanation of events that occurred two and three years ago.

The information that was provided reveals another concern. According to Attachment 2, $247,405 of "in-house labor" is included in the decommissioning cost estimate. However, the Costs-of-Service for 2016 and prior years already include the direct and indirect costs charged to the small hydros plus the direct and indirect costs charged to "SENY" plus an allocation of headquarters labor costs. The labor ratios provided to the NYCGCs for 2016 do not include a category for Kensico, meaning that the labor costs were charged to a different operating unit. Once two would reasonably qualify – SENY and the small hydros. If the costs were not charged to any operating unit, then they were already included in the headquarters cost and should not have been separately charged to the NYCGCs. Inasmuch as the NYCGCs are already paying for the employees whose time was allocated to this project, inclusion of in-house labor as a component of the decommissioning costs therefore amounts to an improper double-recovery of such costs.[13]

Because NYPA could not reasonably explain or justify any portion of the increase other than the increase in the third-party contract costs, all other incremental costs should be removed from the 2016 fixed costs. According to the response to City Information Request 22(iii), that increase was $200,000.[14] Additionally, the $247,405 charged for in-house labor must be deducted from the total decommissioning cost. Thus, the Kensico decommissioning costs should be set at a maximum of $542,595.

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[13] The amounts charged in the prior years amounted to double recoveries for the same reasons.

[14] Because NYPA has been unable to justify or explain the consulting and construction amounts shown on Attachment 2, the use of those amounts in the Cost-of-Service is not appropriate.

POINT IV

THE COST-OF SERVICE PROCESS REQUIRES FURTHER REFINEMENTS

Over the past few years, NYPA has worked with the City and other NYCGCs to improve the process by which the Cost-of-Service is established. For the most part, the steps taken have constituted reasonable improvements, and the City appreciates NYPA's efforts. Transparency has improved, and the timing changes allow the NYCGCs to review the actual costs rather than preliminary estimates. However, additional improvements are needed.

First, as the City has been observing in its comments for years, the process remains skewed against the NYCGCs rather than unbiased and objective in setting the Costs-of-Service. For example, last year, the City identified an error regarding the inclusion of demand side management costs in the fixed costs. Instead of objectively reviewing this claim, NYPA offered multiple different justifications for the costs – none of which were supported by the associated workpapers. Only in its presentation to the Board did NYPA acknowledge the error. The City's claims, and NYPA's responses, should be reviewed objectively by an unbiased person or entity. A second example pertains to the Kensico decommissioning costs, where NYPA has offered changing, partial, and incomplete explanations to the NYCGCs. The City should not be required to engage in multiple rounds of discovery to obtain information that should have been disclosed at the outset.

Second, Section II.D.4 of the LTA obligates NYPA to work with the NYCGCs to allow individualized selection of cost recovery mechanisms and use "commercially reasonable efforts" to implement individualized selections by 2008. Since 2005, NYPA has made no material effort to satisfy this contractual commitment. While the interests of the NYCGCs are generally aligned, it has become clear that the perspectives and risk levels of each Customer with respect to portfolio volatility and hedging vary. However, because NYPA has not fulfilled its contractual

commitment, the separate needs of the NYCGCs cannot be met. This shortcoming is especially disconcerting given the large increases in headcount that are part of the increases in the combined O&M and Shared Services categories discussed above.

Inasmuch as NYPA proposes to charge the NYCGCs more than $130 million in fixed costs for 2016, including more than 15 percent of its headquarters budget and more than 30 individuals assigned to the NYCGCs on a full-time equivalent basis, and considering that NYPA intends to increase its overall headcount by almost 70 individuals in 2016, there is no legitimate reason why NYPA cannot work with the NYCGCs and establish a schedule to implement in 2017 the option that the parties contemplated to occur *eight years ago*.[15] The City respectfully requests that the Board make this issue a priority for 2016.

POINT V

NYPA SHOULD ENGAGE IN A COMPREHENSIVE REVIEW AND AUDIT OF ITS MANAGEMENT AND OPERATIONS

In each of the past two years, the City has urged the Board to conduct a comprehensive management audit, similar to the management audits performed by the Public Service Commission under Public Service Law §66(19). The City continues to advocate for such an audit. The concerns discussed above demonstrate why such an audit is needed and why NYPA's existing processes are not sufficient. Indeed, no existing NYPA internal or external process performs the same tasks as would be performed in a management audit.

The City respectfully urges the Board to direct the performance of a management audit of NYPA's practices and operations. In doing so, the Board should require that the audit be

[15] Although a discussion of the nature of any relationship between the City and NYPA after 2017 is beyond the scope of this proceeding, the City notes that continuation of the LTA and the supply portfolio in their present forms is not acceptable, and a different process for setting and reviewing the costs charged by NYPA will be needed.

conducted by an independent entity, and that the entity be given the ability to review any and all records and access to all personnel and contractors.

CONCLUSION

The City respectfully requests that the NYPA Board of Trustees adjust the level of fixed costs for the 2016 Cost-of-Service and adopt other changes in accordance with the discussion and recommendations set forth herein.

Respectfully submitted,

Kevin M. Lang

Dated: February 15, 2016
Albany, New York

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February 12, 2016

VIA EMAIL

Ms. Karen Delince
Corporate Secretary
New York Power Authority
123 Main Street, 11th Floor
White Plains, NY 10601

Re: 2016 NYPA Cost of Service Process

Dear Ms. Delince:

In accordance with Sections II.B.1.c.(iii) and II.B.2 of the Long Term Agreements ("LTA"), dated March 2005, by and between the New York Power Authority ("NYPA") and the City of New York, Metropolitan Transportation Authority ("MTA"), The Port Authority of New York and New Jersey, New York City Housing Authority, and New York State Office of General Services (collectively, "NYC Governmental Customers" or "NYCGCs"), the MTA hereby provides to NYPA comments on the NYPA NYCGCs Cost of Service ("COS") Process for Rate Year 2016.

Payments to NYPA represent a substantial portion of MTA's budget – in essence, NYPA is a critical service provider to the MTA. The following comments identify areas of concern that should be addressed in the current year.

Selection of Recovery Method Independent of Other Customers

Section II.D.4 of NYPA LTA states:

> "NYPA agrees to work diligently with the NYC Governmental Customers to identify and assess a fair and equitable method whereby each Customer may select a different cost recovery mechanism from among the cost recovery mechanisms proposed by the NYC Governmental Customers and priced by NYPA during each year's Annual Process. Such method shall be consistent with NYPA's risk management and billing capabilities. Further, NYPA shall use commercially reasonable efforts to implement such a customer choice mechanism by Rate Year 2008."

NYCGCs repeatedly commented on the need to fulfill its contractual obligation to upgrade its billing and risk management systems to make individual cost recovery of NYCGC possible. As part of the 2016 cost recovery process, we are asking NYPA to submit a detailed business plan for: (a) risk management system that will allow hedging of individual customer loads, and (b) billing system that will allow individual hedges to be taken into account throughout the billing process.

Transparency Undermined by Information Overload

Overall, NYPA has been responsive to our requests for data. MTA filed several data requests throughout 2015, and the majority of our requests have been addressed in a timely manner. At this point, we have one data request outstanding that we submitted as a Freedom of Information Act Request in November, 2015.

However, large amounts of information, when it is not well organized, is not helpful to us as NYPA customers. For example, as shown in Attachment A, during the 2016 COS process NYPA provided NYCGCs with 88 documents and spreadsheets. However, in order to analyze the megabytes of COS data that NYPA has provided, we need to benchmark this data against: (a) NYPA's overall budget and costs attributable to other NYPA customers, and (b) against comparable time series historical data. This is not an easy task because from year-to-year, the format of the data changes, and the relevant data points are often "hidden" amongst pages and pages of memorandums and spreadsheets.

Going forward, we suggest that NYCGCs and NYPA agree on a template that will start with COS for NYPA as a whole, provide "crosswalk" to SENY Governmental Customers COS and finally, provide a "crosswalk" to NYCGCs' COS. We would also like to see this template filled-out historically from 2012 to date to understand trends in NYPA's Fixed Costs over time.

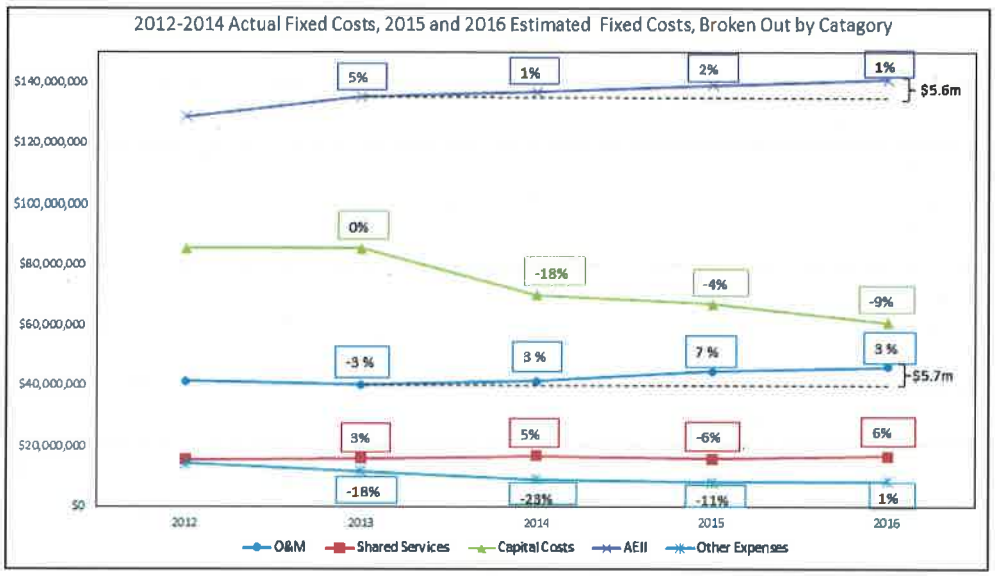
Fixed Costs

An initial review of NYPA's overall fixed costs indicate they remained reasonably stable over the years; comparing 2012 actual Fixed Costs to 2016 estimated Fixed Costs results in a decrease of $12.8M or 4.5% off of the 2012 figure. The majority of this decline is attributable to the amortization of debt, resulting in significant decrease in NYPA's Capital Costs.

From 2013 to 2016 Capital Costs will have decreased $24.4 million, and from 2015 to 2016 Capital Costs will have decreased $6.1 million. However, overall Fixed Costs have not reflected most of these amounts: from 2013 to 2016 Fixed Costs will have decreased $16.1 million, and from 2015 to 2016 Fixed Costs will have decreased only $1.8 million.

The reduction in Capital Costs were largely offset by increases in two categories: Operations and Maintenance costs (an increase of $5.7 million from 2013 to 2016 and $1.4 million from 2015 to

2016), and Astoria Energy II costs (an increase of $5.6 million from 2013 to 2016 and $2.0 million from 2015 to 2016). (See graph below)



* Note: figures used in Fixed Costs section are from Preliminary 2016 COS as of 10/2/15.

The growth in these categories of NYPA's Fixed Costs is a matter of serious concern for the MTA.

MTA is also concerned about allocation of Fixed Costs amongst NYCGCs. During the 2016 COS discovery process, specifically in the meeting that took place in White Plains on 10/8/2015, MTA questioned allocation of NYPA Headquarters costs amongst NYCGCs based on demand allocators, which was not consistent with NYPA's methodology of allocating Headquarters' costs amongst all of NYPA's customers.

Subsequently, the City of New York included the same question during the 2016 COS discovery process:

"In follow-up to the response to IR 11, please explain why it is appropriate to use labor ratios to allocate the stated costs among SENY customers and other departments, but to then allocate those labor costs between Westchester and New York City on the basis of energy and capacity ratios."

NYPA's response was as follows:

"The reason labor ratios are not used to split costs between the Westchester and the NYCGCs is because all of SENY is treated as one business segment at NYPA. NYPA staff does not differentiate working time between the two groups because **one COS is prepared which includes both Westchester and the NYCGCs.** We therefore use energy and capacity ratios to

split the single COS between Westchester and the NYCGCs, which was an agreed-upon practice with the customers." (Emphasis added by MTA)

Given one COS is prepared for all SENY customers in such a way that the working time of NYPA Headquarters staff cannot be reasonably allocated from one customer to another, the MTA advocates that the only fair way to distribute these costs is to split them equally between twelve SENY customers. It does not make any sense to us to allocate these costs based on load or demand allocators that represent MTA's share of NYISO's, or even NYPA's, peak.

Relationship with Con Edison

Normally, MTA would not include comments on the delivery portion of MTA's bill into our comments to NYPA's COS since the delivery charges "pass-through" charges that NYPA bills on behalf of Con Edison. However, these charges represent a significant portion of MTA's NYPA bill, and the MTA would like to comment on the quality of the representation that NYPA provides to the MTA as an entity that legally is directly Con Edison's customer (MTA is technically NYPA's customer but not Con Edison's customer.)

An example of NYPA not representing the interests of NYCGCs in the Con Edison relationship, is scheduling of plant outages during the most profitable time of year to generate revenue for the NYCGCs. NYPA could have spoken up in front of the PSC to schedule the outages at a different time. The way outages were scheduled resulted in loss of revenue and negative impact to COS for the MTA and all other NYCGCs.

Conclusion

MTA has other concerns, but the issues described above are major issues some of which MTA, as well as the City of New York and other NYCGCs have raised multiple times in the past, and the resolution of which has been repeatedly promised, but never delivered. We are bringing these issues to you, to bring to the attention of the NYPA Board, hoping to achieve such resolution, so we can continue our otherwise collaborative and productive relationship with NYPA.

Sincerely,

Robert Foran, CFO
Metropolitan Transportation Authority
2 Broadway, 20th Floor
New York, New York 10004

Enclosure

cc: Kevin Dolan (via email)
Jerome Page (via email)
David Keller (via email)
Nora Ostrovskaya (via email)
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Ruben Moreno (via email)
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Susan Cohen (via email)
Christine Weydig (via email)
Chris Haun (via email)
Stephen Starowicz (via email)
Franklin Hecht (via email)
Bob Stephens (via email)
Kevin Lang (via email)

Attachment A

Documents Provided to NYCGCs by NYPA During 2016 COS Process (1 of 2)

Date	Attachment Name	Attachment Type	Pages/ Sheets/ Slides
7/10/2015	2016 Preliminary Variable SENY LTA COS	PDF	68
	2016 Preliminary NYC COS Base Variable Cost with Hedges	Excel	44
7/24/2015	FRMB NYCGC base 025 06172015	Excel	15
	FRMB NYCGC base 975 06172015	Excel	15
	NYCGC 2016 Monthly Diversified VaR calculation	Excel	3
	NYCGC 2016 Monthly Diversified VaR	PDF	1
	NYCGC 2017 Monthly Diversified VaR calculation	Excel	3
	NYCGC 2017 Monthly Diversified VaR	PDF	1
7/29/2015	2015-7-1 NYCGC Market Update	PPT	16
	2015-7-29 NYCGC hedge analysis	PPT	14
	Hedging Authorization Electric Power Template 7-21-15	Doc	2
8/7/2015	2015-7-29 NYCGC follow up	PPT	1
	RiskSpectives Parametric Risk Quantification 080315b	Doc	2
9/3/2015	2016 Annual Planning and Pricing Proposed Process Schedule 08-06-15 update	Doc	3
	2016 NYCGC election of options	Doc	15
	2016 Preliminary COSnl received 8-25-15	Excel	52
10/6/2015	Govt Presentation 2016 Rate Development review	PDF	32
	Exhibit 1 - Preliminary 2016 Scaling Factors	PDF	1
	Exhibit 2 - Preliminary 2016 Allocators	PDF	1
	Exhibit 2A - Final 2015 Allocators	PDF	1
	Exhibit 3 - Allocator Cost Assignment by SC	PDF	2
	Exhibit 4 - NYC Preliminary 2016 Forecast vs. NYC Final 2016 Forecast	PDF	1
	Exhibit 5 - Marginal Cost Differentials	PDF	1
	Exhibit 6 - Rate Comparison	PDF	1
10/14/2015	1_Exhibits for Customer Meeting 10.08.15 - Final	Excel	7
	2_2016 Preliminary NYPA Govt Rate design model _ dist nl	Excel	14
	3_Final 2014 Raw Allocators	Excel	1
	4_2016 Bill Impacts	Excel	1
	5_Marginal Cost Final_2016 Rate Design Study	Excel	5
	8_Historical Fixed Cost Analysis	Excel	7
	9_Labor Ratios Presentation	PDF	15
	10_CLF slides in Excel	Excel	3
	Action Items_Rate Design Meeting 10 08 15	Doc	5
10/14/2015	11_ConEd 2002 Class Demand Study	PDF	3
	11_ConEd 2005 Class Demand Study	PDF	3
	11_ConEd 2007 Class Demand Study_Full Exhibit	PDF	204
	11_ConEd 2010 Class Demand Study_Full Exhibit	PDF	172
	11_ConEd 2013 Class Demand Study_Full Exhibit	PDF	307
10/23/2015	#9 Labor Ratio Slides	Excel	6
	#12 2016 Cost Recovery Timeline	PDF	1
	#16 2016 Scaling Factors Model	Excel	4
	Action Items_Rate Design Meeting 10 08 15_Updated	Doc	5
11/20/2015	Allocator Assignment review	Excel	2
11/25/2015	ConEd 2013 Class Demand Study Full Exhibit	PDF	307

Documents Provided to NYCGCs by NYPA During 2016 COS Process (2 of 2)

Date	Attachment Name	Attachment Type	Pages/ Sheets/ Slides
12/4/2015	City of New York - Discovery Set 1 - 2016 COS - NYPA responses 12/4/15	Doc	17
	Attachment 1 - CustomerQUestions A Marketing update Dec 12015	Excel	8
	Attachment 2 - Kensio Money Rev2	Excel	2
	Attachment 3 - cashflowRev-111915IssuedCOS	Excel	1
	Attachment 4 - Historical Fixed Cost Analysis	Excel	7
12/18/2015	2016 NYC Preliminary COS FixedCOst	Excel	18
	2016 O&M and Shared Service Backup	Excel	6
	2016 Fixed Cost Detail	Excel	7
	Labor Ratio Derivation	PDF	6
	Labor Ratio Explanation	PPT	9
	DSM refund nl	Excel	1
	A_Analysis	Excel	7
	B_Fixed Asset Depreciation reconciliation_writeup	Doc	3
	C_Reconciliation as of Dec 2013_2006to2013	Excel	28
	D_2013_Depreciation_Final	Excel	4
	D1_2013_Depreciation_Final	PDF	7
	E_2014_Depreciation_Final	Excel	4
	E1_2014_Depreciation_Final	PDF	6
	F_FERC_Additions_2013and2014	Excel	1
	G_DepreciationCheckwithFERCFile_2013and2014	Excel	2
	G1_2013 DepreciationCheckwithFERCFile	PDF	4
	G2_2014 DepreciationCheckwithFERCFile	PDF	5
	Question20iv.	Excel	1
12/23/2015	NYPA 2016 Standby Rate YoY Comparison	PDF	1
	2016 Rate design model with 2016 Prelim vs 2015 Final COS	PDF	1
	2016 Rate design model with 2016 Prelim vs 2015 Final COS	Excel	2
12/23/2015	MTA - Discovery Set 1 - 2016 COS 12/23/15	Doc	7
	MTA Attachment 1 - 2016 vs 2015 Headquarters Budget Variance Explanation	Excel	1
	MTA Attachment 2 - 12 Monthly NYC Government COS Report Jan 2014 to Dec14actual Final nl	Excel	7
	MTA Attachment 3 - 12 Monthly NYC Government COS Report Dec 2013 actual Final nl	Excel	6
	MTA Attachment 4 - 12 Monthly NYC Government COS Report Dec 2012actuals	Excel	6
	MTA Attachment 5 - 12 Monthly NYC Government COS Report Dec2011'	Excel	11
12/23/2015	City of New York - Discovery Set 1 - 2016 COS - NYPA responses 12-23-15	Doc	21
	Attachment 1 - CustomerQuestions A Marketing update Dec-22-2015	Excel	10
	Attachment 5 - Updated on R D Budget 2015	Excel	1
	Attachment 6 - 2015 Headquarters Budget	Excel	1
	Attachment 7 - Copy of Project Report for Capital with Indirect Overhead Explanation	Excel	3
	Attachment 8 - 2016 R D Budget	Excel	1
	Attachment 9 - 2016 vs. 2015 R D Budget	Excel	1
	Attachment 10 - 2016 Headquarters Budget	Excel	1
	Attachment 11 - 2016 vs. 2015 Headquarters Budget Variance Explanation	Excel	1
	Attachment 12 - Figure 8 Details	Excel	1
	Attachment 14 - 2010-2014 SENY Capital Projects	Excel	5
	Attachment 15 - Figure 2 Details	Excel	21

EXHIBIT "C"

Issue 4: Allocation of R&D Costs

Comments: The R&D costs included in the Preliminary 2015 Fixed Costs account for $8.8 million. The City specified that it is improper to allocate the R&D costs based on a labor ratio, as the summary of the R&D costs provided by NYPA indicates that the R&D projects are specifically related to individual operating organizations and can be easily allocated to those organizations. The City further claimed that many of the R&D projects have no direct relationship to NYPA's responsibilities under the LTA. The City requests the Board of Trustees direct NYPA staff to revise the allocation of R&D costs to be consistent with the LTA and adjust the Fixed Costs accordingly.

Staff Analysis: As described by FERC's definitions for the "Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act", R&D expenses are defined as expenditures incurred by public utilities either directly through another person or organization (such as a research institute, industry association, foundation, university, engineering company or similar contractor) in pursuing research, development and demonstration activities including experiment, design, installation, construction, or operation. This definition includes expenditures for the implementation or development of new and/or existing concepts until technically feasible operations are verified…….the term includes, but is not limited to: all such costs incidental to the design, development or implementation of an experimental facility, a plant process, a product, a formula, an invention, a system or similar items……the term includes preliminary investigations and detailed planning of specific projects for securing for customers non-conventional electric power supplies that rely on technology that has not been verified previously to be feasible…….the term does not include expenditures for efficiency surveys; studies of management; management techniques and organization; consumer surveys, advertising, promotions, or items of like nature. NYPA's historical expenditures for fuel cell technology, electric vehicle demonstrations, hybrid fuel technologies, evaluation of high temperature conductor and connector systems, lithium ion battery demo, etc., meet the industry definition for R&D.

R&D costs are classified as operating expenses, and commonly recovered through rates. FERC grants recovery of R&D expenses from utility customers with the expenses predominately being accounted for in the Administrative and General Expenses section of the Operation and Maintenance Expense Chart of Accounts; specifically, in account 930.2 Miscellaneous general expenses. The FERC standard for functionalizing Administrative and General Expenses is through the use of labor ratios. NYPA is merely following this industry standard when it allocates a portion of the R&D expenses based on labor ratios to the NYCGCs.

Recommendation: NYPA's R&D program and projects are in alignment with the industry standard, as is the methodology of using labor ratios to allocate costs. Staff therefore recommends no change to Fixed Costs based upon R&D allocations.

Blenheim-Gilboa (BG) Net Benefit Analysis

2009	Actual	Total	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
	BG Capacity Cost	$ 10,470,000	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500
	BG Energy Credit	$ (1,517,623)	$ 240,417	$ (615,318)	$ (93,771)	$ (202,488)	$ (42,219)	$ (103,661)	$ (110,769)	$ (160,551)	$ (131,052)	$ 72,252	$ 127,021	$ (497,484)
	BG Final Cost	**$ 8,952,377**	$ 1,112,917	$ 257,182	$ 778,729	$ 670,012	$ 830,281	$ 768,839	$ 761,731	$ 711,949	$ 741,448	$ 944,752	$ 999,521	$ 375,016
	Market													
	Market Capacity Purchase (kw)		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	Monthly Rate		$ 1.50	$ 2.50	$ 1.10	$ 0.50	$ 3.01	$ 3.50	$ 4.11	$ 4.19	$ 3.49	$ 2.59	$ 1.55	$ 1.30
	Total Cost	**$ 7,335,000**	**$ 375,000**	**$ 625,000**	**$ 275,000**	**$ 125,000**	**$ 752,500**	**$ 875,000**	**$ 1,027,500**	**$ 1,047,500**	**$ 872,500**	**$ 647,500**	**$ 387,500**	**$ 325,000**
	Real Savings (Credit) / Charge	**$ 1,617,377**	**$ 737,917**	**$ (367,818)**	**$ 503,729**	**$ 545,012**	**$ 77,781**	**$ (106,161)**	**$ (265,769)**	**$ (335,551)**	**$ (131,052)**	**$ 297,252**	**$ 612,021**	**$ 50,016**

2010	Actual	Total	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
	BG Capacity Cost	$ 10,470,000	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500
	BG Energy Credit	$ (2,299,688)	$ (110,578)	$ (73,526)	$ (86,832)	$ (80,826)	$ (125,538)	$ (175,020)	$ (678,849)	$ (451,278)	$ (256,533)	$ (40,862)	$ (116,035)	$ (103,813)
	BG Final Cost	**$ 8,170,312**	$ 761,922	$ 798,974	$ 785,668	$ 791,674	$ 746,962	$ 697,480	$ 193,651	$ 421,222	$ 615,967	$ 831,638	$ 756,465	$ 768,687
	Market													
	Market Capacity Purchase (kw)		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	Monthly Rate		$ 1.64	$ 2.56	$ 1.59	$ 0.74	$ 2.70	$ 2.75	$ 2.00	$ 1.80	$ 1.00	$ 0.45	$ 0.27	$ 0.10
	Total Cost	**$ 4,400,000**	**$ 410,000**	**$ 640,000**	**$ 397,500**	**$ 185,000**	**$ 675,000**	**$ 687,500**	**$ 500,000**	**$ 450,000**	**$ 250,000**	**$ 112,500**	**$ 67,500**	**$ 25,000**
	Real Savings (Credit) / Charge	**$ 3,770,312**	**$ 351,922**	**$ 158,974**	**$ 388,168**	**$ 606,674**	**$ 71,962**	**$ 9,980**	**$ (306,349)**	**$ (28,778)**	**$ 365,967**	**$ 719,138**	**$ 688,965**	**$ 743,687**

2011	Actual	Total	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
	BG Capacity Cost	$ 10,470,000	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500
	BG Energy Credit	$ (2,307,613)	$ (302,908)	$ (105,261)	$ (91,743)	$ (107,290)	$ (107,390)	$ (184,849)	$ (818,699)	$ (395,810)	$ (109,635)	$ (8,017)	$ (42,503)	$ (33,509)
	BG Final Cost	**$ 8,162,387**	$ 569,592	$ 767,239	$ 780,757	$ 765,210	$ 765,110	$ 687,651	$ 53,801	$ 476,690	$ 762,865	$ 864,483	$ 829,997	$ 838,991
	Market													
	Market Capacity Purchase (kw)		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	Monthly Rate		$ 0.65	$ 0.45	$ 0.15	$ 0.20	$ 0.60	$ 0.60	$ 0.50	$ 0.16	$ 0.10	$ 0.10	$ 0.12	$ 0.10
	Total Cost	**$ 932,500**	**$ 162,500**	**$ 112,500**	**$ 37,500**	**$ 50,000**	**$ 150,000**	**$ 150,000**	**$ 125,000**	**$ 40,000**	**$ 25,000**	**$ 25,000**	**$ 30,000**	**$ 25,000**
	Real Savings (Credit) / Charge	**$ 7,229,887**	**$ 407,092**	**$ 654,739**	**$ 743,257**	**$ 715,210**	**$ 615,110**	**$ 537,651**	**$ (71,199)**	**$ 436,690**	**$ 737,865**	**$ 839,483**	**$ 799,997**	**$ 813,991**

2012	Actual	Total	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
	BG Capacity Cost	$ 10,470,000	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500
	BG Energy Credit	$ (3,030,772)	$ (197,064)	$ (24,912)	$ (125,650)	$ (58,094)	$ (457,452)	$ (650,232)	$ (626,225)	$ (273,772)	$ (168,762)	$ (5,135)	$ (351,342)	$ (92,131)
	BG Final Cost	**$ 7,439,228**	$ 675,436	$ 847,588	$ 746,850	$ 814,406	$ 415,048	$ 222,268	$ 246,275	$ 598,728	$ 703,738	$ 867,365	$ 521,158	$ 780,369
	Market													
	Market Capacity Purchase (kw)		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	Monthly Rate		$ 0.15	$ 0.40	$ 0.08	$ 0.10	$ 1.28	$ 2.14	$ 1.45	$ 2.01	$ 2.28	$ 2.38	$ 0.54	$ 1.10
	Total Cost	**$ 3,478,534**	**$ 37,500**	**$ 100,000**	**$ 20,000**	**$ 25,000**	**$ 320,000**	**$ 535,000**	**$ 362,500**	**$ 502,500**	**$ 570,000**	**$ 595,000**	**$ 135,000**	**$ 276,034**
	Real Savings (Credit) / Charge	**$ 3,960,694**	**$ 637,936**	**$ 747,588**	**$ 726,850**	**$ 789,406**	**$ 95,048**	**$ (312,732)**	**$ (116,225)**	**$ 96,228**	**$ 133,738**	**$ 272,365**	**$ 386,158**	**$ 504,334**

Blenheim-Gilboa (BG) Net Benefit Analysis

2013	Actual	Total	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
	BG Capacity Cost	$ 9,220,000	$ 747,500	$ 747,500	$ 747,500	$ 747,500	$ 747,500	$ 747,500	$ 747,500	$ 747,500	$ 747,500	$ 747,500	$ 872,500	$ 872,500
	BG Energy Credit	$ (4,198,164)	$ (549,544)	$ (553,034)	$ (157,603)	$ (4,138)	$ (169,143)	$ (160,001)	$ (1,312,662)	$ (133,533)	$ (298,658)	$ (121,252)	$ (232,525)	$ (506,072)
	BG Final Cost	**$ 5,021,836**	$ 197,956	$ 194,466	$ 589,897	$ 743,362	$ 578,357	$ 587,499	$ (565,162)	$ 613,967	$ 448,842	$ 626,248	$ 639,975	$ 366,428
	Market													
	Market Capacity Purchase (kw)		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	Monthly Rate		$ 1.98	$ 3.02	$ 2.18	$ 1.68	$ 4.51	$ 5.75	$ 5.76	$ 5.70	$ 5.49	$ 5.55	$ 2.15	$ 2.95
	Total Cost	**$ 11,680,000**	**$ 495,000**	**$ 755,000**	**$ 545,000**	**$ 420,000**	**$ 1,127,500**	**$ 1,437,500**	**$ 1,440,000**	**$ 1,425,000**	**$ 1,372,500**	**$ 1,387,500**	**$ 537,500**	**$ 737,500**
	Real Savings (Credit) / Charge	**$ (6,658,164)**	**$ (297,044)**	**$ (560,534)**	**$ 44,897**	**$ 323,362**	**$ (549,143)**	**$ (850,001)**	**$ (2,005,162)**	**$ (811,033)**	**$ (923,658)**	**$ (761,252)**	**$ 102,475**	**$ (371,072)**

2014	Actual	Total	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
	BG Capacity Cost	$ 10,470,000	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500
	BG Energy Credit	$ (5,842,421)	$ (2,424,766)	$ (872,699)	$ (651,722)	$ (81,653)	$ 119,262	$ (494,180)	$ (257,867)	$ (158,991)	$ (377,990)	$ (160,192)	$ (184,081)	$ (297,541)
	BG Final Cost	**$ 4,627,579**	$ (1,552,266)	$ (199)	$ 220,778	$ 790,847	$ 991,762	$ 378,320	$ 614,633	$ 713,509	$ 494,510	$ 712,308	$ 688,419	$ 574,959
	Market													
	Market Capacity Purchase (kw)		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	Monthly Rate		$ 3.90	$ 4.30	$ 3.00	$ 1.90	$ 5.50	$ 6.60	$ 6.21	$ 5.95	$ 5.75	$ 5.49	$ 2.24	$ 2.56
	Total Cost	**$ 13,350,000**	**$ 975,000**	**$ 1,075,000**	**$ 750,000**	**$ 475,000**	**$ 1,375,000**	**$ 1,650,000**	**$ 1,552,500**	**$ 1,487,500**	**$ 1,437,500**	**$ 1,372,500**	**$ 560,000**	**$ 640,000**
	Real Savings (Credit) / Charge	**$ (8,722,421)**	**$ (2,527,266)**	**$ (1,075,199)**	**$ (529,222)**	**$ 315,847**	**$ (383,238)**	**$ (1,271,680)**	**$ (937,867)**	**$ (773,991)**	**$ (942,990)**	**$ (660,192)**	**$ 128,419**	**$ (65,041)**

2015	Actual	Total	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
	BG Capacity Cost	$ 10,470,000	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500	$ 872,500
	BG Energy Credit	$ (3,295,187)	$ (320,625)	$ (794,471)	$ (200,790)	$ (94,158)	$ (450,757)	$ (244,206)	$ (355,199)	$ 275,033	$ (529,645)	$ (91,629)	$ (190,312)	$ (298,427)
	BG Final Cost	**$ 7,174,813**	$ 551,875	$ 78,029	$ 671,710	$ 778,342	$ 421,743	$ 628,294	$ 517,301	$ 1,147,533	$ 342,855	$ 780,871	$ 682,188	$ 574,073
	Market													
	Market Capacity Purchase (kw)		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	Monthly Rate		$ 3.61	$ 2.60	$ 1.80	$ 0.45	$ 3.96	$ 4.21	$ 4.70	$ 3.91	$ 3.50	$ 3.09	$ 0.66	$ 1.25
	Total Cost	**$ 8,435,000**	**$ 902,500**	**$ 650,000**	**$ 450,000**	**$ 112,500**	**$ 990,000**	**$ 1,052,500**	**$ 1,175,000**	**$ 977,500**	**$ 875,000**	**$ 772,500**	**$ 165,000**	**$ 312,500**
	Real Savings (Credit) / Charge	**$ (1,260,187)**	**$ (350,625)**	**$ (571,971)**	**$ 221,710**	**$ 665,842**	**$ (568,257)**	**$ (424,206)**	**$ (657,699)**	**$ 170,033**	**$ (532,145)**	**$ 8,371**	**$ 517,188**	**$ 261,573**

Total	**Real Savings (Credit) / Charge**	**$ (62,502)**

September 27, 2004

6. Blenheim-Gilboa Pumped Storage Power Project Rates – Agreement with Long Island Power Authority

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to authorize the Secretary to file notice for publication in the New York State Register of a revision of the firm demand charge for the Blenheim-Gilboa Pumped Storage Power Project ('B-G') from $2.30/kW-month to $3.92/kW-month, consistent with the Authority's procedures under the State Administrative Procedures Act ('SAPA'), 21 NYCRR § 455. LIPA, as the only customer, has waived the public forum that would normally be conducted under the Authority's procedures.

BACKGROUND

"The existing demand rate for sale of firm capacity from B-G of $2.30/kW-month has been in effect since February 1990. A total of 568 MW of firm B-G capacity was sold to four upstate utility customers (Central Hudson Gas and Electric Corporation, New York State Electric and Gas Corporation, Niagara Mohawk Power Corporation and Rochester Gas and Electric Corporation) under contracts that expired June 30, 2002. An additional 200 MW of firm B-G capacity was sold to three downstate utility customers (Consolidated Edison Company of New York, Inc. ('Con Edison'), Long Island Power Authority ('LIPA') and Orange and Rockland Utilities, Inc. ('O&R')) under contracts with an expiration date of April 30, 2015. In addition, the governmental customers in the Southeastern New York area have been allocated 250 MW of firm B-G capacity.

"At their meeting of March 27, 2001, the Trustees approved modifications of the existing B-G contracts with the then six investor-owned utilities and LIPA. Authority staff negotiated temporary agreements (the 'Temporary Agreements') with each of the utilities and LIPA (the 'Contractors'). The Temporary Agreements provide, among other things, that the Contractors relinquish certain rights under their B-G contracts to the Authority for which the Contractors each receive a pro rata share (based on contract demands) of the revenues and expenses generated by the Authority's sales of energy and other products (e.g., operating reserves) from the Contractors' shares of B-G capacity to the New York Independent System Operator ('NYISO'). Except as modified by these Temporary Agreements, the B-G contracts remained in effect. The Temporary Agreements for the four upstate utilities expired with their underlying B-G contracts. The Temporary Agreements for Con Edison, LIPA and O&R were extended, by letter agreement, though June 30, 2004.

DISCUSSION

"Staff has held discussions with Con Edison and LIPA (O&R is now a subsidiary of Con Edison) on the Authority's need to increase the B-G rates to meet increased revenue requirements. As a result of restructuring, both of these companies have largely divested their generation resources. Under their B-G contracts, if the Authority were to raise the rates, the utilities would have the option of giving a one-year notice of termination during which time they would have been obligated to pay the higher rate. After additional discussions, Authority staff and Con Edison determined that it was in our mutual interest to terminate the B-G contracts effective June 30, 2004. In the meantime, the Temporary Agreement with LIPA was further extended to June 30, 2005 while discussions continued with LIPA. As a result of these discussions, Authority staff agreed to propose a $3.92/kW-month B-G firm demand rate for adoption by the Trustees.

"There are a number of changes in cost components relating to B-G since the rate was last changed in 1990. For the 1990 firm B-G capacity rate, the capital-related costs consisted of bond service, bond reserve and investment income. By comparison, the 2005 costs include capital-related costs, return on book value and depreciation. In addition, there is an allocation of overhead bonds (related to non-revenue Authority projects). This change reflected the retirement of the 1970 bonds issued to finance the construction of B-G, among other projects, and the implementation of original cost-based recovery.

"Post-retirement benefits other than pensions ('PBOPs') is a new cost item that consist of health care benefits and insurance for retirees, their dependents and beneficiaries. The inclusion of PBOPs reflects the switch from a cash or 'pay as you go' basis to an accrual accounting basis. Historically, the Authority has recorded benefits owed to existing retirees on a cash basis, which means that the cost of health benefits expended during the year was recovered in rates. Under the accrual approach, the rates reflect the cost of the health benefits that are accrued that year, i.e., those benefits earned by present employees and payable to them in the future. While use of the cash basis is currently acceptable for government entities, the Government Accounting Standards Board recently announced that it will require its members to switch to accrual accounting by 2006. The Authority adopted the accrual approach on November 30, 2002 for calendar year 2002 and later. In doing so, the Authority incurred an obligation of $271 million, which will be amortized over 20 years.

"In addition to PBOPs, the main cost drivers of the increase are related to O&M expenses and shared services. The increase is due to both increases in the overall costs of shared services and changes in how shared services are allocated. The sale of the nuclear facilities in 1999 altered the cost relationship among the Authority's projects. In 2001, the Authority was required to change the allocation of the indirect costs from a capacity methodology to one using labor ratios. These two changes in allocation methodology greatly increased the portion of shared services costs allocated to B-G.

"Public comments will be received and evaluated under the notice and comment provisions of the State Administrative Procedures Act. However, as LIPA is the only customer affected by this action and all issues have been resolved through direct negotiations, LIPA has waived the public forum that would normally be conducted under the Authority's procedures.

FISCAL INFORMATION

"Implementation of the proposed B-G rates would allow the Authority to recover its increased costs associated with firm power sales from B-G. The total increased revenues from LIPA will amount to $1.0 million.

RECOMMENDATION

"The Director – Supply Planning, Pricing and Power Contracts recommends that the Trustees authorize the Secretary to file notice for publication in the New York State Register of proposed Authority action to adjust the Blenheim-Gilboa Pumped Storage Power Project firm demand rates.

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

Mr. Brandeis presented the highlights of staff's recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Brandeis confirmed that the action requested of the Trustees was to approve the publication of the State Administrative Procedures Act Notice of Proposed Rulemaking for this rate change and that the public would have an opportunity to comment on the proposed changes.

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

WHEREAS, as set forth in the foregoing report of the President and Chief Executive Officer, the Authority has negotiated proposed demand rate increases for service from the Authority's Blenheim-Gilboa Pumped Storage Power Project with the Long Island Power Authority ("LIPA");

NOW THEREFORE BE IT RESOLVED, That the Secretary of the Authority be, and hereby is, authorized to file notice with the Secretary of State for publication in the New York State Register of the

Authority's proposed action to adjust the Blenheim-Gilboa Pumped Storage Power Project rates, as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee be, and hereby is, authorized to execute such agreements and documents as may be necessary to effectuate the foregoing, subject to approval of such documents by the Executive Vice President, Secretary and General Counsel; and be it further

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

7. **Blenheim-Gilboa Pumped Storage Power Project Rates – Final Action**

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve as a final action the revision of the firm demand charge for the Blenheim-Gilboa Pumped Storage Power Project ('B-G') from $2.30/kW per month to $3.92/kW per month, consistent with the Authority's procedures under the State Administrative Procedures Act ('SAPA'), 21 NYCRR § 455.

BACKGROUND

"The existing demand rate for sale of firm capacity from B-G of $2.30/kW per month has been in effect since February 1990. A total of 568 MW of firm B-G capacity was sold to Central Hudson Gas and Electric Corporation, New York State Electric and Gas Corporation, Niagara Mohawk Power Corporation and Rochester Gas and Electric Corporation under contracts that expired June 30, 2002. An additional 200 MW of firm B-G capacity was sold to Consolidated Edison Company of New York, Inc. ('Con Edison'), Long Island Power Authority ('LIPA') and Orange and Rockland Utilities, Inc. ('O&R') under contracts with an expiration date of April 30, 2015 (all seven utilities referred to as the 'Contractors'). In addition, the governmental customers in the Southeastern New York area have been allocated 250 MW of firm B-G capacity.

"Staff held discussions with Con Edison and LIPA (O&R is now a subsidiary of Con Edison) on the Authority's need to increase the B-G rates to meet increased revenue requirements. The increased revenue requirement stems from the addition of new costs such as Post-retirement Benefits Other than Pensions ('PBOPs'), increases in operation and maintenance expenses and reallocation of shared-services charges. After further discussions, Authority staff and Con Edison determined that it was in their mutual interest to terminate the B-G contracts effective June 30, 2004. In the meantime, staff continued discussions with LIPA. As a result of these discussions, Authority staff agreed to propose a $3.92/kW per month B-G firm demand rate for adoption by the Trustees.

DISCUSSION

"At their meeting of September 27, 2004, the Trustees authorized the Secretary of the Authority to file notice for publication in the New York State Register of a revision of the B-G firm demand charge. Notice was published in the State Register on October 13, 2004. The public comment period ended on November 29, 2004. As LIPA is the only customer affected by this action and all issues have been resolved through direct negotiations, LIPA waived the public forum that would normally be conducted under the Authority's procedures. No comments from other parties were received during the comment period.

FISCAL INFORMATION

"Implementation of the proposed B-G rates would allow the Authority to recover its increased costs associated with firm power sales from B-G. The total increased revenues from LIPA will amount to $1.0 million.

RECOMMENDATION

"The Director – Supply Planning, Pricing and Power Contracts recommends that the Trustees approve as a final action the increase in the Blenheim-Gilboa Pumped Storage Power Project firm demand rates from $2.30/kW per month to $3.92/kW per month.

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

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

WHEREAS, on September 27, 2004, the Authority authorized the Secretary to file notice of proposed action for publication in the New York State Register of its intention to adjust the Blenheim-Gilboa Pumped Storage Power Project firm power rates; and

WHEREAS, such notice was duly published in the State Register on October 13, 2004, and more than 45 days have elapsed since such publication; and

WHEREAS, the sole affected customer, the Long Island Power Authority, has waived the requirement for a public forum normally conducted under the Authority's procedures, and no other parties have submitted comments during the comment period;

NOW THEREFORE BE IT RESOLVED, That the rates for sale of firm power from the Blenheim-Gilboa Pumped Storage Power Project, as recommended in the foregoing report of the President and Chief Executive Officer, are hereby approved effective January 1, 2005; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee be, and hereby is, authorized to issue written notice as required by contract with respect to the modification in rates, including applicable tariff leaves; and be it further

RESOLVED, That the Secretary of the Authority be, and hereby is, directed to file notice of final action with the Secretary of State for publication in the State Register and to submit such other notice as may be required by statute or regulation; and be it further

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

12. Proposed Planning and Supply and Delivery Service Agreements with Consolidated Edison Company - Notice of Public Hearing

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the holding of a public hearing on August 11, 1988, pursuant to Section 1009 of the Public Authorities Law, on a new Planning and Supply Agreement ('PSA') (attached hereto as Exhibit '12-B') which defines the service obligations of the Authority and Consolidated Edison Company of New York, Inc. ('Con Edison') in Con Edison's electric franchise area and provides for the sale of power by the Authority to Con Edison and by Con Edison to the Authority. A new Delivery Service Agreement ('DSA') with Con Edison, which would be executed contemporaneously with the PSA (attached hereto as Exhibit '12-C'), would provide among other things for the use of Con Edison's facilities for transmitting and distributing power to the Authority's public and economic development customers located in Con Edison's franchise area.

BACKGROUND

"In 1974, the Authority was authorized by the State Legislature to purchase Con Edison's Poletti and Indian Point 3 power plants ('P/IP') as part of an effort to rescue the utility from serious financial difficulty (Chapters 369 and 370, 1974 New York Laws). On December 30, 1975, the Authority and Con Edison entered into two agreements with initial terms through January 1, 2000: a 'Contract for the Sale of Power and Energy to Consolidated Edison Company of New York, Inc. from the Astoria 6 Unit and the Indian Point 3 Unit' ('Sale Contract'), and a 'Service Agreement for the Delivery of Power and Energy from Astoria 6 Unit and Indian Point 3 Unit' ('Delivery Contract').

"Under the Sale Contract the Authority must sell a minimum of twenty-five percent (25%) of P/IP's nameplate output less reserves as firm power to Con Edison. Con Edison's minimum entitlement under the Sale Contract is presently 174 MW. In addition, the Authority must offer to Con Edison residual energy at incremental production cost, and reserve energy at Con Edison's decremental production cost. Con Edison has the right of first refusal on the sale of residual energy. Con Edison currently sells the Authority economy and support energy, as

required by the Authority, on a share-the-savings basis or at Con Edison's incremental production cost, respectively.

"Under the Delivery Contract, the Authority must pay Con Edison any savings foregone by Con Edison in delivering support and economy energy to P/IP from other Authority sources outside the franchise area, whenever such energy displaces economy energy purchases by Con Edison for its own retail customers. Con Edison is only obligated to deliver residual energy from P/IP to Con Edison's interconnections with other utilities if it declines to purchase the energy. If Con Edison determines that a major transmission reinforcement is needed within its system to deliver P/IP power to the Authority's customers, the Authority is obligated to pay for that reinforcement.

"Furthermore, the existing Delivery Contract does not impose on Con Edison any obligation to deliver firm power from Authority sources other than P/IP to serve public customer loads. Hence, the existing contracts place a limit on the magnitude of load the Authority can serve in the franchise area.

"The Authority entered into a letter agreement with Con Edison in October, 1982 ('1982 Agreement'), which provides for the delivery into the franchise area of power from the Ashokan and Kensico hydroelectric facilities (which have the combined capacity of approximately 6 MW), as well as 10 MW of St. Lawrence power for the Metropolitan Transportation Authority. However, that agreement requires the Authority to make available to Con Edison an equivalent amount of power from P/IP[1] -- thus the limit on the Authority's ability to serve eligible public customer load was maintained.

"The peak demands of the Authority's public customers are anticipated to increase at an annual growth rate of about 1.5 percent for the foreseeable future, from a current level of about 1420 MW to about 1700 MW by the year 2000. Hence, relative to the capacity available from P/IP, about an additional 90 MW will be required this summer, increasing each year to an additional 420 MW by the year 2000.

"Absent a new agreement, all load growth in excess of the capacity available from P/IP could be relinquished to Con Edison, or a portion of the existing customer loads could be

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1 As a consequence of the 1982 Agreement, Con Edison's minimum firm entitlement to P/IP capacity is 190 MW (174 MW + 16 MW).

transferred to Con Edison to offset load growth of the remaining Authority customers. However, this would deny the public customers continuing full access to low cost Authority electricity to meet their load requirements.[2] Neither the existing contracts, nor the Power Authority Act obligates the Authority to serve public customer load in excess of the capacity available from P/IP.

DISCUSSION

"Under the terms of the new PSA, the Authority would assume the obligation to serve the capacity and energy requirements of the public customers beyond that which can be provided from P/IP. The Authority could use existing and future resources within or outside the franchise area to fulfill its new service obligation. It is anticipated that for the foreseeable future capacity available from Blenheim-Gilboa[3] and, beginning in 1995, from Hydro Quebec would enable the Authority to provide for all the additional needs of the public customers. Exhibit '12-A' is the current load and capacity supply plan for the public customers through the year 2002. In the longer term, to the extent that economical capacity could not be purchased from other sources, the Authority would be obligated to build new generating stations to supply the public customers' needs. Con Edison would be obligated to provide delivery service within its system (including any new transmission and distribution facilities) for the Authority's public customers. The Authority would be obligated to provide transmission capability to deliver power from sources outside the franchise area to the points of interconnection with Con Edison.

"Because the Authority and Con Edison serve their respective customers in Con Edison's service area through an integrated transmission and distribution system, planning would be performed jointly. An initial resource plan, covering 20 years, would include a projection of annual peak loads and energy requirements reflecting the effects of demand side

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2 The public customers have saved more than $1.3 billion since service from P/IP first began in 1976.

3 150 MW of BG capacity has already been allocated on an interim basis to meet the public customers' requirements during Summer 1988.

management programs. Sources of firm capacity and associated energy would also be included. The initial resource plan would be prepared, within 90 days of execution of the agreements, by each party in consultation with the other.

"These plans would be revised annually. The Authority may elect to exclude the aggregate amount of all net load growth of the public customers occurring in the seventeenth year following the date of the election. Thereafter, the Authority will not serve any load growth occurring in such seventeenth year and beyond unless otherwise agreed to by the parties. Hence the Authority would have the right to cap the magnitude of the public customer load it will serve for any reason.

"Subject to certain threshold conditions, if an Authority public customer terminates or does not initiate service from the Authority and initiates or resumes service from Con Edison, or a customer acquiring the premises formerly occupied by a public customer initiates service for the premises from Con Edison, the Authority would be obligated to sell capacity to Con Edison for these 'unplanned transfers' pursuant to a Purchase Offer as provided for in Article II of the PSA for a 17 year term. Con Edison would be obliged to purchase such capacity at cost from the Authority, subject to any necessary regulatory approvals.

"The Authority would agree to sell capacity to Con Edison pursuant to the Purchase Offer at the same charge as would have pertained to the public customers had there been no transfer of customers and no corresponding capacity sale. Moreover, in apportioning any capacity offered to Con Edison, the Authority would not discriminate between the public customers as a group and Con Edison.

"Under the PSA, the Authority would continue to sell Con Edison 174 MW of P/IP firm power, the minimum amount under the Sale Contract. The initial demand rate would be the current rate. Power Authority hydro power currently delivered by Con Edison under the 1982 Agreement would continue to be delivered under the new DSA. However, there would be no offsetting sale requirement of P/IP capacity to Con Edison.

"The Sale Contract established Con Edison's firm energy entitlement on the basis of average system load factor and provided for curtailment credits whenever either Poletti or Indian Point 3 were continuously removed from service for more than 90 days. Under the PSA, Con Edison's firm energy entitlement would be determined by it on the basis of economic dispatch, subject to the application of a fixed percentage to the hourly energy available from P/IP to establish an operating

range as well as maximum and minimum take requirements. In accordance with this 'Unit Power' arrangement, there would be no provision for curtailment credits. The energy charge from each unit would be based on fuel costs and any other allocable energy related costs reasonably determined by the Authority.

"Under the PSA, the Authority and Con Edison will sell each other supplemental power and energy to assist in meeting temporary supply deficiencies, to the extent it is feasible without impairment of service to either party's customers. The charges for supplemental power and energy would be determined as provided in the New York Power Pool Agreement. By mutual agreement either party may sell economy energy to the other on a 'share-the-savings' basis. The existing Authority sales of reserve and residual energy and Con Edison sales of support energy would be eliminated.

"The PSA also provides for the placing of Poletti on reserve shutdown for economical considerations. If both Con Edison and the Authority wish to remove a unit from service, but only one can do so without violating operating criteria, the unit which, when shut down, yields the greater savings to the service area's customers will be shut down. The parties will then share equally in the savings realized.

"The DSA provides for the use of Con Edison's facilities for transmitting and distributing power to the Authority's public and economic development customers (other than those served through MDAs)[4] located in Con Edison's franchise area. Under the proposed agreement, Con Edison would deliver Authority power to Authority customer loads in its service area. Thus, the Authority could use its own resources such as Blenheim-Gilboa as well as purchased power, such as firm power from Hydro-Quebec, to meet public customer loads, as shown on Exhibit '12-A'.

"At times when the P/IP units or other Authority generation (owned or purchased) located in the service area are unable to meet the needs of the public customers and substitute power is needed, or when the Authority seeks to substitute energy from outside the Con Edison service area to displace the sources within the service area for economy purposes, Con Edison would

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4 Delivery for MDAs is provided for under separate lease agreements between Con Edison and each entity.

be obligated to transmit this power to the public customers without any additional charge. However, if such economy transactions would interfere with the use of Con Edison's transmission system for delivery of economy energy to its own customers, the Authority would be required to pay Con Edison any savings foregone by Con Edison's customers in accommodating such economy transactions.[5]

"The DSA eliminates Con Edison's right of first refusal on residual energy and obligates Con Edison to deliver such energy at the Authority's request to the interconnection points, subject to the availability of transmission capability. The DSA would replace the existing Delivery Contract, letter agreements concerning the delivery of power to General Motors and Shearson and the 1982 Agreement. The DSA would be executed contemporaneously with the PSA.

"Con Edison's initial charges for delivery service under the DSA will conform to those currently in effect. Changes in rates will be subject to mutual agreement or, absent such agreement, to review and approval of the New York Public Service Commission and the Federal Energy Regulatory Commission.

"Submitted herewith as Exhibits '12-B' and '12-C' are copies of the new PSA and DSA. The agreements would become effective upon execution and compliance with Section 1009 of the Power Authority Act (in the case of the PSA) and unless terminated for cause, shall remain in effect until terminated by mutual written agreement of the parties. Either party may terminate the sale of firm power from P/IP to Con Edison on January 1, 2000, or each anniversary date thereafter, on one year's prior written notice.

"The DSA is submitted at this time for the Trustees' information. A recommendation to approve the terms of the DSA and authorize its execution will be made following the public hearing on the PSA.

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5 No additional payments will be required for economy energy imports in lieu of Authority firm power sources located outside of the service area.

FISCAL INFORMATION

"The new PSA and DSA will expose the Authority to additional financial risk relative to the obligation assumed to serve the on-going electricity requirements of the public customers. A separate item of agenda is being submitted herewith in an effort to counterbalance the added risk to the Authority with commensurate risk on the part of the public customers. This would be achieved by extending the notice of termination provision included in the existing Service Tariffs with the public customers from 120 days to three years, by eliminating any option on the part of the customers to partially reduce service (through transfer to another utility) and by modifying the applicable minimum charge provisions to be consistent with the term of notice.

"The current competitive margin between the Authority's rates to the public customers and those estimated to pertain if Con Edison were to provide service is about 15 percent. This equates to about $75 million in annual savings to the public customers from Authority electricity service. Assuming a similar margin in the future, the new agreements will result in even greater dollar savings, thus further enhancing the public customers' ability to provide vital services throughout the metropolitan area.

RECOMMENDATION

"The Vice President - Power Sales and Rates recommends that the Trustees authorize the advertisement of a public hearing on the proposed Planning and Supply Agreement with Con Edison to be held at 10:00 a.m. on August 11, 1988 in New York City, and that pursuant to Section 1009 of the Public Authorities Law, the Secretary be authorized to transmit copies of the proposed agreements to the Governor and the Legislative leaders.

"The Senior Vice President and General Counsel, the Executive Vice President - Marketing and Development, the Executive Vice President - Finance and Administration, the Executive Vice President - System Operations, and I concur in the recommendation."

Trustee Kidder noted that the proposed action should be well received by the SENY customers and that the substantial savings which they will attain are substantially attributable to

less costly nuclear power. The Chairman stated that he had held meetings with Mayor Koch and other New York City officials and had communicated to them the expected sources of the energy and the anticipated benefits which they have received and will continue to receive. The Chairman also extended his thanks to Messrs. Hiney, Duffy and Pellegrino for their efforts in drafting these complex and innovative new agreements.

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

> RESOLVED, That the Authority hereby authorizes the advertising of a public hearing on the terms of the proposed Planning and Supply Agreement with Con Edison Company of New York, Inc., substantially in the form attached hereto (Exhibit '12-B'), to be held on August 11, 1988 at 10:00 a.m. in New York City; and be it further
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> RESOLVED, That the Secretary be, and hereby is, authorized to transmit copies of such proposed Agreement to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Committee on Ways and Means, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee pursuant to Section 1009 of the Public Authorities Law; and be it further
>
> RESOLVED, That subsequent to such public hearing the Authority shall reconsider the terms of the proposed Agreement and that the Authority's recommendation thereon shall be related to its approval of the Planning and Supply Agreement.

NEW YORK POWER AUTHORITY
PUBLIC CUSTOMERS
LOAD AND CAPACITY SUPPLY PLAN

YEAR	SUMMER PEAK LOAD (MW)1/	AVAILABLE CAPACITY (MW) P/IP	AUTHORITY HYDRO	B-G	HYDRO QUEBEC	TOTAL SOURCES OF SUPPLY (MW) (3)+(4)+(5)+(6)	INSTALLED RESERVES (MW) (7)-(2)	% (8)/(2)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1988	1420	1585	19	150	0	1754	334	23.5
1989	1448	1585	19	150	0	1754	306	21.1
1990	1486	1585	19	150	0	1754	268	18.0
1991	1509	1585	19	250	0	1854	345	22.9
1992	1530	1585	19	250	0	1854	324	21.2
1993	1548	1585	19	250	0	1854	306	19.8
1994	1567	1585	19	250	0	1854	287	18.3
1995	1587	1585	19	250	100	1954	367	23.1
1996	1608	1585	19	250	200	2054	446	27.7
1997	1629	1585	19	250	200	2054	425	26.1
1998	1650	1585	19	250	200	2054	404	24.5
1999	1672	1585	19	250	200	2054	382	22.8
2000	1694	1585	19	250	200	2054	360	21.3
2001	1717	1585	19	250	200	2054	337	19.6
2002	1740	1585	19	250	200	2054	314	18.0 2/

1/ Average annual growth rate is 1.5%.
2/ Required reserve is 18%. Additional capacity is needed after 2002.

Exhibit '12-A'
June 23, 1988

6. Proposed Agreements with Consolidated Edison for Delivery Service and Planning and Supply - Transmittal to the Governor

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the proposed Planning and Supply Agreement ('PSA') which defines the service obligations of the Authority and Consolidated Edison Company of New York, Inc. ('Con Edison') in Con Edison's franchise area and provides for the sale of power by the Authority to Con Edison and by Con Edison to the Authority, and to authorize transmittal of the PSA (Exhibit '6-A') to the Governor, pursuant to Section 1009 of the Public Authorities Law, with a recommendation for approval. The Trustees are also requested to approve the related Service Agreement (Exhibit '6-B') and to authorize the Chairman to execute both agreements if the Governor approves the Planning and Supply Agreement.

BACKGROUND

"At their meeting of June 23, 1988, the Trustees authorized the holding of a public hearing on August 11, 1988 in New York City pursuant to Section 1009 of the Public Authorities Law on the terms of a proposed PSA. A new Service Agreement ('SA') with Con Edison, which would be executed contemporaneously with the PSA, would provide among other things for the use of Con Edison's facilities for transmitting and distributing power to the Authority's public and direct service economic development customers located in Con Edison's franchise area.

"Copies of the proposed PSA were transmitted to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Committee on Ways and Means, the Temporary President of the Senate, the Minority Leader of the Senate, and the Chairman of the Senate Finance Committee. Copies were also made available for public inspection. Notice of a public hearing on the terms of the proposed PSA was given as required by Section 1009.

DISCUSSION

"Extensive briefings were conducted at the Chairman's request for the benefit of all of the Authority's public customers. These briefings were intended to communicate the major features of the new agreements and the related changes in the service tariffs covering the public customers, which are the subject of a separate item of agenda. Individual meetings were held with each of the largest public customers (Metropolitan Transportation Authority, New York City, New York State Office of General Services, Port Authority of New York and New Jersey, and New York City Housing Authority). A general meeting was held on July 11, 1988 for all remaining customers. Copies of the proposed agreements were provided.

"These meetings provided an excellent opportunity for the customers to learn about this matter firsthand and to ask questions and provide comments prior to the public hearing. The comments received were generally favorable and supportive.

"The public hearing was held on August 11, 1988 at the Authority's New York City office.

"Comments were made by the Metropolitan Transportation Authority ('MTA'), the New York City Energy and Telecommunications Office, Westchester County and Con Edison, all generally supporting the proposed agreement. Comments were also made by an individual appearing on his own behalf. Although the City of New York recognized that it benefitted significantly from Authority service in the past, it raised a number of issues. These issues encompass, in addition to the PSA, the SA and the related changes in the service tariffs. The following City concerns are relevant: (1) the affected customers are not sufficiently involved in the resource planning process; (2) the Authority should consider implementing competitive bidding; (3) the three year notice termination period is too long; (4) the proposed tariff provisions dealing with partial load reductions may be anti-competitive; (5) capacity relinquished by certain economic development customers served through the New York City Public Utility Service may be sold to Con Edison inappropriately; (6) the Authority should adopt criteria for determining customer eligibility for Authority service; and (7) new facilities should receive Authority service upon establishment of the permanent service connections. Westchester County recognized the significant savings derived from Authority service. Westchester expressed appreciation for the Authority's continued effort to assure such

savings in the future and raised one issue, i.e., it found the three year notice of termination period too long. The comments on behalf of MTA and Con Edison did not raise issues of concern, were very supportive of the PSA and urged the Trustees to adopt the agreement. The individual commentator questioned the continued reliance on the Indian Point 3 Nuclear Power Plant and on nuclear technology in general.

"The Office of General Services did not make a statement but submitted comments in a letter dated August 22, 1988. These comments were generally supportive of the new agreement but expressed concern as to the proposed notice of termination because of its unique function as a centralized procurement agency for approximately 300 departments and entities of the State government.

"An analysis of all the pertinent issues raised is attached as Exhibit '6-C'. The SA has been modified to accommodate the issue raised by New York City concerning the transfer of new accounts under construction to the Authority once a permanent service connection is established. Staff found that none of the other issues raised necessitate any changes to the proposed agreements. Certain clarifying changes agreed upon with Con Edison to more accurately reflect the intent of the parties have been incorporated into the agreements.

"The record of the public hearing has been submitted to the Trustees. The contract submitted herewith is in the public interest.

FISCAL INFORMATION

"The PSA and SA will expose the Authority to additional financial risk because of the obligation it could assume to serve the on-going electricity requirements of the public customers. A separate item of agenda is being submitted herewith in an effort to partially counterbalance the added risk to the Authority with some additional risk on the part of the public customers. This would be achieved by extending the period for notice of termination included in the existing service tariffs with the public customers from 120 days to three years; by restricting the option on the part of the customers to partially reduce service (through transfer to another utility); and by modifying the applicable minimum charge provisions to be consistent with the term of notice.

RECOMMENDATION

"The Vice President - Power Sales and Rates recommends that the Trustees adopt the staff's analysis of the issues attached as Exhibit '6-C' and approve the proposed PSA and SA submitted herewith. It is also recommended that the Trustees authorize the transmittal of the PSA to the Governor with the recommendation that it be approved, and the transmittal of such Agreement to the legislative leaders as required by Section 1009 of the Public Authorities Law.

"The Vice President - Power Sales and Rates further recommends that the Chairman be authorized to execute both agreements following the approval of the PSA by the Governor.

"The Senior Vice President and General Counsel, the Senior Vice President - Procurement and Contract Administration, the Executive Vice President - Marketing and Development, the Executive Vice President - System Operations, and I concur in the recommendation."

The Chairman stated that the PSA and related Service Agreement were being submitted to the Trustees for reconsideration following the public hearing. He stated that total savings to public customers over the next ten years will amount to $1.4 billion after implementation of the agreements [incremental savings of $200 million] approximating $400 million for MTA, $220 million for the Port Authority, and $480 million for New York City, $230 million for the New York City Housing Authority and $80 million for Westchester County customers. Hydropower, which is non-polluting, will be the new increment of electricity provided under the PSA, so that New York City and Westchester County will avoid new pollution problems. The sources of such power are Hydro Quebec pursuant to its new

contract with the Authority and the Authority's Blenheim-Gilboa Project.

The Chairman stressed that the PSA is a nationally precedent-setting agreement, and it could be described as creating a franchise within a franchise. It is a cooperative agreement between private and public power entities to meet the needs of public customers which will enable both Con Edison and the Authority to plan logically for the future and enable the Authority to continue to provide all of New York City's and Westchester County's public customers with substantial savings.

Chairman Flynn also noted the extensive briefing efforts made by staff in a number of meetings with public customers prior to the public hearing, to give them the opportunity to acquire a full understanding of the new agreements and related service tariff changes.

The Chairman and Trustee Kidder commended the Authority's working team and Messrs. Hiney, Duffy, Pellegrino and Carline, as well as General Counsel Pratt and other Authority staff's outstanding work on the agreement. The Chairman also commended the Con Edison staff for its cooperation.

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

WHEREAS, the Authority and Consolidated Edison Company of New York, Inc. have agreed upon the terms of a Planning and Supply Agreement and related Service Agreement; and

WHEREAS, on August 11, 1988, the Authority held a public hearing upon the terms of the Planning and Supply Agreement upon more than 30 days' notice given by publication once each week during such period in at least six newspapers within the State of New York; and

WHEREAS, copies of such Agreement have been transmitted to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Committee on Ways and Means, the Temporary President of the Senate, the Minority Leader of the Senate, and the Chairman of the Senate Finance Committee and were made available for public inspection during such 30 day period at the offices of the Authority; and

WHEREAS, after such public hearing the staff prepared an analysis of the issues; and

WHEREAS, the Authority reconsidered the terms of such Agreement; and

WHEREAS, the Service Agreement has been modified to accommodate the issue raised by New York City concerning the transfer of accounts to the Authority; and

WHEREAS, no other issues raised necessitated any changes to the proposed agreements; and

WHEREAS, certain clarifying changes agreed upon with Con Edison have been incorporated into the agreements to more accurately reflect the intent of the parties; and

WHEREAS, copies of the agreements have been submitted to this meeting;

NOW THEREFORE BE IT RESOLVED, That the Authority adopts the staff's analysis of the issues raised in connection with the public hearing and approves the form of the proposed Planning and Supply Agreement and related Service Agreement between the Authority and Consolidated Edison Company which were submitted to this meeting, and that the Authority believes such agreements to be in the public interest; and be it further

RESOLVED, That the Secretary shall transmit the Planning and Supply Agreement to the Governor of the State of New York together with the record of the public hearing held upon such Agreement and the staff's analysis of the issues along with the recommendation of the Authority that such Agreement be approved; and be it further

RESOLVED, That the Secretary shall transmit such Agreement together with the record of the public hearing held upon such contract and staff's analysis of the issues to the Speaker of the Assembly, the Chairman of the Assembly Committee on Ways and Means, the Temporary President of the Senate, and the Chairman of the Senate Finance Committee; and be it further

RESOLVED, That the Chairman be, and hereby is, authorized to execute the Planning and Supply Agreement in the name and on behalf of the Authority upon approval of the Agreement by the Governor as well as to execute the related Service Agreement contemporaneously therewith; and be it further

RESOLVED, That the Executive Vice President - Marketing and Development be, and hereby is, authorized to execute such other documents and to do such other things as may be necessary or desirable to effectuate such agreements.

Exhibit '6-C'
September, 27, 1988

Issues Raised Relative to the Proposed New Planning and Supply Agreement and Related Documents

Issues have been raised by the Authority's various public customers concerning the proposed agreements with Con Edison and the related changes to the SENY Service Tariffs. The majority of these issues were included in statements made at the August 11, 1988 public hearing on the proposed new Planning and Supply Agreement (PSA). This document will present each issue raised and provide a recommended response.

New York City and Westchester County

Although New York City was generally supportive of the proposed agreement in its statement and recognized that it benefitted significantly from NYPA service in the past, it raised a number of issues encompassing, in addition to the PSA, the Service Agreement and the related changes in the service tariffs.

Westchester County was also very supportive of the agreement, recognized the significant savings derived from NYPA service, and expressed appreciation for the Authority's continued effort to assure these savings in the future. It raised one issue dealing with the related service tariff changes.

ISSUE #1

The City is concerned that the proposed planning process will not include the affected customers to a sufficient extent. As an example, it alleges that neither the City nor NYPA's other SENY customers were given sufficient opportunity to comment on the economics of the 200 MW H-Q proposed power purchase to supply public customer load growth. The City further claims that although it appears that the H-Q contract will result in savings compared to equivalent purchases of Con Edison power "the public has not been privy to NYPA's calculations which determined that the H-Q contract represents the least cost electricity option available".

In order to assure adequate customer involvement in the resource planning process, the City recommends that NYPA's future supply plans and demand projections "be subject to review and comment by its customers at least 60 days before the plans become final".

Recommended Response

We should assure the City that we welcome our customers' participation in the planning process. We intend to keep customers fully informed and involved within the framework of the planning process.

The initial resource plan, covering 20 years, would include a projection of annual peak loads and energy requirements, reflecting the effects of demand-side management programs. Sources of firm capacity, including any reliable sources of customer-provided generation, would also be included. The resource plan is not static in the sense that it is ever "final", but rather is as dynamic as the utility industry itself--which engenders the need for annual revisions. Thus customers will have an on-going opportunity to comment on the resource plans, and interested customers will be consulted in advance prior to finalizing plans for committed capacity. Hence a 60 day comment period is unnecessary. We will solicit customers' help in projecting their loads as well as in assessing their demand side management potential and self generation supply plans.

It should be noted staff made a significant effort to involve and inform the public customers regarding the new agreements and the related changes to the service tariffs. Extensive briefings were conducted for the benefit of all of the Authority's public customers.

The Authority staff has briefed the City on the proposed H-Q contract on several occasions in the context of providing information concerning the Con Edison negotiations related to the new agreements. At the City's request, we made available on May 4, 1988 an analysis of the effect of the proposed H-Q and B-G purchases on the cost of providing SENY service. To date, no comments on this analysis have been received from the City.

ISSUE #2

The City recommends that in order to assure NYPA customers that the resource plan will lead to a low cost reliable supply mix "the Authority should also consider implementing a competitive bidding process for additional supplies".

Recommended Response

The Authority will seriously consider bidding new, yet unidentified, sources of supply that may be required beyond the present planning horizon. In the interim it can observe the

effectiveness of the bidding process recently implemented by the PSC for jurisdictional utilities as well as any Federal Energy Regulatory Commission initiatives.

The Authority plans to use B-G pumped storage capacity and H-Q firm power to meet the projected capacity requirements of the public customers over the planning horizon. These sources of supply are anticipated to be among the least expensive sources of capacity available over the planning period within New York State. An interim agreement was reached with Con Edison to deliver 150 MW of B-G power during the present summer 1988 capability period. This amount is expected to increase to 250 MW by the year 1991. In addition, 100 MW of H-Q power will be made available to SENY customers in 1995 doubling to 200 MW in 1996.

On the basis of the long run avoided cost projections approved by the PSC in May 1988, staff estimated that the 1000 MW Hydro Quebec contract will save approximately $600 million on a present worth basis over the 21 year contract term. It should be noted that H-Q hydro power is a reliable, environmentally benign source of energy for Southeast New York.

ISSUE #3

The City indicated that under its recommended open, participatory planning process "the three year notice NYPA has indicated would be required of public customers seeking to discontinue service would likely not be necessary". The City finds the 36 months' notice termination period too long.

Westchester County also objected to the proposed change and recommended the change be limited to 18 months instead of the proposed 3 years.

Recommended Response

The Authority is poised to undertake an on-going obligation to serve the capacity requirements of the public customers with no provision for it to unilaterally terminate its obligation, but for an elective right to limit its commitment to meet furture growth in public customer load on 17 years' notice to Con Edison. Hence with regard to the existing load requirements of the public customers the Authority's commitment has no express termination date and with regard to growth requirements that commitment can only be limited on 17 years' notice. Certainly within the context of the Authority's willingness to assume a long term obligation to serve the public customers a corresponding obligation on their part to give the Authority 3 years' advance notice of termination is both equitable and reasonable.

In addition, the public customers, unlike any other utility's customers, are in a position to opt for service from the local utility if NYPA service becomes unacceptable for any reason. This unique flexibility suggests the need for some additional commitment on the part of these public customers.

ISSUE #4

The City is concerned that the proposed tariff provision dealing with partial load reductions may be anti-competitive and contrary to New York State policy to encourage alternative power production. A public customer will be allowed to partially terminate or reduce its NYPA service only if such reductions result from account turn-offs, load management, energy conservation or on-site generation. In particular the City is concerned about situations when a limited portion of its supply would be purchased from an alternate energy producer whose generating facilities are not located on the site of the intended user. According to its reading of the new provision, such an option would jeopardize NYPA service to all City facilities.

Recommended Response

The new agreements provide for delivery by Con Edison of all power from sources owned or purchased by the Authority including customer self generation.

The Authority does not intend to restrict the use of customer owned generation to serve public customer loads. A public customer could use such generation to meet its electrical requirements at a remote delivery location within the franchise area. This scenario was raised with Con Edison in the context of the negotiation of the new agreements. The new service agreement would obligate Con Edison to deliver such power at NYPA's request since the power could be deemed to be a NYPA resource available to meet public customer load.

In addition, the Authority does not intend to prohibit a public customer's purchase of generation from an independent power producer (IPP). However, any such purchase would be contingent upon the IPP securing wheeling rights from Con Edison.

The Authority will require reasonable advance notice of the public customer's intent to use alternate sources of generation so that such sources can be reflected in the overall resource planning process. In other words, just as we expect the public customers to inform NYPA of their projected load growth, we also expect them to inform NYPA of projected self-supply plans. This is imperative in terms of minimizing the cost of electricity to the remaining customers as such might be

affected by excess reserves associated with capacity already committed by the Authority for the public customers' use. It would also allow an opportunity for the Authority to seek alternate markets for excess reserves to the extent feasible. The Authority also reserves the right to add restrictions regarding the use of alternate sources of generation as may become necessary to maintain service reliability and to ensure the economics of supply to its customers.

The staff also intends to recommend that the Trustees modify the proposed tariff provisions to permit limited transfers of service to another utility on appropriate notice. This is discussed more fully below under the section dealing with issues raised by the Office of General Services.

ISSUE #5

The Planning and Supply Agreement (Article II(f)) provides that under certain circumstances the capacity formerly supplied by NYPA for an economic development customer (EDC) be offered to Con Edison. This issue concerns the transfer of an EDC to Con Edison and the contract provision regarding the relinquished capacity. In particular the City would like to clarify that this provision would not affect the use of the capacity so relinquished by an EDC of the New York City Public Utility Service (NYCPUS) as long at it has a use for it.

Recommended Response

Article II(f) describes the Authority's responsibility to provide capacity, including installed reserves, for its economic development customers and to include these in the resource plan. To the extent that NYPA service is discontinued to an EDC, the customer's remaining service requirements would revert to Con Edison. The Authority is obligated to offer the relinquished capacity to Con Edison only if that capacity is not marketed under other contracts and it is permitted to do so within the constraints of the law. In this context the offer to Con Edison would be subordinate to the sale of economic development power to a prospective qualifying customer.

ISSUE #6

The City recommends that NYPA, in consultation with its governmental customers, "adopt objective criteria for determining eligibility of specific types of governmental functions". It indicates that it doesn't propose to include these in the PSA but instead that the agreement be flexible enough to accommodate a more precise definition of eligibility.

Recommended Response

The Authority considers eligibility for NYPA service on a case by case basis in consultation with the customer. However, if the City alone or in consultation with the other public customers wishes to draft a proposal for the Authority's consideration it should do so. Reference is made to Article II(c)(2) of the Planning and Supply Agreement where the following language appears:

> The foregoing is not intended to affect an entity's eligibility for Authority power under section 1005 of the New York Public Authorities Law or constitute an agreement by either party as to an entity's eligibility for Authority power.

In the view of staff, the agreement is already sufficiently flexible with regard to the subject of customer eligibility and no further modification is required. Ultimately, eligibility is governed by the applicable statute.

ISSUE #7

This issue relates to the time when a new City facility becomes eligible for NYPA service. The City believes that eligibility should start as soon as a permanent point of service on a construction site is installed .

Recommended Response

Past practice has been that while a new public customer facility was under construction Con Edison provided service to the construction contractor on a temporary basis until such time as construction was completed and the facility was put in permanent use. Hence the permanent service for the facility could be connected to Con Edison's distribution system for a considerable time before the facility is completed, fully occupied and operational. During such time service would be provided by Con Edison rather than NYPA at a higher electric rate and consequent higher cost to the public customer. This matter was subsequently discussed with Con Edison and it agreed to the commencement of NYPA service to all public customer facilities immediately following permanent service connection. The service agreement has been modified accordingly.

ISSUE #8

This issue relates to Con Edison's obligation to hook-up new City street lights to its distribution system. In the City's opinion "the delivery service agreement is ambiguous as it relates to the obligations of Con Edison and NYPA with respect

to street lighting fixtures". The City suggests that NYPA seek clarification regarding Con Edison's obligation to hook up the City's new street lights and that related cost issues be pursued, as in the past, in the context of Con Edison's next rate case.

Recommended Response

This issue is not related to the implementation of the Planning and Supply Agreement or the Service Agreement. The City's concern involves a current dispute with Con Edison over hook-up charges for certain street lighting accounts located in Brooklyn. Authority staff has been participating in on-going discussions between the City and Con Edison geared toward resolving the dispute amicably. Should this prove to be unsuccessful the matter could be brought before the Public Service Commission for an appropriate resolution.

ISSUE #9

This issue deals with the further reduction of the existing prepayment requirement. The City notes that it is a customer in good standing and it should be required to pay its bills according to normal utility practice.

Recommended Response

This issue, as well, has no relevance to the matter at hand. Historically, NYPA's SENY customers were required to prepay their electric bill at the beginning of the consumption period. This was necessary to assure that the Authority had adequate levels of working capital and as a safeguard in the event that any of the public customers might fail to pay their bills promptly. Over the years the public customers have generally established their credit worthiness -- the City of New York not excepted. In recognition, beginning in April 1988 the Authority implemented a 12-month phased reduction in prepayments following which the public customers will be required to pay their bills at the end of the consumption period. Because the Authority must maintain its working capital at adequate levels, a further reduction in the prepayment cannot be considered at this time.

Office of General Service

The Office of General Services (OGS) did not make a formal statement at the August 11 hearing. However, by letter dated August 22, 1988, it submitted comments that were incorporated in the hearing record. These comments were generally supportive of the new agreement but took exception to certain of the proposed tariff revisions.

ISSUE #10

OGS is particularly concerned with the extension to 36 months of the present 4-month termination of service notice, due "to the position and function of OGS in acting as a centralized procurement agency for approximately three hundred separate departments and other organizational entities of the State Government in various locations". While OGS intends to advise its participants of their respective obligations with respect to termination under these proposed changes it claims to lack control over their potential actions.

OGS makes the following points:

(1) with relation to OGS facilities and spaces under its direct management control, the 36-month termination notice is acceptable;

(2) most service terminations are expected to be within the scope of those permitted, e.g., account turn-offs, load management, energy conservation, etc.; and

(3) non-compliant terminations (presumably due to transfer of service to another utility) are expected to be isolated and infrequent.

OGS requests that the Authority confirm its understanding of the acceptable and unacceptable termination scenarios cited in its letter. In addition, it seeks the Authority's agreement that in the event any of the various agencies over which OGS does not exercise direct management control (generally constituting small electrical accounts) engage in non-compliant behavior, following due notice from OGS as to acceptable and non-acceptable customer actions related to service terminations, that OGS or the State would neither (1) have any financial liability; nor (2) would the contract between NYPA and OGS be subject to impairment or cancellation.

Recommended Response

As explained earlier in response to Issue #3, the extended termination notice is intended to mitigate the Authority's financial risk incurred by reason of its decision to assume an obligation to serve its public customers. The prohibition on partial service reductions occasioned by transfer of service to another utility is an integral part of the tariff modification. Moreover, the circumstances OGS cites leading to the potential for non-compliant behavior are not unique to it. For example, the City of New York and various Westchester County towns, cities and villages could point to circumstances similar to those highlighted by OGS involving constituent accounts or agencies (or as OGS refers to them "represented participants") over which the contractor has no direct management control.

In order to ameliorate the potential administrative burden strict enforcement of the proposed tariff provision would entail for OGS and other affected public customers a modest change in the proposed tariff provision should be considered. It is recommended that partial transfers of service be permitted up to an annual limit of 3 percent of total annual sales to each public customer.

Hence all the public customers would be permitted to effect partial service reductions without any further restrictions beyond those imposed by the tariff provisions currently in effect. Notably, this would entail 120 days' notice of the service reduction and exposure to a minimum charge provision to the extent applicable. However, it should be emphasized that to the extent service terminations exceed the annual threshold of permissible transfers indicated, the Authority will seek to enforce the proposed tariff provisions fully.

Comments of Mr. Herman Karig

Mr. Karig appeared at the public hearing on his own behalf. He questioned the Authority's continued reliance on the Indian Point 3 nuclear power plant and the State's reliance on nuclear technology in general.

ISSUE #11

Mr. Karig made two points which are particularly relevant to the matter at hand. First, he suggested that the "Lease" for sale of power to Con Edison not be extended to the year 2000. Second, he called for the Authority to immediately contract to purchase power from the Canadians.

Response

Chairman Flynn thanked Mr. Karig for his deeply felt beliefs and acknowledged the time and effort taken to present his statement at the public hearing. The Chairman also pointed out that the new sources of power that the Authority would provide for the foreseeable future, in the context of the Planning and Supply Agreement, would be hydro rather than nuclear power.

As to the suggestion that the Authority not extend the term of power sales to Con Edison, it should be noted that the new PSA does not change the current termination date (the year 2000) in the existing power sales agreement with that utility. Mr. Karig's call for the Authority to immediately contract with the Canadians is an appropriate suggestion. In fact, NYPA has already agreed in principle to substantially expand its Canadian purchases from Hydro Quebec by implementing a 21 year

purchase agreement for 1000 MW beginning in 1995. The public customers will receive 200 MW of this amount for supply of their electricity requirements.

2327k

EXHIBIT "G"

Issue 5: Poletti Decommissioning Costs

Comments: In 2014, NYPA exceeded its contingency budget for the Poletti decommissioning costs by $2.7 million and informed the NYCGCs that it would be adding another $11.3 million of costs to the project. The City asserts that NYPA did not properly plan the decommissioning of Poletti and some of the additional costs could have been avoided if the decommissioning plan had been more complete. As such, the City proposed NYPA accept some of the responsibility for these changes and absorb a portion of the additional costs. Further, the City proposed an equal division of the additional costs, thus reducing the decommissioning costs of $8.0 million.

Staff Analysis: The Authority's planning of the Poletti Decommissioning and Deconstruction Program occurred between 2007 and 2010. The Authority worked with consultants experienced in fossil fuel plant decommissioning, including Hatch Acres, Aecom and TRC to conduct studies, assessments, industry information, etc. to plan the Poletti Program and identify most obstacles and risks long in advance of the cease generation date in 2010. In early 2008, Hatch Acres, under contract with the Authority, produced the overall Deconstruction budget estimate, attached hereto as Exhibit "C". Aecom, also under contract with the Authority, put into place a comprehensive project plan (2008), then designed (2009) and deconstructed (2010) the Demineralizer as the first construction portion of the decommissioning program. The Decommissioning plan, annexed hereto as Exhibit "D", outlines the milestones and expected work, as well as target dates for the project. This was the first iteration of the plan, created before any RFP's were issued for the contract work to deconstruct the plant. An overall, broad scope document was also created which gave a high-level view of responsibilities for internal NYPA personnel, is attached hereto as Exhibit "E".

Prior to award of the deconstruction contract, each prospective bidder was required to provide a written outline approach to the project to assure their plan was in alignment with the approach NYPA and its consultants had considered through the years.

After the winning contractor, LVI Services, Inc. ("LVI"), was hired and actual deconstruction efforts began, LVI was held to submission of multiple project plans, which were routinely reviewed and improved upon, prior to permitting and the start of any work. LVI's initial schedule and final versions are attached hereto as Exhibit "F".

There are reports, studies, and presentations (Exhibits C, D, E and F) that were produced and put in place before work commenced which covered the scope of the entire project. These were all followed, improved upon as necessary, and established the checks and balances required to maintain the deconstruction program, as they would with any project of this size and scope.

As to the avoidance of additional costs, an explanation of why these items were only identified during the deconstruction process was provided to the NYCGCs on November 21, 2014, and is attached hereto as Exhibit "G". As stated in that memo, the costs would have been substantially the same for each of the additional items had they been identified before the project commenced.

Recommendation: Based upon the foregoing, staff disagrees with the suggestion that the additional charges be reduced, and states that the included costs are justified.

Decrease in New York City Governmental Customer Fixed Cost Component – Notice of Adoption

Exhibit "C"
Hatch Acres Deconstruction Budget Estimate

Summary

	Budgets	Decomissioning	Capital		Decomissioning	Capital	O&M
Planning (Incl Tank Farm, not Demin Building)	**7,500,000**						
Delete ACM Abatement portion out of Planning, 2.6M Abatement captured in demo costs		-425,000					
Re-assisgn New Utilities/Control Room to Capital			-2,650,000				
Delete study for surrounding structures. Captured in 2.4M				-100,000			
Delete new control room Study				-750,000			
Delete Law & Regualtion, Captured in 2.4M				-100,000			
Delete underground utility study _ part of 2.4M design				-500,000			
Revised Planning Total					**$ 2,975,000**	**$ 2,650,000**	
Construction /Demo (Incl Tank Farm, not Demin Building)	**59,511,000**						
Deduct O&M items				-63,300			
Delete cost for Capital Work & Re-assign			-2,660,133				
Add In Site SuperVision from Task 4.		2,049,788	-200,212				
Add in FO Yrad increase for esaclation		1,350,000					
Add in Construction Indirects included in Site Eng & PM costs for both Capitla & Demo Work Task 4.		8,905,191	-869,809				
Revised Demo Total					**$ 68,022,525**	**$ 3,730,154**	**$ 63,300**
New Control Center& Utilities	**7,000,000**						
Re-assisgn Capital Work and update per Aecom $			1,519,846			**$ 2,589,867**	
Site Engineering, Proj. Mangement, etc.	**13,100,000**						
Delete Site Supervision & add to demo& capital		-2,049,788	-200,212				
Delete Construction Indirect costs & Re-assign to Constr'n/Demo & Capital Demo Costs							
Insurance/Taxes/Other (6.1%)		-3,370,763	-329237				
Facilities and Utilities (1.23%)		-660,487	-64513				
Construction Support Services(1.4%)		-774,364	-75636				
Delete Equipment Costs (7.4%) & re-assign to Demo & Capital		-4,099,576	-400424				
Revised Site Eng. & CM Total					**$ 1,075,000**	**$ 325,000**	
Contingency	**$13,066,665**						
Adjust from 25% to 15% & re-assign Captial Work					**$ 10,810,879**	**$ 1,394,253**	**$ 9,495**
Salvage Value					-5000000		
Demin Plant Demo							
Demolition	$ 4,103,812						
Abatement	$ 917,415						
Contingency 25%	$ 1,013,284						
Site Eng & PM	$ 180,000						
Revised Demin Total					**$ 6,214,510**		
O&M Tasks- during Plant Shutdown							
Insurance							**$ 778,365**
Station Service	= MW * non station service rate*12 months						
lighting							
heat for the blowers							
Fire Protection Inspections/up keep							
Maintain Sewer pumps?							
Maintain/Inspection Telecommunications							
Snow Removal & Clearing							
					DeCommissioning	**Captial**	**O&M**
Grand Totals					**$ 84,097,914**	**$ 10,689,274**	**$ 72,795**

Task 1. Planning

Major Tasks Included in the planning activities are as follows:	Demolition Demo	Demolition Environmental	Capital	Delete	Comments
1. Asbestos abatement program (assessment and removal).Estimate based on the removal of 1,200 cubic yards of asbestos that is primarily pipe insulation.	$0	75000		$425,000	Asbestos Assessment should be in Planning, Removal to be in Constr/Demo. Move 425K to demo #. Captured in $2.6M demo portion. Delete entirely
2. Hazardous Waste Study	$0	50000			All haz mat included ACM. Add 75k from aboev item
3. Assessment of existing services to remain after controlled dismantling.	$0		$100,000		Part of new systems to be installed
4. Study to determine the impact of the controlled dismantling on adjacent structures.	$50,000			100000	Reduce by $100K assume results of findings are coordianetd in Design & Drawing item subtask 6.-2.5M
5. A study to assess the various alternatives relating to the continued operation of the control room.	$0			$ 750,000	9/18 meeting discussed keeping 50%. Can this total value be removed and assumed captured in subtask 6 - $2.5M
6. Design work related to the rerouting of existing systems and facilities to be maintained after the controlled dismantling.	$0		$2,500,000		This value seems extremely high. Gas for boiler will already be designed. Assume this task perfromed by outside vendors. What is value be for drawings and specifications
7. Possible sale of used equipment prior to the controlled dismantling.	$200,000				This is salvage Value Report. Can this be reduced to half.
8. Preparation of a tender specification for the controlled dismantling.	$2,400,000				Complete design, drawings& specs, include assessments here for underground studies, etc. Design of Oil tank demo captured
9. Study to identify all laws and regulations pertinent to the controlled dismantling.				100,000	Captured in 2.4M
10. Study to identify all underground services that will be cut and or capped below finished grade. The study would also determine what action is necessary prior to cutting and or capping the underground services.	$0			500000	Shouldn't this be part of subtask 8. $2.4Million to complete drawings and specs and complete design with a portion potentially aslo captured in subtask 6. for relocation of utlities.
11. A photographic and video record of adjacent structures prior to the controlled dismantling.	$50,000				
12. Installation of monitoring devices prior to the controlled dismantling.	$100,000				
13. Preparation of a budget and schedule.	$50,000		$50,000		split between capital and demo funds
Total	**$2,850,000**	**$125,000**	**$2,650,000**	**$1,875,000**	**$7,500,000**

2010 tasks - planned for performance in 2010

Task 2. Demolition
POLETTI DECONSTRUCTION BUDGET ESTIMATE

Description	QTY	Unit	Labor Unit	Labor Hrs	Labor $$	APPARENT CRAFT RATE (HATCH)	SUGGESTED CRAFT RATE (AECOM)	AECOM Suggested Labor $$	Mat'l Unit	Matl Cost	Subcontr.	Total Cost	13% P&O	Hatch Final9% 2010 Escaltion	Aecom Total Cost (Labor & Mat'l)	AECOM 13%p&O	AECOM inc.P&O and Escalation 2010	2010 tasks	Demo	Demo-Enviro	Demo - FO Yard	O&M	Capital	Comments/Questions for Estimators
Close Wall at Elev. Walkway	1	ls	3,500	3,500	292,810	83.66	94.50	330,750.00	55,000	55,000		347,810	393,025	428,398	385,750	435,898	$457,692		$ 457,692					Can this be capitalized:no
Construct Matl Salvage Area	1	ls						0.00		0	250,000	250,000	282,500	307,925	250,000	282,500	$296,625		$ 296,625					
Construct New Contr Room Install Equip., Connect, Test	1	ls	9,500	9,500	821,750	86.50	99.00	940,500.00	325,000	325,000		1,146,750	1,295,828	1,412,452	1,265,500	1,430,015	$1,501,516						$ 1,501,516	
Cut/Cap Yard Piping	1	ls	2,000	2,000	175,640	87.82	105.00	210,000.00	5,000	5,000		180,640	204,123	222,494	215,000	242,950	$255,098				$ 255,098			
Cut/Remove above gradeConcrete, Plant and Yard	1	ls	32,000	32,000	2,575,680	80.49	94.50	3,024,000.00	0	0		2,575,680	2,910,518	3,172,465	3,024,000	3,417,120	$3,587,976		$ 3,587,976					
Cut/Remove Boiler/Duct, etc.	1	ls	48,000	48,000	4,234,080	88.21	105.00	5,040,000.00	0	0		4,234,080	4,784,510	5,215,116	5,040,000	5,695,200	$5,979,960		$ 5,979,960					
Cut/Remove BOP Piping	1	ea	22,000	22,000	1,932,040	87.82	105.00	2,310,000.00	0	0		1,932,040	2,183,205	2,379,694	2,310,000	2,610,300	$2,740,815		$ 2,740,815					
Cut/Remove Cable Tray	1	ls	4,000	4,000	358,960	89.74	99.00	396,000.00	0	0		358,960	405,625	442,131	396,000	447,480	$469,854		$ 469,854					
Cut/Remove Conden. Tanks	1	ls	5,500	5,500	479,875	87.25	105.00	577,500.00	0	0		479,875	542,259	591,062	577,500	652,575	$685,204		$ 685,204					
Cut/Remove Condensers	1	ls	11,000	11,000	959,750	87.25	105.00	1,155,000.00	0	0		959,750	1,084,518	1,182,124	1,155,000	1,305,150	$1,370,408		$ 1,370,408					
Cut/Remove Conduit	1	ls	12,000	12,000	1,076,880	89.74	99.00	1,188,000.00	0	0		1,076,880	1,216,874	1,326,393	1,188,000	1,342,440	$1,409,562		$ 1,409,562					
Cut/Remove Critical Piping	1	ls	16,000	16,000	1,405,120	87.82	105.00	1,680,000.00	0	0		1,405,120	1,587,786	1,730,686	1,680,000	1,898,400	$1,993,320		$ 1,993,320					
Cut/Remove Electrical Cable	1	ls	9,000	9,000	807,660	89.74	99.00	891,000.00	0	0		807,660	912,656	994,795	891,000	1,006,830	$1,057,172		$ 1,057,172					
Cut/Remove FD/ID/AD Fans	1	ls	12,000	12,000	1,047,000	87.25	105.00	1,260,000.00	0	0		1,047,000	1,183,110	1,289,590	1,260,000	1,423,800	$1,494,990		$ 1,494,990					
Cut/Remove FO Stg. Tanks	1	ls	12,000	12,000	1,199,280	99.94	105.00	1,260,000.00	0	0		1,199,280	1,355,186	1,477,153	1,260,000	1,423,800	$1,494,990				$ 1,494,990			Burns & Roe carries total demo # of $477K for 2 tanks; Hatch has total for all as $2.7M. Assume with esaclation, and ACM to increase 4.1M total,
Cut/Remove Grating/HR, etc.	1	ls	12,000	12,000	1,199,280	99.94	94.50	1,134,000.00	0	0		1,199,280	1,355,186	1,477,153	1,134,000	1,281,420	$1,345,491		$ 1,345,491					
Cut/Remove Precipitators	1	ls	18,000	18,000	1,570,500	87.25	105.00	1,890,000.00	0	0		1,570,500	1,774,665	1,934,385	1,890,000	2,135,700	$2,242,485		$ 2,242,485					
Cut/Remove Steel Stacks	1	ls	4,000	4,000	352,840	88.21	105.00	420,000.00	0	0		352,840	398,709	434,593	420,000	474,600	$498,330		$ 498,330					
Cut/Remove Structural Steel	1	ls	53,000	53,000	5,296,820	99.94	94.50	5,008,500.00	0	0		5,296,820	5,985,407	6,524,093	5,008,500	5,659,605	$5,942,585		$ 5,942,585					
Cut/Remove/Cap Circ Wtr Pg	1	ls	4,000	4,000	351,280	87.82	105.00	420,000.00	5,000	5,000		356,280	402,596	438,830	425,000	480,250	$504,263		$ 504,263					
Dism/Remove Turbine, etc.	1	ls	16,000	16,000	1,396,000	87.25	105.00	1,680,000.00	0	0		1,396,000	1,577,480	1,719,453	1,680,000	1,898,400	$1,993,320		$ 1,993,320					
Dismantle Exist Contr Room and Reroute electric	1	ls	12,000	12,000	1,076,880	89.74	99.00	1,188,000.00	250,000	250,000		1,326,880	1,499,374	1,634,318	1,438,000	1,624,940	$1,706,187		$ 853,094				$ 853,094	
Disposal of Glycol	1	ls	80	80	5,172	64.65	94.50	7,560.00	0	0	25,000	30,172	34,094	37,163	32,560	36,793	$38,632					$ 38,632		part of O&M
Disposal of Non-Salvaged Non-Hazardous Materials	900	load	16	14,400	1,008,000	70.00	94.50	1,360,800.00	0	0	540,000	1,548,000	1,749,240	1,906,672	1,900,800	2,147,904	$2,255,299		$ 2,255,299					
Dispose/Recycle Batteries	1	ls	80	80	5,172	64.65	94.50	7,560.00	0	0		5,172	5,844	6,370	7,560	8,543	$8,970					$ 8,970		part of O&M
Dispose/Recycle Waste Oil	1	ls	140	140	8,982	64.16	94.50	13,230.00	0	0		8,982	10,149	11,063	13,230	14,950	$15,697					$ 15,697		
Make Safe FO Storage Tanks	1	ls						0.00		0	600,000	600,000	678,000	739,020	600,000	678,000	$711,900				$ 711,900			Burns & Roe,2001 carries $355k/1500 barrels/2tank disposed.No acm. Escalation total $4.1M
Material Salvage Operations	1	ls	42,000	42,000	3,422,160	81.48	94.50	3,969,000.00	0	0		3,422,160	3,867,041	4,215,074	3,969,000	4,484,970	$4,709,219		$ 4,709,219					define
Relocate Fire Pumps/Piping	1	ls						0.00		0	75,000	75,000	84,750	92,378	75,000	84,750	$88,988						$ 88,988	
Remove BO Transf. Yd Equip	1	ls	2,400	2,400	215,376	89.74	105.00	252,000.00	0	0		215,376	243,375	265,279	252,000	284,760	$298,998				$ 298,998			Burns & Roe carries total demo # of $477K for 2 tanks; Hatch has total for all as $2.7M. Assume with esaclation, ACM, total 4.1M
Remove Boiler Feed Pumps	1	ls	2,000	2,000	174,500	87.25	105.00	210,000.00	0	0		174,500	197,185	214,932	210,000	237,300	$249,165		$ 249,165					
Remove BOP Mech. Equip.	1	ls	12,000	12,000	1,047,000	87.25	105.00	1,260,000.00	0	0		1,047,000	1,183,110	1,289,590	1,260,000	1,423,800	$1,494,990		$ 1,494,990					
Remove Brick	1	ls	3,600	3,600	283,788	78.83	94.50	340,200.00	0	0		283,788	320,680	349,542	340,200	384,426	$403,647		$ 403,647					
Remove Bridge Crane	1	ls	800	800	69,800	87.25	105.00	84,000.00	0	0		69,800	78,874	85,973	84,000	94,920	$99,666		$ 99,666					
Remove Doors/Windows,etc	1	ls	5,500	5,500	141,955	25.81	94.50	519,750.00	0	0		141,955	160,409	174,846	519,750	587,318	$616,683		$ 616,683					
Remove Electrical Equip.	1	ls	8,000	8,000	717,920	89.74	105.00	840,000.00	0	0		717,920	811,250	884,262	840,000	949,200	$996,660		$ 996,660					
Remove Elev. Walkway	1	ls	2,000	2,000	167,320	83.66	94.50	189,000.00	0	0		167,320	189,072	206,088	189,000	213,570	$224,249		$ 224,249					
Remove HP/LP FW Heaters	1	ls	1,600	1,600	139,600	87.25	105.00	168,000.00	0	0		139,600	157,748	171,945	168,000	189,840	$199,332		$ 199,332					
Remove Main/Aux. Transfmrs	1	ls	3,200	3,200	287,168	89.74	105.00	336,000.00	0	0		287,168	324,500	353,705	336,000	379,680	$398,664		$ 398,664					
Remove Masonry	1	ls	3,000	3,000	253,260	84.42	94.50	283,500.00	0	0		253,260	286,184	311,940	283,500	320,355	$336,373		$ 336,373					
Remove Non-Haz Insulation	1	ls	4,500	4,500	364,905	81.09	99.00	445,500.00	0	0		364,905	412,343	449,453	445,500	503,415	$528,586		$ 528,586					
Remove Reboiler	1	ls	1,500	1,500	130,875	87.25	105.00	157,500.00	0	0		130,875	147,889	161,199	157,500	177,975	$186,874		$ 186,874					
Remove Roofing	1	ls	3,000	3,000	235,440	78.48	94.50	283,500.00	0	0		235,440	266,047	289,991	283,500	320,355	$336,373		$ 336,373					
Remove Water T'ment Equip.	1	ls	1,200	1,200	104,700	87.25	105.00	126,000.00	0	0		104,700	118,311	128,959	126,000	142,380	$149,499		$ 149,499					
Remove/Disp. Asbestos Insu	1	ls	19,000	19,000	1,540,710	81.09	99.00	1,881,000.00	0	0	360,000	1,900,710	2,147,802	2,341,105	2,241,000	2,532,330	$2,658,947			$ 2,658,947				$425K from Planning phase is capture within this number
Remove/Strip Bldg. Siding	1	ls	14,000	14,000	1,171,240	83.66	94.50	1,323,000.00	0	0		1,171,240	1,323,501	1,442,616	1,323,000	1,494,990	$1,569,740		$ 1,569,740					
Repair/Modify Wall at Unit # 5	1	ls	8,000	8,000	675,360	84.42	94.50	756,000.00	140,000	140,000		815,360	921,357	1,004,279	896,000	1,012,480	$1,063,104		$ 1,063,104					Can this be capitalized
Reroute gas line to Admin.	1	ls	1,500	1,500	131,730	87.82	105.00	157,500.00	25,000	25,000		156,730	177,105	193,044	182,500	206,225	$216,536						$ 216,536	
Site Restoration	1	ls	4,000	4,000	325,920	81.48	94.50	378,000.00	150,000	150,000		475,920	537,790	586,191	528,000	596,640	$626,472		$ 626,472					Can this be capitalized
FO Yard Escalation & ACM based on Tully $																					$ 1,350,000			
TOTAL DIRECT COSTS				475,000	41,238,178				955,000	955,000	1,850,000	44,043,178	49,768,791	$ 54,247,982	50,156,850	56,677,241	59,511,103		$ 51,367,738	$ 2,658,947	$ 4,110,986	$ 63,300	$ 2,660,133	$ 60,861,103

Task 3. New Control Room

	Aecom Value			
New Control Center/ Utility Relocations	$	2,589,867	**AECOM believes the number is too large Assume $5.25M Hatch accounst for 2.6M in demo #: increase by 2.6M**	
Utilities for relocation				
Natural Gas Suppy	hatch capture		$	216,536
Electrical Supply	hatch capture		$	853,094
Relay Protection				
Fire Protection	hatch capture		$	88,988
Potable water				
Underground drainage				
Sanitary Sewer Pumps				
Communicatiosn & Controls	hatch capture		$	1,501,516
			$	2,660,133

Task 4. Site Engineering

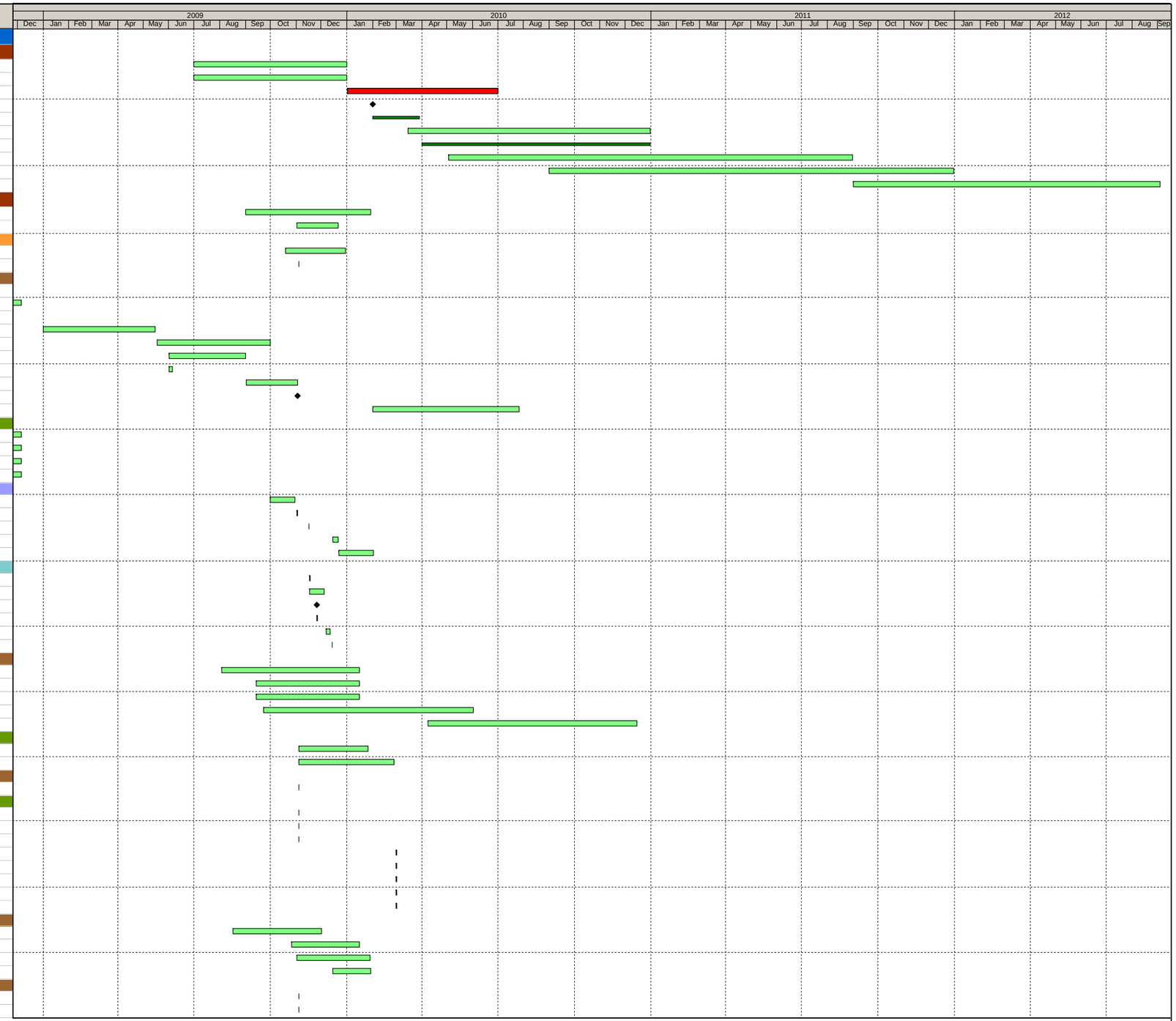
	Hatch Est.	Const'nSoft Costs	Hard costs	Decomissioning	Capital	
Site Engineering	500,000	500,000		350,000	150,000	**
Project Management	575,000	575,000		400,000	175,000	**
Site Supervision	2,250,000		2,250,000	2,049,788	200,212	*
Construction Indirect						
Insurance/Taxes/Other	3,700,000		3,700,000	3,370,763	329,237	
Facilities and Utilities	725,000		725,000	660,487	64,513	
Construction Support Services	850,000		850,000	774,364	75,636	
Total Construction Indirect						*
Construction Equipment Costs	4,500,000		4,500,000	4,099,576	400,424	*
Total	**13,100,000**	**1,075,000**	**12,025,000**			

* Part of contractors costs.
** Owners costs.

Decrease in New York City Governmental Customer Fixed Cost Component – Notice of Adoption

Exhibit "D"
Aecom's Poletti Decommissioning Plan

Responsibil...	Activity ID	Activity Name	Orig Dur	Rem Dur	Act Dur	Early Start	Early Finish
Poletti Power Plant Decomissioning - IPS - Update 3							
Poletti Major Activities							
AL	M1000	Define Project Tasks	132.00	132.00	0.00	01-Jul-09*	31-Dec-09
AL	M1010	Environmental & Safety Evaluation	132.00	132.00	0.00	01-Jul-09*	31-Dec-09
AL	M1020	Relocation of Critical Infrastructure: Design & Engineer	130.00	130.00	0.00	01-Jan-10*	01-Jul-10
TT	M1030	Poletti Decommissioning Date (Shutdown)	0.00	0.00	0.00	01-Feb-10	
TT	M1040	Enviro & Safety Stabilization (Shutdown)	40.19	40.19	0.00	01-Feb-10	29-Mar-10
AL	M1050	Deconstruction: Design & Engineer	210.00	210.00	0.00	15-Mar-10	31-Dec-10
TT/AL	M1070	Controlled disassembly (Selective Deconstruction)	196.60	196.60	0.00	01-Apr-10	31-Dec-10
AL	M1090	Firewatch	348.00	348.00	0.00	03-May-10*	31-Aug-11
AL	M1060	Relocation of Critical Infrastructure: Construction	348.00	348.00	0.00	01-Sep-10	30-Dec-11
AL	M1080	Deconstruction	263.00	263.00	0.00	01-Sep-11*	03-Sep-12
Poletti Pre-Decommissioning							
	1B	Develop & Finalize Shutdown Schedule	109.00	109.00	0.00	01-Sep-09*	29-Jan-10
	110	Provide environmental specifications & drawings	36.00	36.00	0.00	02-Nov-09*	21-Dec-09
Program Planning							
	PrP1000	Pre-demo & Staff Task Assessment	53.00	53.00	0.00	19-Oct-09*	30-Dec-09
	PrP1010	Establish Lay-Down/Temp Storage for Salvage Material	1.00	1.00	0.00	04-Nov-09*	04-Nov-09
Admin/PM Process							
	PM1070	Issue Draft IPS	0.00	0.00	0.00		24-Nov-08
	PM1080	NYPA Review IPS Draft	10.00	10.00	0.00	24-Nov-08	05-Dec-08
	PM1090	AECOM Issue Final IPS	0.00	0.00	0.00		05-Dec-08
	PM1030	Prepare Budgets	97.00	97.00	0.00	01-Jan-09*	15-May-09
	PM1040	Establish WBS#	98.00	98.00	0.00	18-May-09	30-Sep-09
	PM1000	Stakeholder Division of Responsibility	67.00	67.00	0.00	01-Jun-09*	01-Sep-09
	PM1050	Get PM Workorder	5.00	5.00	0.00	01-Jun-09	05-Jun-09
	PM1010	Establish Outline Deliverable Dates	44.00	44.00	0.00	02-Sep-09	02-Nov-09
	PM1020	Issue Project Overview Statement (POS)	0.00	0.00	0.00		02-Nov-09
	PM1060	Kickoff Bi-Weekly Meetings	126.00	126.00	0.00	01-Feb-10	26-Jul-10
Scope of Work (SOW)							
	SOW1000	Define SOW for System Relocation	10.00	10.00	0.00	24-Nov-08	05-Dec-08
	SOW1010	Define SOW for Selective Decommissioning	10.00	10.00	0.00	24-Nov-08	05-Dec-08
	SOW1020	Define SOW for Support Buildings/Structures to Remain	10.00	10.00	0.00	24-Nov-08	05-Dec-08
	SOW1030	Define SOW for Site Kept Equipment	10.00	10.00	0.00	24-Nov-08	05-Dec-08
Salvage Assessment FMV							
	SA1000	RFP for Salvage Consultant	22.00	22.00	0.00	01-Oct-09*	30-Oct-09
	SA1010	Sap Request/Release to Procurement	1.00	1.00	0.00	02-Nov-09	02-Nov-09
	SA1020	Post Advertisement to NYS Contract Reporter for CP	1.00	1.00	0.00	16-Nov-09	16-Nov-09
	SA1030	Award FMV	5.00	5.00	0.00	15-Dec-09	21-Dec-09
	SA1040	Perform Salvage Value Assessment	30.00	30.00	0.00	22-Dec-09	01-Feb-10
Proposal Period FMV							
	PP1000	Proposer Review Documents	1.00	1.00	0.00	17-Nov-09	17-Nov-09
	PP1030	CP Proposal Due	14.00	14.00	0.00	17-Nov-09	04-Dec-09
	PP1010	Proposal Questions Due	0.00	0.00	0.00		25-Nov-09
	PP1020	Addenda (If Required)	1.00	1.00	0.00	26-Nov-09	26-Nov-09
	PP1040	NYPA Review Proposals	5.00	5.00	0.00	07-Dec-09	11-Dec-09
	PP1050	Short List	1.00	1.00	0.00	14-Dec-09	14-Dec-09
Legal Agreements							
	L1020	O&M Agreement - Modify/Revoke Q35	120.00	120.00	0.00	03-Aug-09*	15-Jan-10
	L1000	Service Agreement - Deliver of Power & Energy	90.00	90.00	0.00	14-Sep-09*	15-Jan-10
	L1010	Planning & Supply Agreement	90.00	90.00	0.00	14-Sep-09	15-Jan-10
	L1030	Acquisition Agreement	180.00	180.00	0.00	23-Sep-09*	01-Jun-10
	L1040	Plant Closing Agreement	180.00	180.00	0.00	08-Apr-10*	15-Dec-10
New Agreements							
	NA1000	Aux Steam	60.00	60.00	0.00	04-Nov-09	26-Jan-10
	NA1010	Aux Power with Con Ed	83.00	83.00	0.00	04-Nov-09*	26-Feb-10
Assest Management							
	AM1000	Retirement of Assets	1.00	1.00	0.00	04-Nov-09*	04-Nov-09
Establish Site Kept Equipment							
	SK1050	Vehicles & Heavy Equipment	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	SK1060	Tools	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	SK1070	Office Furniture & Equipment	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	SK1000	Fans	1.00	1.00	0.00	01-Mar-10*	01-Mar-10
	SK1010	Pumps	1.00	1.00	0.00	01-Mar-10	01-Mar-10
	SK1020	Valves	1.00	1.00	0.00	01-Mar-10	01-Mar-10
	SK1030	Compressors	1.00	1.00	0.00	01-Mar-10	01-Mar-10
	SK1040	Electrical Equipment	1.00	1.00	0.00	01-Mar-10	01-Mar-10
Fuels & ERM							
	ERM1000	FOY - Sale/Transfer	77.00	77.00	0.00	17-Aug-09*	01-Dec-09
	ERM1020	Station Service - Extend/Modify/Revoke	60.00	60.00	0.00	26-Oct-09*	15-Jan-10
	ERM1030	Admin Building Power	64.00	64.00	0.00	02-Nov-09*	28-Jan-10
	ERM1010	Force/Economical Burn	34.00	34.00	0.00	15-Dec-09*	29-Jan-10
Public Notifications							
	PN1000	EPA	1.00	1.00	0.00	04-Nov-09*	04-Nov-09
	PN1010	DEC	1.00	1.00	0.00	04-Nov-09	04-Nov-09

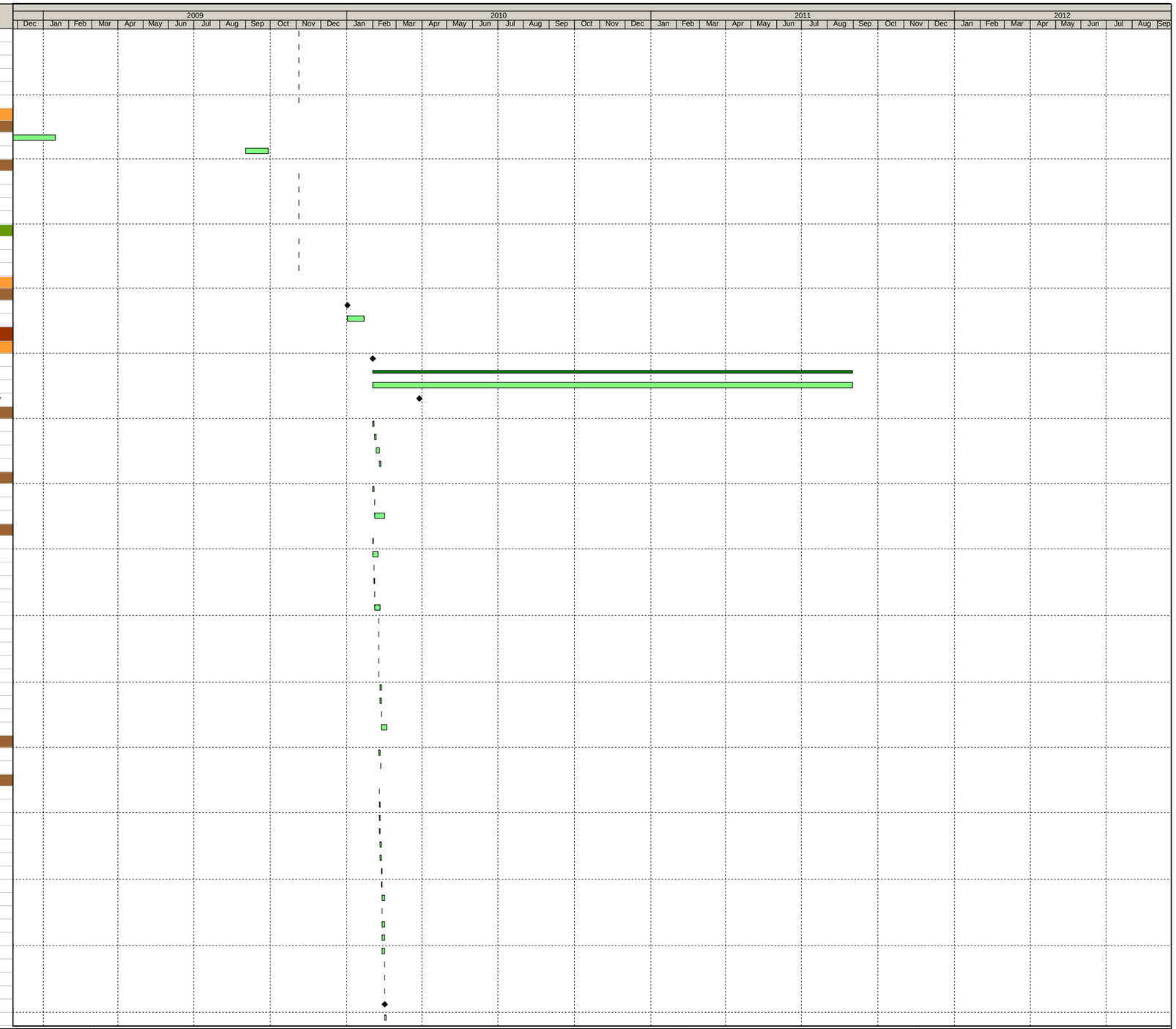


Remaining Level of Effort
Remaining Work
Longest Path
Critical Remaining Work
Actual Level of Effort
Mllestone 2
Actual Work

Poletti Power Plant Decommissioning
Overall Program IPS
In Progress - Data Date: 24-Nov-08

Page 1 of 6 - Completion Date: 03-Sep-12 - Print Date/Time: 08-Jan-10, 15:18

Responsibil...	Activity ID	Activity Name	Orig Dur	Rem Dur	Act Dur	Early Start	Early Finish
	PN1020	DEP	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	PN1030	FDNY	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	PN1040	Con ED	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	PN1050	Uspower	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	PN1060	NYISO	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	PN1070	FAA - Stack Lights	1.00	1.00	0.00	04-Nov-09	04-Nov-09
Environmental & Safety Evaluation							
Data & Drawing Collection							
	DD1010	Drawings (M,E,P,S,A)	39.00	39.00	0.00	24-Nov-08	15-Jan-09
	DD1000	Haz/Mat Reports	20.00	20.00	0.00	01-Sep-09*	28-Sep-09
Environmental & Health Safety							
	EH1000	SPDES Permit-Modify/Expire	1.00	1.00	0.00	04-Nov-09*	04-Nov-09
	EH1010	Title V Modification	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	EH1020	Bulk Fuel Storage/UST	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	EH1030	Chemical Storage/Handling	1.00	1.00	0.00	04-Nov-09	04-Nov-09
Haz/Mat Assessment							
	HM1000	Mercury & PCBs	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	HM1010	Lead	1.00	1.00	0.00	04-Nov-09	04-Nov-09
	HM1020	Asbestos	1.00	1.00	0.00	04-Nov-09	04-Nov-09
Relocation of Critical Infrastructure: Construction (System Relocation)							
Gas Line							
AL	GL100	Award Gasline relocation contract	0.00	0.00	0.00	01-Jan-10*	
AL	GL110	Construction/Testing/Commissioning	15.00	15.00	0.00	01-Jan-10	21-Jan-10
Poletti Decommissioning							
Enviro & Safety Stabilization (Shutdown)							
TT	90	Poletti Decommissioning Date (Shutdown)	0.00	0.00	0.00	01-Feb-10*	
TT	100	Environmental Compliance	413.00	413.00	0.00	01-Feb-10	31-Aug-11
TT	140	Lock out/safety compliance	413.00	413.00	0.00	01-Feb-10	31-Aug-11
	150	Poletti Decommissioning (Shutdown) Complete	0.00	0.00	0.00		29-Mar-10*
Regenerative Feedwater Heating System							
	5	62, 63, 64 & 65 Feedwater Heaters - North and South Sets	2.00	2.00	0.00	01-Feb-10	02-Feb-10
	75	Drain 62, 63, 64 & 65 Feedwater Heaters - North and South Sets	2.00	2.00	0.00	03-Feb-10	04-Feb-10
	6	66 and 67 Feedwater Heaters - North and South Sets	2.00	2.00	0.00	05-Feb-10	08-Feb-10
	86	Drain 66 and 67 Feedwater Heaters - North and South Sets	2.00	2.00	0.00	09-Feb-10	10-Feb-10
Fuel Oil Auxiliaries and Consensate Tank							
	2	Fuel Oil Meters	2.00	2.00	0.00	01-Feb-10	02-Feb-10
	3	Waste Oil Injection Pump	0.13	0.13	0.00	03-Feb-10	03-Feb-10
	93	Drain Waste Oil Injection Pump	8.00	8.00	0.00	03-Feb-10	15-Feb-10
Steam Turbine/Generator							
	13	Static Uninterruptible Power Supply Units (Static Inverters)	1.00	1.00	0.00	01-Feb-10	01-Feb-10
	95	T/G Cooling-off Period	18.00	18.00	0.00	01-Feb-10	07-Feb-10
	9	Twin Tower Hydrogen Drier	0.25	0.25	0.00	02-Feb-10	02-Feb-10
	10	Main Turn Lube Oil Coolers	1.00	1.00	0.00	02-Feb-10	03-Feb-10
	11	61 and/or 62 EH Fluid Pumps	0.25	0.25	0.00	03-Feb-10	03-Feb-10
	21	Drain 61 and/or 62 EH Fluid Pumps	4.00	4.00	0.00	03-Feb-10	09-Feb-10
	16	Lube Oil Transfer Pump	0.06	0.06	0.00	08-Feb-10	08-Feb-10
	17	Main Turb and Boiler Feed Pump Turb Lube Oil Conditioning System	0.13	0.13	0.00	08-Feb-10	08-Feb-10
	14	61 Generator Lead Cooling Fans	0.13	0.13	0.00	08-Feb-10	08-Feb-10
	14A	62 Generator Lead Cooling Fans	0.13	0.13	0.00	08-Feb-10	08-Feb-10
	15A	62 Isophase Bus Cooling Fans	0.13	0.13	0.00	08-Feb-10	08-Feb-10
	8	Hydrogen Bulk Storage Supply System	2.00	2.00	0.00	09-Feb-10	11-Feb-10
	12	Main Lube Oil System & Seal Oil System	2.00	2.00	0.00	09-Feb-10	11-Feb-10
	15	61 Isophase Bus Cooling Fans	0.13	0.13	0.00	11-Feb-10	11-Feb-10
	102	Drain Main Lube Oil System & Seal Oil System	4.00	4.00	0.00	11-Feb-10	17-Feb-10
Turbine Driven Boiler Feed Pumps							
	19	North or South Boiler Feed Pump	2.00	2.00	0.00	08-Feb-10	09-Feb-10
	20	North and/or South Boiler Feed Pump Lube Oil Purifiers	0.25	0.25	0.00	10-Feb-10	10-Feb-10
Auxiliary Water Systems							
	32	61 and/or 62 Vacuum Priming Pumps	0.25	0.25	0.00	09-Feb-10	09-Feb-10
	34A	63 or 64 Traveling Screens	0.50	0.50	0.00	09-Feb-10	09-Feb-10
	22	61 Stator Water Pump	0.25	0.25	0.00	09-Feb-10	09-Feb-10
	41	61, 62 or 63 Seal Water Injection Pumps	0.25	0.25	0.00	09-Feb-10	09-Feb-10
	42	Drain 61 Stator Water Pump	2.00	2.00	0.00	09-Feb-10	11-Feb-10
	80	Drain 61, 62 or 63 Seal Water Injection Pumps	2.00	2.00	0.00	09-Feb-10	11-Feb-10
	28	61 & 62 Circulating Water Pumps	1.00	1.00	0.00	11-Feb-10	12-Feb-10
	40	P6-1 and/or P6-2 Chilled Water Pumps	0.88	0.88	0.00	11-Feb-10	12-Feb-10
	27	61 Condenser Vacuum Pumps	1.00	1.00	0.00	12-Feb-10	15-Feb-10
	29	61 Screenwash Pumps	0.50	0.50	0.00	12-Feb-10	12-Feb-10
	31	61 and/or 62 Salt water Service Pumps	1.00	1.00	0.00	12-Feb-10	15-Feb-10
	33	61 and/or 62 Heater Drain Pumps	1.00	1.00	0.00	12-Feb-10	15-Feb-10
	26	61 Condensate Pumps	0.88	0.88	0.00	12-Feb-10	15-Feb-10
	34	61 or 62 Traveling Screens	0.50	0.50	0.00	15-Feb-10	15-Feb-10
	35	Saltwater Service Rotary Strainer	0.50	0.50	0.00	15-Feb-10	15-Feb-10
	36	61/62 Saltwater Service Pump VSD	0.50	0.50	0.00	15-Feb-10	15-Feb-10
	37	Closed Cooling Water Pumps	0.00	0.00	0.00		15-Feb-10
	49	Drain 61 and/or 62 Salt water Service Pumps	2.00	2.00	0.00	15-Feb-10	17-Feb-10



Remaining Level of Effort
Remaining Work
Longest Path
Critical Remaining Work
Actual Level of Effort
Mllestone 2
Actual Work

Poletti Power Plant Decommissioning
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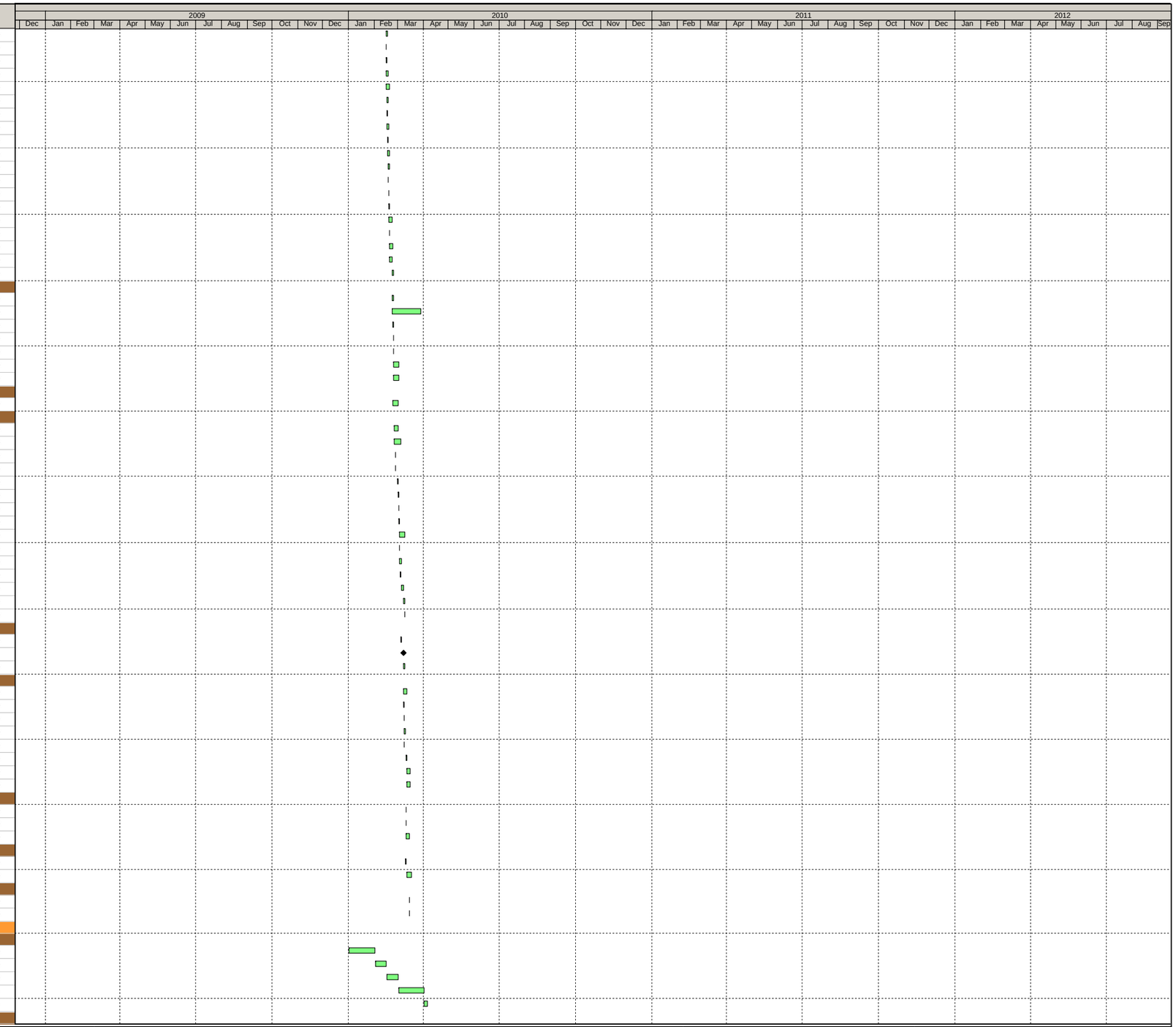
Responsibil...	Activity ID	Activity Name	Orig Dur	Rem Dur	Act Dur	Early Start	Early Finish
	104	Drain 61 Condensate Pumps	2.00	2.00	0.00	15-Feb-10	17-Feb-10
	39	Skimming Pump	0.06	0.06	0.00	15-Feb-10	15-Feb-10
	26A	62 Condensate Pumps	0.88	0.88	0.00	15-Feb-10	16-Feb-10
	120	Drain 61/62 Saltwater Service Pump VSD	2.00	2.00	0.00	15-Feb-10	17-Feb-10
	99	Drain Skimming Pump	4.00	4.00	0.00	15-Feb-10	19-Feb-10
	27A	62 Condenser Vacuum Pumps	1.00	1.00	0.00	16-Feb-10	17-Feb-10
	29A	62 Screenwash Pumps	0.50	0.50	0.00	16-Feb-10	17-Feb-10
	26A10	Drain 62 Condensate Pumps	2.00	2.00	0.00	16-Feb-10	18-Feb-10
	30	61 & 62 Air Heater Wash Pumps	0.25	0.25	0.00	17-Feb-10	17-Feb-10
	29A10	Drain 62 Screenwash Pumps	2.00	2.00	0.00	17-Feb-10	19-Feb-10
	130	Drain 61 & 62 Air Heater Wash Pumps	2.00	2.00	0.00	17-Feb-10	19-Feb-10
	38	Condensate Transfer Pump	0.25	0.25	0.00	17-Feb-10	17-Feb-10
	25	61 & 62 Stator Pumps	0.25	0.25	0.00	18-Feb-10	18-Feb-10
	78	Drain Condensate Transfer Pump	2.00	2.00	0.00	18-Feb-10	19-Feb-10
	94	Drain 61 & 62 Stator Pumps	2.00	2.00	0.00	18-Feb-10	22-Feb-10
	24	61/62 Exciter Cooler Booster Pumps	0.25	0.25	0.00	19-Feb-10	19-Feb-10
	83	Drain 61/62 Exciter Cooler Booster Pumps	2.00	2.00	0.00	19-Feb-10	23-Feb-10
	23	62 Stator Water Pump	0.25	0.25	0.00	19-Feb-10	22-Feb-10
	84	Drain 62 Stator Water Pump	2.00	2.00	0.00	22-Feb-10	24-Feb-10
Fuel Oil System							
	44	P-10A, P-10B, or P-10C Fuel Oil Forwarding Pumps	2.00	2.00	0.00	22-Feb-10	24-Feb-10
	50	Main Boiler - Fuel Hold Off/Steam Cleaning/Pigging	25.00	25.00	0.00	22-Feb-10	29-Mar-10
	45	Fuel Oil Yard Condensate Return Pumps	0.50	0.50	0.00	23-Feb-10	24-Feb-10
	46	Fuel Oil Yard Instrument Air Compressor	0.06	0.06	0.00	24-Feb-10	24-Feb-10
	47	Fuel Oil Yard Service Air Compressor	0.06	0.06	0.00	24-Feb-10	24-Feb-10
	43	61 and/or 62 Fuel Oil Heater & Drain Cooler	4.00	4.00	0.00	24-Feb-10	02-Mar-10
	48	P-11A or P-11B Fuel Oil Transfer Pumps	4.00	4.00	0.00	24-Feb-10	02-Mar-10
Fuel Gas System							
	70	Clean Gas Lines	5.00	5.00	0.00	23-Feb-10	01-Mar-10
Main Boiler Air & Gas Flow							
	52	Main Boiler Burner Pair	3.00	3.00	0.00	25-Feb-10	01-Mar-10
	55	Main Boiler - Fan Hold Off	6.00	6.00	0.00	25-Feb-10	04-Mar-10
	53	61 and/or 62 ID Fan	0.50	0.50	0.00	26-Feb-10	26-Feb-10
	54	61 and/or 62 FD Fan	0.50	0.50	0.00	26-Feb-10	26-Feb-10
	56	61 and/or 62 AD Fan	0.50	0.50	0.00	01-Mar-10	01-Mar-10
	58	61 ID ASD Fan and/or Motor	1.00	1.00	0.00	01-Mar-10	02-Mar-10
	62	61 and/or 62 APH Sootblowers	1.00	1.00	0.00	02-Mar-10	02-Mar-10
	59	63 ID ASD Fan and/or Motor	1.00	1.00	0.00	02-Mar-10	03-Mar-10
	60	Any Main Boiler Sootblower	5.00	5.00	0.00	03-Mar-10	09-Mar-10
	65A	62 Station Air Compressor	1.00	1.00	0.00	03-Mar-10	03-Mar-10
	64	61 & 62 Instrument Air Compressors	2.00	2.00	0.00	03-Mar-10	05-Mar-10
	57	61 and/or 62 Lungstrom Rotary Air Heaters	1.00	1.00	0.00	04-Mar-10	04-Mar-10
	66	61 Instrument Air Compressor	1.00	1.00	0.00	05-Mar-10	08-Mar-10
	65	61 Station Air Compressor	1.00	1.00	0.00	08-Mar-10	09-Mar-10
	63	Air Preheater Wash Transfer Pump	0.50	0.50	0.00	09-Mar-10	09-Mar-10
Heat Exchanger System							
	68	61 and/or 62 Air Preheater Hot Water Coil Heat Exchangers	1.00	1.00	0.00	05-Mar-10	05-Mar-10
	69	61 and/or 62 Closed Cooling Water Heat Exchanger	0.00	0.00	0.00	08-Mar-10	
	89	Drain 61 and/or 62 Closed Cooling Water Heat Exchanger	2.00	2.00	0.00	08-Mar-10	09-Mar-10
Auxiliary Systems							
	71	Caustic, Phosphate & Ammonia Pumps	4.50	4.50	0.00	08-Mar-10	12-Mar-10
	72	61 and/or 62 Deaerator Heater make-up Pump	1.00	1.00	0.00	08-Mar-10	08-Mar-10
	73	Auxiliary Boiler Forced Draft Fan	0.13	0.13	0.00	09-Mar-10	09-Mar-10
	92	Drain 61 and/or 62 Deaerator Heater make-up Pump	2.00	2.00	0.00	09-Mar-10	10-Mar-10
	74	Auxiliary Boiler	0.13	0.13	0.00	09-Mar-10	09-Mar-10
	71A	Hydrazine Pumps	1.50	1.50	0.00	11-Mar-10	12-Mar-10
	91	Drain Caustic, Phosphate & Ammonia Pumps	2.00	2.00	0.00	12-Mar-10	16-Mar-10
	71A10	Drain Hydrazine Pumps	2.00	2.00	0.00	12-Mar-10	16-Mar-10
Desuperheater and Accessories							
	76	Reboiler	0.50	0.50	0.00	11-Mar-10	11-Mar-10
	77	Reboiler Feed Pump	0.50	0.50	0.00	11-Mar-10	11-Mar-10
	87	Drain Reboiler Feed Pump	2.00	2.00	0.00	11-Mar-10	15-Mar-10
Transformers							
	79	No. 61 or 62 Air Blast Breaker Air Compressors	2.00	2.00	0.00	10-Mar-10	11-Mar-10
	109	Drain No. 61 or 62 Air Blast Breaker Air Compressors	4.00	4.00	0.00	12-Mar-10	17-Mar-10
Plant HVAC Systems							
	81	Water Chillers 6-1, 2, & 3	0.13	0.13	0.00	15-Mar-10	15-Mar-10
	82	HTHW Vent Heating System	0.13	0.13	0.00	15-Mar-10	15-Mar-10
Relocation of Critical Infrastructure: Construction (System Relocation)							
Eng. Temp. Relocation Kensico RTU							
FP	RTU130	Conceptual design (site walk down)	22.00	22.00	0.00	01-Jan-10	01-Feb-10
FP	RTU160	Comments incorporated Concept accepted	10.00	10.00	0.00	02-Feb-10	15-Feb-10
FP	RTU180	Determine implementation strategy/plan (contracting schedule)	10.00	10.00	0.00	16-Feb-10	01-Mar-10
FP	RTU230	Construction	23.00	23.00	0.00	02-Mar-10	01-Apr-10
FP	RTU240	Testing/Commissioning	2.00	2.00	0.00	02-Apr-10	05-Apr-10
Eng. Fire Protectin Modifications							



NewYorkPower Authority

Remaining Level of Effort
Longest Path
Actual Level of Effort
Actual Work
Remaining Work
Critical Remaining Work
MIlestone 2

Poletti Power Plant Decommissioning
Overall Program IPS
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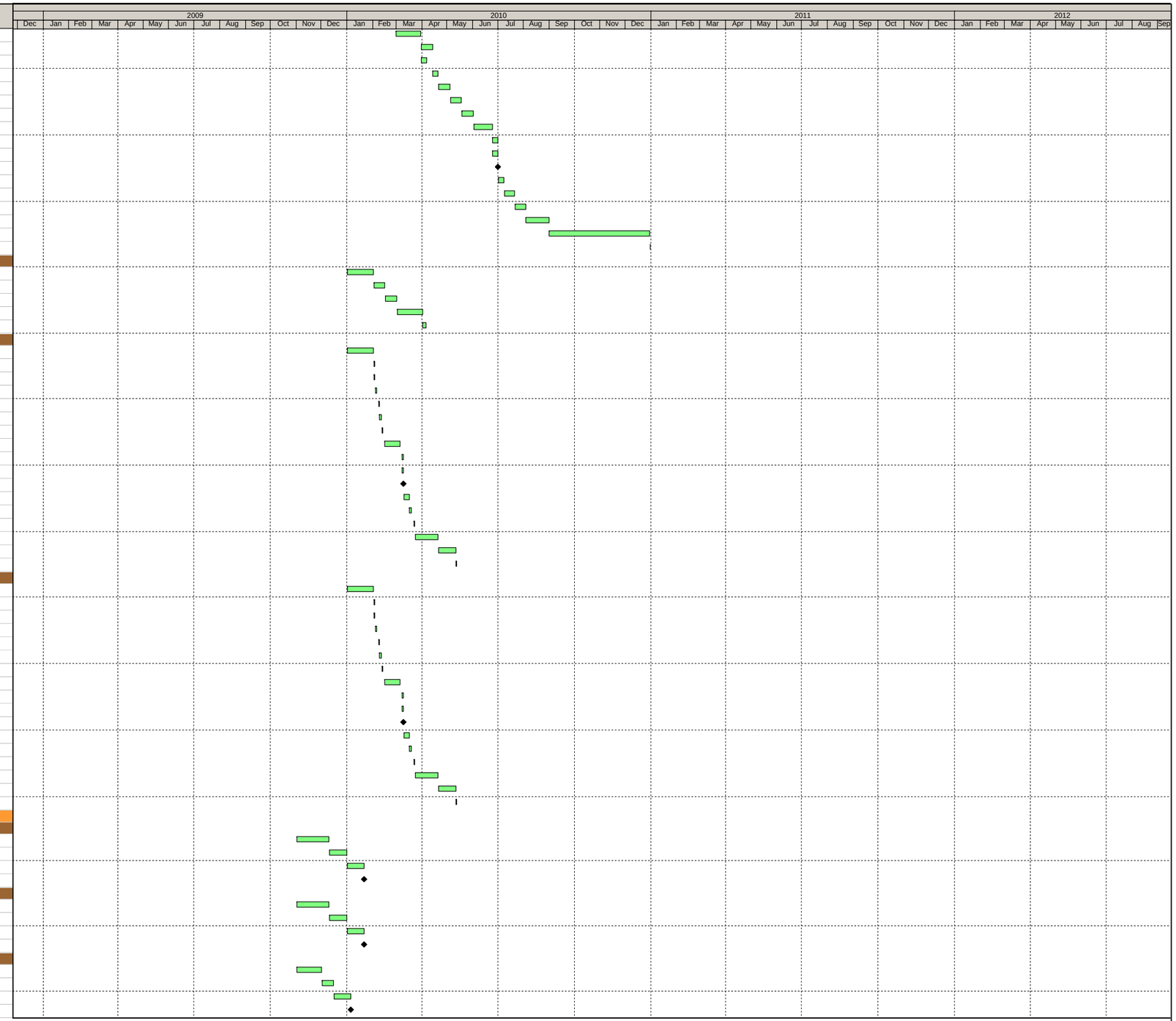
AECOM

Responsibil...	Activity ID	Activity Name	Orig Dur	Rem Dur	Act Dur	Early Start	Early Finish
WS	FP250	Conceptual design (site walk down)	22.00	22.00	0.00	01-Mar-10*	30-Mar-10
WS	FP260	Conceptual - Permitting - Environmental Review	10.00	10.00	0.00	31-Mar-10	13-Apr-10
WS	FP265	Conceptual - Code Compliance Review	5.00	5.00	0.00	31-Mar-10	06-Apr-10
WS	FP270	Inter-discipline review	5.00	5.00	0.00	14-Apr-10	20-Apr-10
WS	FP280	Comments incorporated Concept accepted	10.00	10.00	0.00	21-Apr-10	04-May-10
WS	FP290	Collect as-built data	10.00	10.00	0.00	05-May-10	18-May-10
WS	FP300	Determine implementation strategy/plan (contracting schedule)	10.00	10.00	0.00	19-May-10	01-Jun-10
WS	FP310	Prepare technical package construction dwgs & specs	17.00	17.00	0.00	02-Jun-10	24-Jun-10
WS	FP312	Technical Pkg - Permitting - Environmental Review	5.00	5.00	0.00	25-Jun-10	01-Jul-10
WS	FP315	Technical Pkg - Code Compliance Review	5.00	5.00	0.00	25-Jun-10	01-Jul-10
WS	FP317	Issue Construction Drawings	0.00	0.00	0.00		01-Jul-10
WS	FP319	Issue Construction Permit	5.00	5.00	0.00	02-Jul-10	08-Jul-10
WS	FP320	Develop budgetary cost & estimated schedule	9.00	9.00	0.00	09-Jul-10	21-Jul-10
WS	FP330	Prepare bid package if necessary	9.00	9.00	0.00	22-Jul-10	03-Aug-10
WS	FP340	Bid evaluate and award (if needed)	20.00	20.00	0.00	04-Aug-10	31-Aug-10
WS	FP350	Construction	87.00	87.00	0.00	01-Sep-10	30-Dec-10
WS	FP360	Testing/Commissioning	1.00	1.00	0.00	31-Dec-10	31-Dec-10
Eng. Temp Relocation of Y-49 Controls							
FP	Y49-370	Conceptual design (site walk down)	22.00	22.00	0.00	01-Jan-10	01-Feb-10
FP	Y49-400	Comments incorporated Concept accepted	10.00	10.00	0.00	02-Feb-10	15-Feb-10
FP	Y49-420	Determine implementation strategy/plan (contracting schedule)	10.00	10.00	0.00	16-Feb-10	01-Mar-10
FP	Y49-470	Construction	23.00	23.00	0.00	02-Mar-10	01-Apr-10
FP	Y49-480	Testing/Commissioning	2.00	2.00	0.00	02-Apr-10	05-Apr-10
Eng. Electrical Feed for Sewer ejection pits							
CK	SE850	Conceptual design (site walk down)	22.00	22.00	0.00	01-Jan-10	01-Feb-10
CK	SE860	Conceptual - Permitting - Environmental Review	2.00	2.00	0.00	02-Feb-10	03-Feb-10
CK	SE865	Conceptual - Code Compliance Review	2.00	2.00	0.00	02-Feb-10	03-Feb-10
CK	SE870	Inter-discipline review	2.00	2.00	0.00	04-Feb-10	05-Feb-10
CK	SE880	Comments incorporated Concept accepted	1.00	1.00	0.00	08-Feb-10	08-Feb-10
CK	SE890	Collect as-built data	3.00	3.00	0.00	09-Feb-10	11-Feb-10
CK	SE900	Determine implementation strategy/plan (contracting schedule)	1.00	1.00	0.00	12-Feb-10	12-Feb-10
CK	SE910	Prepare technical package construction dwgs & specs	15.00	15.00	0.00	15-Feb-10	05-Mar-10
CK	SE912	Technical Pkg - Permitting - Environmental Review	2.00	2.00	0.00	08-Mar-10	09-Mar-10
CK	SE915	Technical Pkg - Code Compliance Review	2.00	2.00	0.00	08-Mar-10	09-Mar-10
CK	SE917	Issue Construction Drawings	0.00	0.00	0.00		09-Mar-10
CK	SE919	Issue Construction Permit	5.00	5.00	0.00	10-Mar-10	16-Mar-10
CK	SE920	Develop budgetary cost & estimated schedule	3.00	3.00	0.00	17-Mar-10	19-Mar-10
CK	SE930	Prepare bid package if necessary	2.00	2.00	0.00	22-Mar-10	23-Mar-10
CK	SE940	Bid evaluate and award (if needed)	20.00	20.00	0.00	24-Mar-10	20-Apr-10
CK	SE950	Construction	15.00	15.00	0.00	21-Apr-10	11-May-10
CK	SE960	Testing/Commissioning	1.00	1.00	0.00	12-May-10	12-May-10
Electric Feed for the Fuel Oil Yard							
CK	AB490	Conceptual design (site walk down)	22.00	22.00	0.00	01-Jan-10	01-Feb-10
CK	AB500	Conceptual - Permitting - Environmental Review	2.00	2.00	0.00	02-Feb-10	03-Feb-10
CK	AB505	Conceptual - Code Compliance Review	2.00	2.00	0.00	02-Feb-10	03-Feb-10
CK	AB510	Inter-discipline review	2.00	2.00	0.00	04-Feb-10	05-Feb-10
CK	AB520	Comments incorporated Concept accepted	1.00	1.00	0.00	08-Feb-10	08-Feb-10
CK	AB530	Collect as-built data	3.00	3.00	0.00	09-Feb-10	11-Feb-10
CK	AB540	Determine implementation strategy/plan (contracting schedule)	1.00	1.00	0.00	12-Feb-10	12-Feb-10
CK	AB550	Prepare technical package construction dwgs & specs	15.00	15.00	0.00	15-Feb-10	05-Mar-10
CK	AB552	Technical Pkg - Permitting - Environmental Review	2.00	2.00	0.00	08-Mar-10	09-Mar-10
CK	AB555	Technical Pkg - Code Compliance Review	2.00	2.00	0.00	08-Mar-10	09-Mar-10
CK	AB557	Issue Construction Drawings	0.00	0.00	0.00		09-Mar-10
CK	AB559	Issue Construction Permit	5.00	5.00	0.00	10-Mar-10	16-Mar-10
CK	AB560	Develop budgetary cost & estimated schedule	3.00	3.00	0.00	17-Mar-10	19-Mar-10
CK	AB570	Prepare bid package if necessary	2.00	2.00	0.00	22-Mar-10	23-Mar-10
CK	AB580	Bid evaluate and award (if needed)	20.00	20.00	0.00	24-Mar-10	20-Apr-10
CK	AB590	Construction	15.00	15.00	0.00	21-Apr-10	11-May-10
CK	AB600	Testing/Commissioning	1.00	1.00	0.00	12-May-10	12-May-10
HOP Process (Lock Out Tag Out)							
Fuel Oil Auxiliaries & Condensate							
LP	1A20	Prepare Fuel Oil Auxiliaries and Condensate HOP Draft	29.00	29.00	0.00	02-Nov-09*	10-Dec-09
JN	1A270	AECOM Review of Fuel Oil Auxiliaries and Condensate HOP Draft	15.00	15.00	0.00	11-Dec-09	31-Dec-09
TT	1A280	Mgt Review of Fuel Oil Auxiliaries and Condensate HOP Draft	15.00	15.00	0.00	01-Jan-10	21-Jan-10
TT	1A600	Issue Fuel Oil Auxiliaries and Condensate HOP	0.00	0.00	0.00		21-Jan-10
Regenerative Feedwater Heating System							
LP	1A50	Prepare Regenerative Feedwater Heating System HOP Draft	29.00	29.00	0.00	02-Nov-09*	10-Dec-09
JN	1A300	AECOM Review of Regenerative Feedwater Heating System HOP D...	15.00	15.00	0.00	11-Dec-09	31-Dec-09
TT	1A310	Mgt Review of Regenerative Feedwater Heating System HOP Draft	15.00	15.00	0.00	01-Jan-10	21-Jan-10
TT	1A650	Issue Regenerative Feedwater Heating System HOP	0.00	0.00	0.00		21-Jan-10
Steam Turbine/Generator							
LP	1A60	Prepare Steam Turbine/Generator HOP Draft	22.00	22.00	0.00	02-Nov-09*	01-Dec-09
JN	1A320	AECOM Review of Steam Turbine/Generator HOP Draft	10.00	10.00	0.00	02-Dec-09	15-Dec-09
TT	1A340	Mgt Review of Steam Turbine/Generator HOP Draft	15.00	15.00	0.00	16-Dec-09	05-Jan-10
TT	1A660	Issue Steam Turbine/Generator HOP	0.00	0.00	0.00		05-Jan-10



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Poletti Power Plant Decommissioning
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Responsibil...	Activity ID	Activity Name	Orig Dur	Rem Dur	Act Dur	Early Start	Early Finish
Turbine Driven Boiler Feed Pumps							
LP	1A70	Prepare Turbine Driven Boiler Feed Pumps HOP Draft	29.00	29.00	0.00	02-Nov-09*	10-Dec-09
JN	1A200	AECOM Review of Turbine Driven Boiler Feed Pumps HOP Draft	15.00	15.00	0.00	11-Dec-09	31-Dec-09
TT	1A220	Mgt Review of Turbine Driven Boiler Feed Pumps HOP Draft	15.00	15.00	0.00	01-Jan-10	21-Jan-10
TT	1A680	Issue Turbine Driven Boiler Feed Pumps HOP	0.00	0.00	0.00		21-Jan-10
Auxiliary Water Systems							
LP	1A80	Prepare Auxiliary Water Systems HOP Draft	35.00	35.00	0.00	02-Nov-09*	18-Dec-09
JN	1A360	AECOM Review of Auxiliary Water Systems HOP Draft	15.00	15.00	0.00	21-Dec-09	08-Jan-10
TT	1A370	Mgt Review of Auxiliary Water Systems HOP Draft	15.00	15.00	0.00	11-Jan-10	29-Jan-10
TT	1A570	Issue Auxiliary Water Systems HOP	0.00	0.00	0.00		29-Jan-10
Fuel Oil System							
AS	1A90	Prepare Fuel Oil System HOP Draft	22.00	22.00	0.00	02-Nov-09*	01-Dec-09
JN	1A390	AECOM Review of Fuel Oil System HOP Draft	15.00	15.00	0.00	02-Dec-09	22-Dec-09
TT	1A400	Mgt Review of Fuel Oil System HOP Draft	15.00	15.00	0.00	23-Dec-09	12-Jan-10
TT	1A610	Issue Fuel Oil System HOP	0.00	0.00	0.00		12-Jan-10
Fuel Gas System							
AS	1A100	Prepare Fuel Gas System HOP Draft	29.00	29.00	0.00	02-Nov-09*	10-Dec-09
JN	1A420	AECOM Review of Fuel Gas System HOP Draft	15.00	15.00	0.00	11-Dec-09	31-Dec-09
TT	1A430	Mgt Review of Fuel Gas System HOP Draft	15.00	15.00	0.00	01-Jan-10	21-Jan-10
TT	1A590	Issue Fuel Gas System HOP	0.00	0.00	0.00		21-Jan-10
Main Boiler Air & Gas Flow							
AS	1A110	Prepare Main Boiler Air & Gas Flow HOP Draft	29.00	29.00	0.00	02-Nov-09*	10-Dec-09
JN	1A450	AECOM Review of Main Boiler Air & Gas Flow HOP Draft	15.00	15.00	0.00	11-Dec-09	31-Dec-09
TT	1A460	Mgt Review of Main Boiler Air & Gas Flow HOP Draft	15.00	15.00	0.00	01-Jan-10	21-Jan-10
TT	1A630	Issue Main Boiler Air & Gas Flow HOP	0.00	0.00	0.00		21-Jan-10
Heat Exchanger System							
AS	1A120	Prepare Heat Exchanger System HOP Draft	29.00	29.00	0.00	02-Nov-09*	10-Dec-09
JN	1A480	AECOM Review of Heat Exchanger System HOP Draft	15.00	15.00	0.00	11-Dec-09	31-Dec-09
TT	1A490	Mgt Review of Heat Exchanger System HOP Draft	15.00	15.00	0.00	01-Jan-10	21-Jan-10
TT	1A620	Issue Heat Exchanger System HOP	0.00	0.00	0.00		21-Jan-10
Auxiliary Systems							
AS	1A130	Prepare Auxiliary Systems HOP Draft	36.00	36.00	0.00	02-Nov-09*	21-Dec-09
JN	1A180	AECOM Review of Auxiliary Systems HOP Draft	15.00	15.00	0.00	22-Dec-09	11-Jan-10
TT	1A190	Mgt Review of Auxiliary Systems HOP Draft	15.00	15.00	0.00	12-Jan-10	01-Feb-10
TT	1A560	Issue Auxiliary Systems HOP	0.00	0.00	0.00		01-Feb-10
Desuperheater & Accessories							
AS	1A140	Prepare Desuperheater and Accessories HOP Draft	36.00	36.00	0.00	02-Nov-09*	21-Dec-09
JN	1A510	AECOM Review of Desuperheater and Accessories HOP Draft	15.00	15.00	0.00	22-Dec-09	11-Jan-10
TT	1A520	Mgt Review of Desuperheater and Accessories HOP Draft	15.00	15.00	0.00	12-Jan-10	01-Feb-10
TT	1A580	Issue Desuperheater and Accessories HOP	0.00	0.00	0.00		01-Feb-10
Transformers							
AS	1A150	Prepare Transformers HOP Draft	29.00	29.00	0.00	02-Nov-09*	10-Dec-09
JN	1A250	AECOM Review of Transformers HOP Draft	15.00	15.00	0.00	11-Dec-09	31-Dec-09
TT	1A240	Mgt Review of Transformers HOP Draft	15.00	15.00	0.00	01-Jan-10	21-Jan-10
TT	1A670	Issue Transformers HOP	0.00	0.00	0.00		21-Jan-10
Plant HVAC Systems							
LP	1A160	Prepare Plant HVAC Systems HOP Draft	29.00	29.00	0.00	02-Nov-09*	10-Dec-09
JN	1A540	AECOM Review of Plant HVAC Systems HOP Draft	15.00	15.00	0.00	11-Dec-09	31-Dec-09
TT	1A550	Mgt Review of Plant HVAC Systems HOP Draft	15.00	15.00	0.00	01-Jan-10	21-Jan-10
TT	1A640	Issue Plant HVAC Systems HOP	0.00	0.00	0.00		21-Jan-10
Bulk Gas Systems - Hydrogen, Nitrogen & CO2							
LP	1A690	Prepare Bulk Gas System HOP Draft	29.00	29.00	0.00	02-Nov-09*	10-Dec-09
JN	1A710	AECOM Review of Prepare Bulk Gas System HOP Draft	15.00	15.00	0.00	11-Dec-09	31-Dec-09
TT	1A720	Mgt Review of Prepare Bulk Gas System HOP Draft	15.00	15.00	0.00	01-Jan-10	21-Jan-10
TT	1A730	Issue Prepare Bulk Gas System HOP	0.00	0.00	0.00		21-Jan-10
Poletti Pre-Deconstruction							
AL	D1110	Mercury Containing Devices Remove/Ship	3.00	3.00	0.00	01-Apr-10*	05-Apr-10
AL	D1120	Lead Acid Batteries Remove/Ship	3.00	3.00	0.00	06-Apr-10	08-Apr-10
AL	D1130	Boiler Chemicals Disposal	1.00	1.00	0.00	09-Apr-10	09-Apr-10
AL	D1140	Circuit Boards Remove/Ship	3.00	3.00	0.00	12-Apr-10	14-Apr-10
AL	D1000	Remove Pumps Less Than 300 hp	6.48	6.48	0.00	15-Apr-10	23-Apr-10
AL	D1010	Motors 480v	3.21	3.21	0.00	23-Apr-10	28-Apr-10
AL	D1020	Pumps/Fans with 6900v Motors	2.71	2.71	0.00	28-Apr-10	03-May-10
AL	D1030	6900v Motors	2.71	2.71	0.00	03-May-10	06-May-10
AL	D1040	Motor Operators (Valves)	7.14	7.14	0.00	06-May-10	17-May-10
AL	D1050	Air Operators (Valves	7.14	7.14	0.00	17-May-10	26-May-10
AL	D1060	Instrumentation	35.71	35.71	0.00	26-May-10	15-Jul-10
AL	D1070	Skids	6.43	6.43	0.00	15-Jul-10	23-Jul-10
AL	D1080	Remove Cable Tray/Cables	43.64	43.64	0.00	23-Jul-10	23-Sep-10
AL	D1090	NAB Insulation	44.64	44.64	0.00	23-Sep-10	24-Nov-10
AL	D1100	Titanium Condenser Tubes	26.79	26.79	0.00	24-Nov-10	31-Dec-10
Poletti Deconstruction							
Component Deconstruction							
Fuel Oil Tanks (Deconstruction)							
	FO1000	Condense	75.00	75.00	0.00	03-Aug-09*	13-Nov-09
	FO1010	Operation Stripping	45.00	45.00	0.00	01-Jul-10	01-Sep-10

Remaining Level of Effort
Remaining Work
Longest Path
Critical Remaining Work
Actual Level of Effort
MIlestone 2
Actual Work

Poletti Power Plant Decommissioning
Overall Program IPS
In Progress - Data Date: 24-Nov-08

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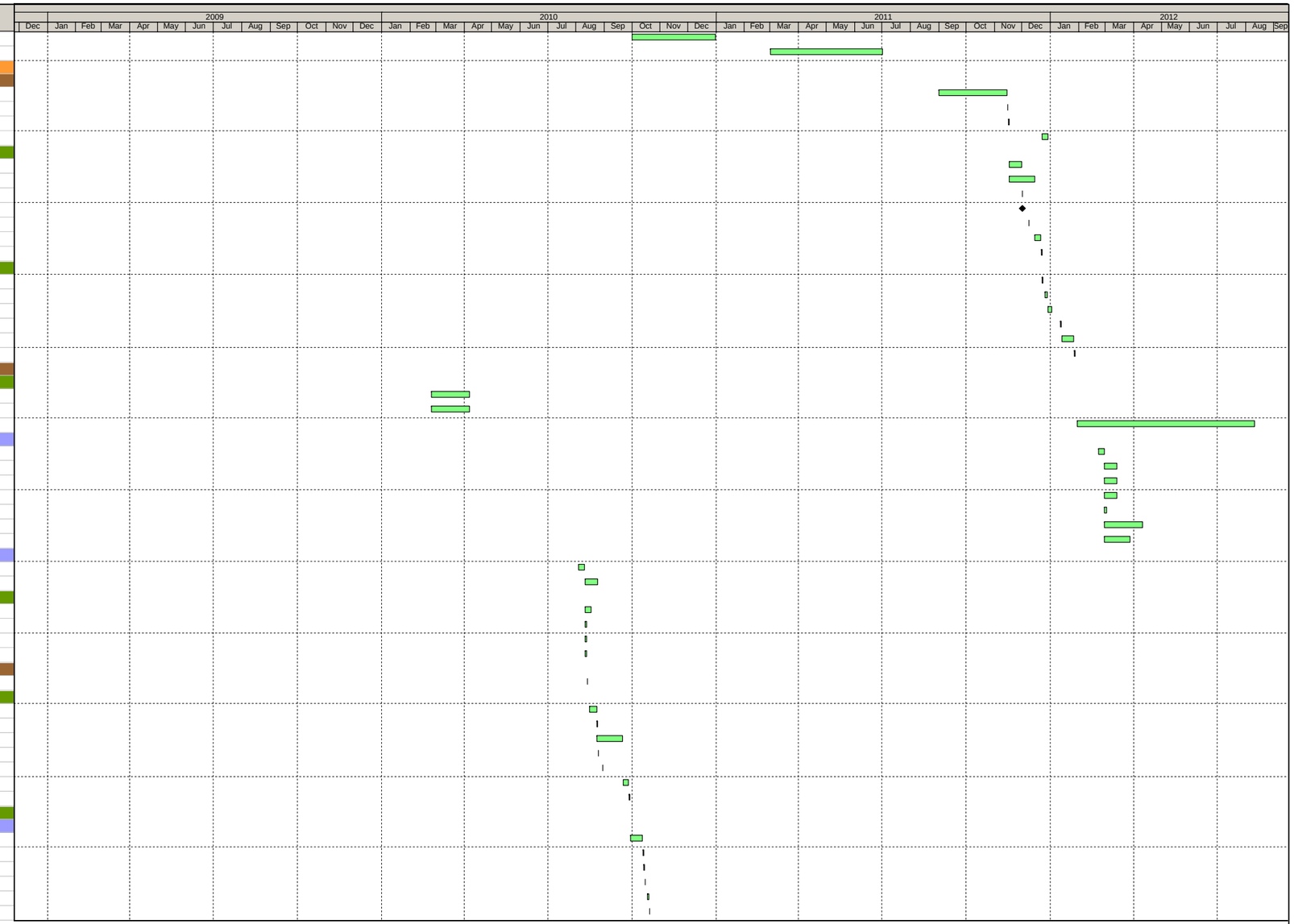
Completion Date: 03-Sep-12
Print Date/Time: 08-Jan-10 - 15:18

Responsibil...	Activity ID	Activity Name	Orig Dur	Rem Dur	Act Dur	Early Start	Early Finish
	FO1020	Cleaning	66.00	66.00	0.00	01-Oct-10	31-Dec-10
	FO1030	Demolition	89.00	89.00	0.00	01-Mar-11	01-Jul-11
Deconstruction: Design & Engineer							
Hire design & Planning-Demolition							
	HD1000	RFP for Engineering Consultant - Demo drwgs & Specs	53.00	53.00	0.00	01-Sep-11*	14-Nov-11
	HD1010	SAP Req/Release to Procurement	1.00	1.00	0.00	15-Nov-11	15-Nov-11
	HD1020	Post Advertisement to NYS Contract Reporter for CP	1.00	1.00	0.00	16-Nov-11	16-Nov-11
	HD1030	Recommend Award - Demo Engineer	5.00	5.00	0.00	23-Dec-11	29-Dec-11
Proposal Period Demo Engineering							
	DE1000	Proposer Review Documents	10.00	10.00	0.00	17-Nov-11	30-Nov-11
	DE1040	Proposal Due	20.00	20.00	0.00	17-Nov-11	14-Dec-11
	DE1010	Pre-Proposal Meeting	1.00	1.00	0.00	01-Dec-11	01-Dec-11
	DE1020	Proposal Questions Due	0.00	0.00	0.00		01-Dec-11
	DE1030	Addenda (If Required)	1.00	1.00	0.00	08-Dec-11	08-Dec-11
	DE1050	NYPA Review Proposals	5.00	5.00	0.00	15-Dec-11	21-Dec-11
	DE1060	Short List	1.00	1.00	0.00	22-Dec-11	22-Dec-11
Award Phase => than $3M or > 1 Year							
	AP1000	Prepare Trustee Documents	1.00	1.00	0.00	23-Dec-11	23-Dec-11
	AP1010	1st Draft to SO for Pres. Review	3.00	3.00	0.00	26-Dec-11	28-Dec-11
	AP1020	Final Draft to SO for Pres. Review	3.00	3.00	0.00	29-Dec-11	02-Jan-12
	AP1030	Pres. Review Mtg - Executive Management Committee	1.00	1.00	0.00	12-Jan-12	12-Jan-12
	AP1040	Final Materials for Trustee Submission	10.00	10.00	0.00	13-Jan-12	26-Jan-12
	AP1050	Trustee Presentation & Approval	1.00	1.00	0.00	27-Jan-12	27-Jan-12
Prepare Demolition Package							
Drawing & Specification - Demolition							
	DS1010	Review/Study Communications - Admin, 500MW, New Structure	30.00	30.00	0.00	24-Feb-10*	06-Apr-10
	DS1020	Review Cooling Water Inlets - Remove, Block	30.00	30.00	0.00	24-Feb-10	06-Apr-10
	DS1000	Bi-Weekly Project Status/Stakeholder Review	140.00	140.00	0.00	30-Jan-12	10-Aug-12
90% Drawings & Specs - Demolition							
	90D1000	Site Review	5.00	5.00	0.00	22-Feb-12*	28-Feb-12
	90D1010	Fair Cost Estimate & Bid Sheet	10.00	10.00	0.00	29-Feb-12	13-Mar-12
	90D1020	Discipline Scope of Work Items	10.00	10.00	0.00	29-Feb-12	13-Mar-12
	90D1030	Division 1 & SGCs	10.00	10.00	0.00	29-Feb-12	13-Mar-12
	90D1040	Prep Req	3.00	3.00	0.00	29-Feb-12	02-Mar-12
	90D1050	Code Compliance/Permit Review	30.00	30.00	0.00	29-Feb-12	10-Apr-12
	90D1060	Hire Construction Inspector	20.00	20.00	0.00	29-Feb-12	27-Mar-12
100% Drawings & Spec							
	100D1000	NYPA Final Review	5.00	5.00	0.00	04-Aug-10*	10-Aug-10
	100D1010	Submit Construction Permit	10.00	10.00	0.00	11-Aug-10	24-Aug-10
Release to Procurement for Demo							
	RP1000	Finalize & Compile RFP (Div 1+ Drwgs 7 Specs)	5.00	5.00	0.00	11-Aug-10	17-Aug-10
	RP1010	Bid List	2.00	2.00	0.00	11-Aug-10	12-Aug-10
	RP1020	Prep PMA	2.00	2.00	0.00	11-Aug-10	12-Aug-10
	RP1030	Saq Req	2.00	2.00	0.00	11-Aug-10	12-Aug-10
Bid Evaluation/Award							
	BA1000	Post Advertisement to NYS Contract Reporter for CP	1.00	1.00	0.00	13-Aug-10	13-Aug-10
Proposal Period							
	PR1000	Proposer Review Documents	6.00	6.00	0.00	16-Aug-10	23-Aug-10
	PR1010	Pre-Proposal Meeting	1.00	1.00	0.00	24-Aug-10	24-Aug-10
	PR1040	Proposal Due	20.00	20.00	0.00	24-Aug-10	20-Sep-10
	PR1020	Proposal Questions Due	1.00	1.00	0.00	25-Aug-10	25-Aug-10
	PR1030	Addenda (If Required)	1.00	1.00	0.00	30-Aug-10	30-Aug-10
	PR1050	NYPA Review Proposals	5.00	5.00	0.00	21-Sep-10	27-Sep-10
	PR1060	Short List	1.00	1.00	0.00	28-Sep-10	28-Sep-10
Award Phase							
If > than $3M or > 1 Year							
	IF1000	Prepare Trustee Documents	10.00	10.00	0.00	29-Sep-10	12-Oct-10
	IF1010	1st Draft to SO for Pres. Review	1.00	1.00	0.00	13-Oct-10	13-Oct-10
	IF1020	Final Draft to SO for Pres. Review	1.00	1.00	0.00	14-Oct-10	14-Oct-10
	IF1030	Pres. Review Mtg - Executive Management Committee	1.00	1.00	0.00	15-Oct-10	15-Oct-10
	IF1040	Final Materials for Trustee Submission	2.00	2.00	0.00	18-Oct-10	19-Oct-10
	IF1050	Trustee Presentation & Approval	1.00	1.00	0.00	20-Oct-10	20-Oct-10



Remaining Level of Effort
Longest Path
Actual Level of Effort
Actual Work
Remaining Work
Critical Remaining Work
Mllestone 2

Poletti Power Plant Decommissioning
Overall Program IPS
In Progress - Data Date: 24-Nov-08

Completion Date: 03-Sep-12
Print Date/Time: 08-Jan-10 - 15:18

Decrease in New York City Governmental Customer Fixed Cost Component – Notice of Adoption

Exhibit "E"
Poletti Decommissioning Plan – Broad Scope

PROJECT OVERVIEW STATEMENT	Project Name: Poletti Decommissioning	Project No: 459	Project Manager: A. E. Luongo

Project Description:

The Poletti Decommissiong Project entails the demolition of the Demin Plant, the Demolition of the FOY including tank stripping and enviro cleaning, and Shutdown and demolition of the Poletti plant.

On August 3, 2009, NYPA issued a written notice to the PSC that the 825MW plant would cease operation on January 31, 2010.

Project Justification: Safety/ Regulatory

As part of the approval to construct the new 500MW Combined Cycle Power Plant, NYPA entered into a stipulation agreement (the Stipulation) with NYC, other NYS agencies and public interest groups that required the Poletti Plant to cease operation by January 31, 2008 depending on the annual generating capacity and the projected peak demand for NYC. The Stipulation has provisions for Poletti to continue generation through January 31, 2010. There are no mechanisms in place which allow for continued generation beyond that date. NYPA has evaluated different lay-up and decommissioning options but the plan for 2010-2013 will be complete decommissioning and demolition.

Goals:

Comply with the Stipulation and cease generation on January 31, 2010.
Environmental and Safety stabilization of the power plant during first 90 days post cease of generation to reduce NYPA liability.
Salvage of Valuable Assets.
Amend all emissions, discharge and operation agreements and permits.
Utilize NYPA staff to perform pre-demolition work and prepare for final demolition.
Relocate critical infrastructure
Design demolition to grade.

Schedule:

Task	Dur	Planned Start	Planned Finish
Define Project Tasks	6 mo	Jul 1,'09	Dec. 31 '09
Environmental & Safety Evaluation	3 mo	Jul 1 '09	Dec 1 '09
Relocation of Critical Infrastructure: Design & Engineer	6 mo	Jan 1 '10	Apr 1-Jun 1'10
Poletti Decommissioning Date	1D	Feb 1 '10	Feb 1 '10
Shutdown- Enviro & Safety Stabilization	3 mo	Feb 1 '10	Apr -May 1 '10
Deconstruction: Design & Engineer	8 mo	Mar 1 '10	Jan 1 '11
Relocation of Critical Infrastructure: Construction	10 mo	Sept 1 '10	Dec 31 '11
Pre-Demolition &Selective disassembly	8 mo	Apr -May '10	Dec '10- Jul '11
Deconstruction	12 mo	Sept '11 - April '12	Dec '12- Apr '14

Assumptions:

1. Planning Phase: All stakeholders are outlining their responsibilities and planning resource allocation as appropriate to maintain the proposed schedule.
2. Site Operations will performing a safety and environmental assessment, system by system, to assure the plant is left in a "safe" condition immediately (within 90 days) of shutdown
3. Power demand will be reduced to only lighting, ventilation and minimal receptacle power through deconstruction.
4. Gas supply will be immediately shutdown (within 30-60 days) of decommissioning. Alternate gas supply for the Admin Building boiler shall be designed and installed targeting Feb/Mar. 1, 2010 completion.
5. The Administration Building will remain on site and is not scheduled for future demolition.
6. Engineering is reviewing other buildings/structures that may required demolition once Poletti Plant is OOS
7. This will be an irreversible shutdown, no lay-up options or protection of equipment for future operation is being planned

Division of Responsibility:

1. ***Project Management*:** Prepare budgets and funding expenditure approvals; Maintain budget and schedule; Manage the planning, design and construction/deconstruction phases of the project. Hire design engineer to prepare technical specifications and drawings for the deconstruction phase of the project. Coordinate with all stakeholders

2. ***Poletti O&M*:** Perform safety & environmental assessment of systems to outline procedures for Operations to perform final LOTO and safe-off of the plant after cessation of generation. Coordinate with PM, Environmental, and Engineering to provide project support, operations knowledge and review during all phases of the project.

3. ***Engineering*:** Prepare technical criteria, scopes of work, specifications and drawings for the utility relocation phase of the project; Provide drawing and specification review of the O/E deconstruction package(s); Provide coordinated plans & specs for the utility relocations and recommend packaging work together; Each engineering discipline will serve as the lead engineer for their work package and will furnish coordinated plans & specs.
   - **Mechanical:** Relocate Admin building gas supply on or before March 1, 2010; Design new fire protection system including but not limited to: removed/relocate interior pumps, new building, new feeds. Coordinate with EE, CE, CC & NYFD. Drain existing fire system. Heat will be required for the building until fire protection no longer needed; Design FOY demo package.

   - **Electrical:** Confirm Poletti Station Service load requirements. Confirm post shutdown power requirements (Security, FOY, Aux blds, other?). Provide drawings & specs for design new feeds for post shutdown power requirement. Recommend new equipment required to support post shutdown power distribution.

   - **Protection & Controls:** Provide technical Plans & specs for modifications, additions, deletions to all relay and protection effect by the Poletti project. Q35 L&M protection will remain in place until AEII work and L&M Feeder relocations begin.
   - Review and provide engineering support for all phases of Decommissioning.

   - **Computer Apps:** Design of relocation for Kensico RTU, Y-49, SCPP. Assist with work packages for temporary relocations to support an un-manned Poletti control room. Produce final packages in conjunction with IT/Network Services for all required remaining circuits. Verify scope required for 500MW controls.

   - **Environmental:** Review all permits (SPDES, Title V, Bulk Fuel Oil) and prepare timeline for revision to permit dates; Provide review and support for modification and/or termination of all environmental permits. Prepare technical scope to handle testing, abatement, disposal and monitoring of ACM, lead, PCB's, chemicals and all hazmat etc. Prepare & File site plan with DEC for FOY decommissioning; Prepare environmental cleaning package for FOY; Coordinate with ME for FOY demo; Recommend future of intake structure & discharge canal ; Coordinate chemical inventory depletion & cleanup; Coordinate and support Enviro shutdown with Operations and waste disposal. Review and support of O/E design drawings for demolition including oil water separator, discharge canal, etc.

   - **Civil Engineering:** Provide support for review of demolition and decommissioning plans and specifications prepared by O/E. Coordinate with stakeholders to provide civil design & review for relocation packages, i.e. new fire pumphouse, discharge canl and intake structure, etc.
   - **Code Compliance**: Provide Support and document review at all stages of engineering. Issue Construction permits for work.

   - ***D&D*:** Prepare design and drawing support for the utility relocation work and as-built documentation post deconstruction. Perform drawing collection for reference documents.
4. **IT/Network Services:** Review, coordination and design support as necessary for data routing, ECC lines and all Poletti circuits. Produce plans and specification as necessary for new infrastructure and relocations. Coordination with vendors (AT&T, Verizon, etc) where necessary to complete work.

5. ***Procurement*:** Provide support for issuance of multiple RFP's, contract administration, Assets retirement, etc throughout the entire project.

6. ***ERM:*** Coordinate with Site on Fuel oil depletion, Notifications as necessary to remove generator from the market. Support PM, Legal, Site in station service agreement review, etc.

7. ***Legal***: Review and modify all operating agreements, permit modifications, purchasing agreements, as necessary to support decommissioning. Provide Legal review of all regulatory and legal matters which may present.
8. ***Asset Management:*** Provide support and coordination for asset retirement.
9. ***Public Relations & Gov't Affairs*:** Provide support and communication as necessary to the public.
10. ***Corporate Communications:*** Provide support and communication as necessary to the public and other agencies.

Stakeholders:

Paul Tartaglia	SENY Site	Brad Van Auken	Engineering
John Canale	Project Management	William Stanton	Mechanical Engineering
Randy Crissman	Business Development	James Sheldon	Electrical Engineering
John Kahabka	Environmental & Health Safety	Robert Knowlton	Civil Engineering
Gerald Goldstein	Legal	Fred Pagano	Protection & Controls
Tom Tyrell	Operations Site	Gerald Mannarino	Computer Applications
Bert Cunningham	Public Relations	Moe Ansari	Design&Drafting
Ira Fine	Corporate Communications	Patricia Leto	Procurement
Gary Schmid	IT/Network Services	William Nadeau	Energy Resource Management
Ed Rider	Asset Management		

Prepared By:	Date:	Approved By:	Date:
Andrea E. Luongo Project Engineer	January 4, 2010	Vice President Project Management	

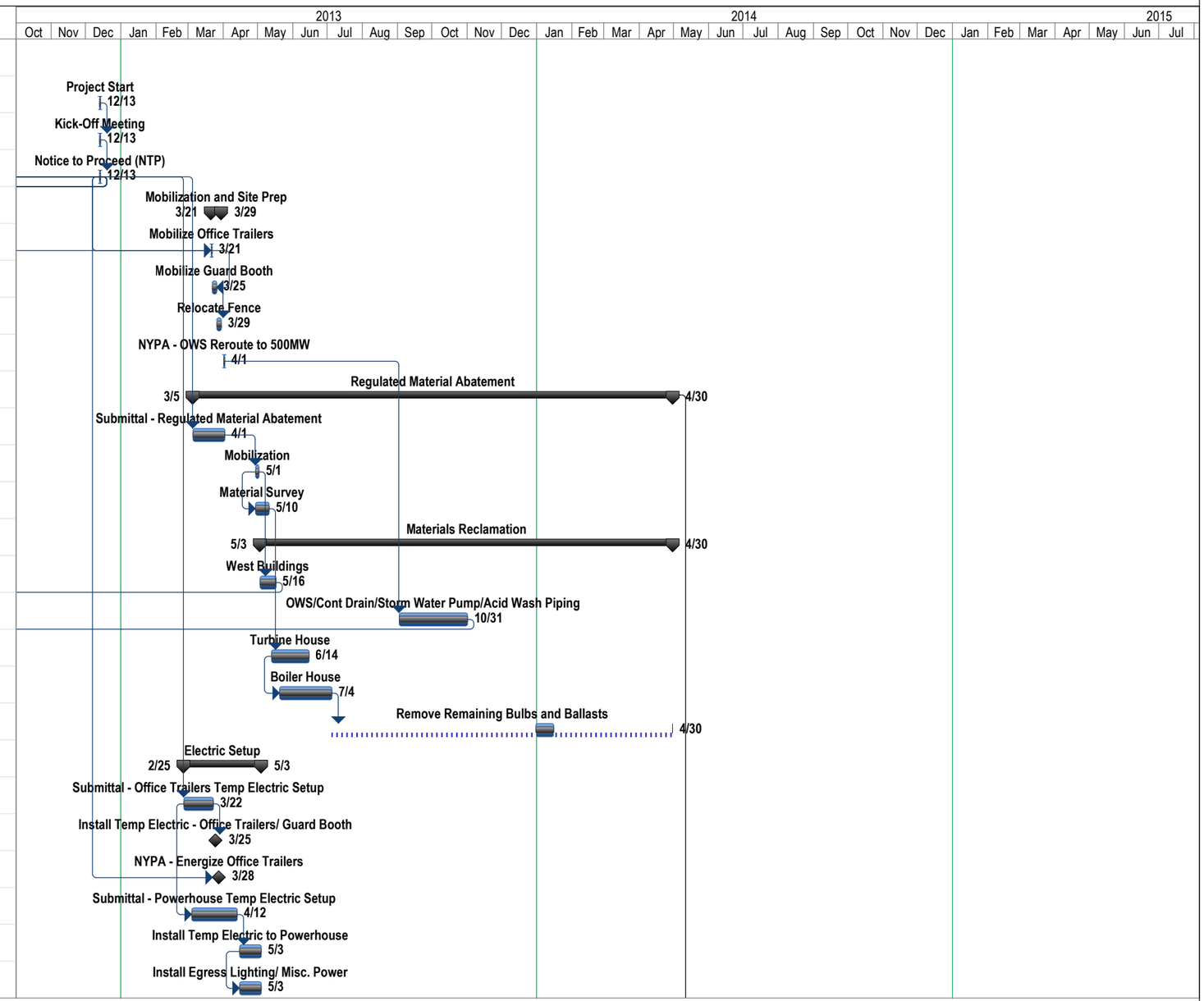
Decrease in New York City Governmental Customer Fixed Cost Component – Notice of Adoption

Exhibit "F"
LVI Poletti Decommissioning Schedule

LVI Poletti Schedule Progress Schedule 10-28-14--.mpp

Data Date : 9/16/2014

ID	Task Name	% Complete	Actual Start	Actual Finish	Duration	Start
1	**1 DEMOLITION_CHARLES POLETTI POWER PLANT**	**89%**	**Thu 12/13/12**	**NA**	**486 days**	**Thu 12/13/12**
2	1.1 Project Start	100%	Thu 12/13/12	Thu 12/13/12	1 day	Thu 12/13/12
3	1.2 Kick-Off Meeting	100%	Thu 12/13/12	Thu 12/13/12	1 day	Thu 12/13/12
4	1.3 Notice to Proceed (NTP)	100%	Thu 12/13/12	Thu 12/13/12	1 day	Thu 12/13/12
5	**1.4 Mobilization and Site Prep**	**100%**	**Thu 3/21/13**	**Fri 3/29/13**	**7 days**	**Thu 3/21/13**
6	1.4.1 Mobilize Office Trailers	100%	Thu 3/21/13	Thu 3/21/13	1 day	Thu 3/21/13
7	1.4.2 Mobilize Guard Booth	100%	Fri 3/22/13	Mon 3/25/13	2 days	Fri 3/22/13
8	1.4.3 Relocate Fence	100%	Tue 3/26/13	Fri 3/29/13	4 days	Tue 3/26/13
9	1.5 NYPA - OWS Reroute to 500MW	100%	Mon 4/1/13	Mon 4/1/13	1 day	Mon 4/1/13
10	**1.6 Regulated Material Abatement**	**100%**	**Tue 3/5/13**	**Wed 4/30/14**	**299.11 days**	**Tue 3/5/13**
11	1.6.1 Submittal - Regulated Material Abatement	100%	Tue 3/5/13	Mon 4/1/13	20 days	Tue 3/5/13
12	1.6.2 Mobilization	100%	Mon 4/29/13	Wed 5/1/13	3 days	Mon 4/29/13
13	1.6.3 Material Survey	100%	Mon 4/29/13	Fri 5/10/13	10 days	Mon 4/29/13
14	**1.6.4 Materials Reclamation**	**100%**	**Fri 5/3/13**	**Wed 4/30/14**	**256.11 days**	**Fri 5/3/13**
15	1.6.4.1 West Buildings	100%	Fri 5/3/13	Thu 5/16/13	10 days	Fri 5/3/13
16	1.6.4.2 OWS/Cont Drain/Storm Water Pump/Acid Wash Piping	100%	Mon 9/2/13	Thu 10/31/13	44 days	Mon 9/2/13
17	1.6.4.3 Turbine House	100%	Mon 5/13/13	Fri 6/14/13	25 days	Mon 5/13/13
18	1.6.4.4 Boiler House	100%	Mon 5/20/13	Thu 7/4/13	35 days	Mon 5/20/13
19	1.6.4.5 Remove Remaining Bulbs and Ballasts	100%	Fri 7/5/13	Wed 4/30/14	11 days	Fri 7/5/13
20	**1.7 Electric Setup**	**100%**	**Mon 2/25/13**	**Fri 5/3/13**	**50 days**	**Mon 2/25/13**
21	1.7.1 Submittal - Office Trailers Temp Electric Setup	100%	Mon 2/25/13	Fri 3/22/13	20 days	Mon 2/25/13
22	1.7.2 Install Temp Electric - Office Trailers/ Guard Booth	100%	Mon 3/25/13	Mon 3/25/13	0 days	Mon 3/25/13
23	1.7.3 NYPA - Energize Office Trailers	100%	Thu 3/28/13	Thu 3/28/13	0 days	Thu 3/28/13
24	1.7.4 Submittal - Powerhouse Temp Electric Setup	100%	Mon 3/4/13	Fri 4/12/13	30 days	Mon 3/4/13
25	1.7.5 Install Temp Electric to Powerhouse	100%	Mon 4/15/13	Fri 5/3/13	15 days	Mon 4/15/13
26	1.7.6 Install Egress Lighting/ Misc. Power	100%	Mon 4/15/13	Fri 5/3/13	15 days	Mon 4/15/13



Project: LVI - Poletti - PROJECT SC
Date: Fri 2/13/15

Task		Milestone		Project Summary		Critical Split	
Split		Summary		Critical		Progress	

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LVI SERVICES INC.

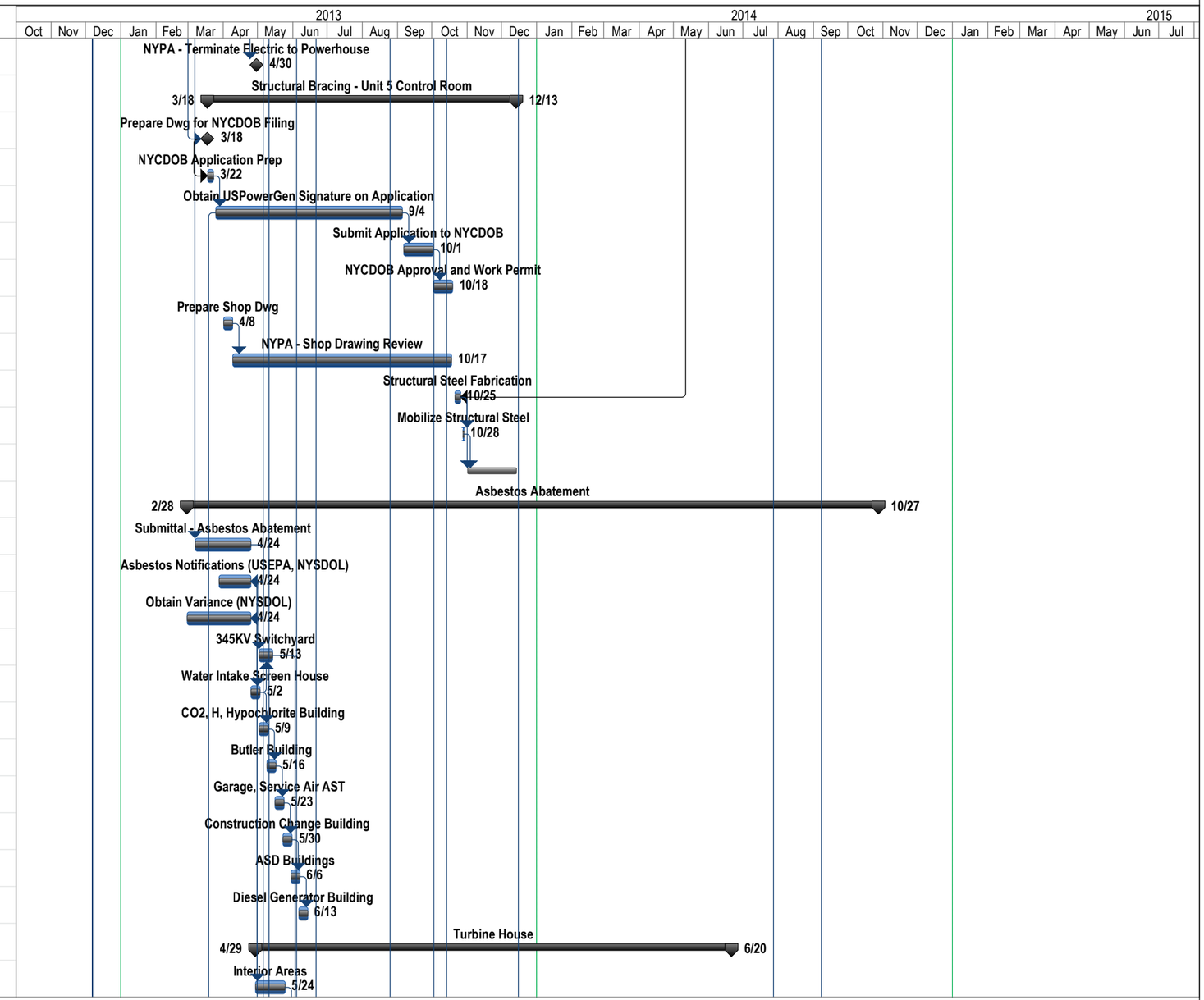
NYPA - CHARLES POLETTI POWER PLANT DECONSTRUCTION

Project Schedule

LVI Poletti Schedule Progress Schedule 10-28-14--.mpp

Data Date : 9/16/2014

ID	Task Name	% Complete	Actual Start	Actual Finish	Duration	Start
27	1.7.7 NYPA - Terminate Electric to Powerhouse	100%	Tue 4/30/13	Tue 4/30/13	0 days	Tue 4/30/13
28	**1.8 Structural Bracing - Unit 5 Control Room**	**100%**	**Mon 3/18/13**	**Fri 12/13/13**	**195 days**	**Mon 3/18/13**
29	1.8.1 Prepare Dwg for NYCDOB Filing	100%	Mon 3/18/13	Mon 3/18/13	0 days	Mon 3/18/13
30	1.8.2 NYCDOB Application Prep	100%	Mon 3/18/13	Fri 3/22/13	5 days	Mon 3/18/13
31	1.8.3 Obtain USPowerGen Signature on Application	100%	Mon 3/25/13	Wed 9/4/13	120 days	Mon 3/25/13
32	1.8.4 Submit Application to NYCDOB	100%	Fri 9/6/13	Tue 10/1/13	18 days	Fri 9/6/13
33	1.8.5 NYCDOB Approval and Work Permit	100%	Wed 10/2/13	Fri 10/18/13	13 days	Wed 10/2/13
34	1.8.6 Prepare Shop Dwg	100%	Mon 4/1/13	Mon 4/8/13	6 days	Mon 4/1/13
35	1.8.7 NYPA - Shop Drawing Review	100%	Tue 4/9/13	Thu 10/17/13	140 days	Tue 4/9/13
36	1.8.8 Structural Steel Fabrication	100%	Mon 10/21/13	Fri 10/25/13	5 days	Mon 10/21/13
37	1.8.9 Mobilize Structural Steel	100%	Mon 10/28/13	Mon 10/28/13	1 day	Mon 10/28/13
38	1.8.10 Install Structural Bracing	100%	Fri 11/1/13	Fri 12/13/13	29 days	Fri 11/1/13
39	**1.9 Asbestos Abatement**	**99%**	**Thu 2/28/13**	**NA**	**431 days**	**Thu 2/28/13**
40	1.9.1 Submittal - Asbestos Abatement	100%	Thu 3/7/13	Wed 4/24/13	35 days	Thu 3/7/13
41	1.9.2 Asbestos Notifications (USEPA, NYSDOL)	100%	Thu 3/28/13	Wed 4/24/13	20 days	Thu 3/28/13
42	1.9.3 Obtain Variance (NYSDOL)	100%	Thu 2/28/13	Wed 4/24/13	40 days	Thu 2/28/13
43	1.9.4 345KV Switchyard	100%	Thu 5/2/13	Mon 5/13/13	8 days	Thu 5/2/13
44	1.9.5 Water Intake Screen House	100%	Thu 4/25/13	Thu 5/2/13	6 days	Thu 4/25/13
45	1.9.6 CO2, H, Hypochlorite Building	100%	Thu 5/2/13	Thu 5/9/13	6 days	Thu 5/2/13
46	1.9.7 Butler Building	100%	Thu 5/9/13	Thu 5/16/13	6 days	Thu 5/9/13
47	1.9.8 Garage, Service Air AST	100%	Thu 5/16/13	Thu 5/23/13	6 days	Thu 5/16/13
48	1.9.9 Construction Change Building	100%	Thu 5/23/13	Thu 5/30/13	6 days	Thu 5/23/13
49	1.9.10 ASD Buildings	100%	Thu 5/30/13	Thu 6/6/13	6 days	Thu 5/30/13
50	1.9.11 Diesel Generator Building	100%	Thu 6/6/13	Thu 6/13/13	6 days	Thu 6/6/13
51	**1.9.12 Turbine House**	**100%**	**Mon 4/29/13**	**Fri 6/20/14**	**298 days**	**Mon 4/29/13**
52	1.9.12.1 Interior Areas	100%	Mon 4/29/13	Fri 5/24/13	20 days	Mon 4/29/13



Project: LVI - Poletti - PROJECT SC
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Task		Milestone		Project Summary		Critical Split	
Split		Summary		Critical		Progress	

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LVI SERVICES INC.

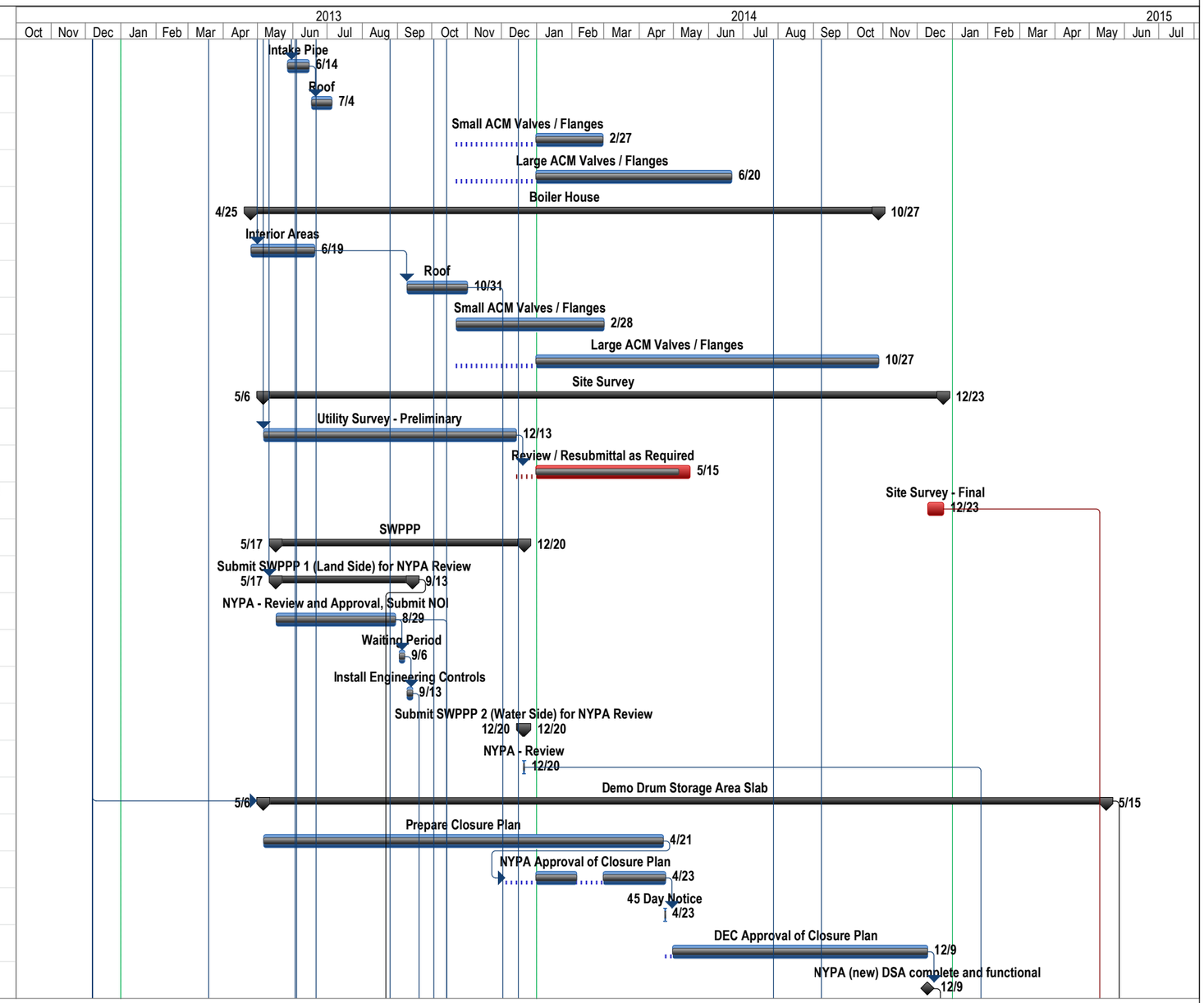
NYPA - CHARLES POLETTI POWER PLANT DECONSTRUCTION

Project Schedule

LVI Poletti Schedule Progress Schedule 10-28-14--.mpp

Data Date : 9/16/2014

ID	Task Name	% Complete	Actual Start	Actual Finish	Duration	Start
53	1.9.12.2 Intake Pipe	100%	Mon 5/27/13	Fri 6/14/13	15 days	Mon 5/27/13
54	1.9.12.3 Roof	100%	Mon 6/17/13	Thu 7/4/13	15 days	Mon 6/17/13
55	1.9.12.4 Small ACM Valves / Flanges	100%	Tue 10/22/13	Thu 2/27/14	42 days	Tue 10/22/13
56	1.9.12.5 Large ACM Valves / Flanges	100%	Tue 10/22/13	Fri 6/20/14	123 days	Tue 10/22/13
57	**1.9.13 Boiler House**	**100%**	**Thu 4/25/13**	**Mon 10/27/14**	**391 days**	**Thu 4/25/13**
58	1.9.13.1 Interior Areas	100%	Thu 4/25/13	Wed 6/19/13	40 days	Thu 4/25/13
59	1.9.13.2 Roof	100%	Mon 9/9/13	Thu 10/31/13	39 days	Mon 9/9/13
60	1.9.13.3 Small ACM Valves / Flanges	100%	Tue 10/22/13	Fri 2/28/14	90 days	Tue 10/22/13
61	1.9.13.4 Large ACM Valves / Flanges	100%	Tue 10/22/13	Mon 10/27/14	214 days	Tue 10/22/13
62	**1.10 Site Survey**	**93%**	**Mon 5/6/13**	**NA**	**423 days**	**Mon 5/6/13**
63	1.10.1 Utility Survey - Preliminary	100%	Mon 5/6/13	Fri 12/13/13	160 days	Mon 5/6/13
64	1.10.2 Review / Resubmittal as Required	92%	Sat 12/14/13	NA	96.25 days	Sat 12/14/13
65	1.10.3 Site Survey - Final	0%	NA	NA	10 days	Wed 12/10/14
66	**1.11 SWPPP**	**100%**	**Fri 5/17/13**	**Fri 12/20/13**	**156 days**	**Fri 5/17/13**
67	**1.11.1 Submit SWPPP 1 (Land Side) for NYPA Review**	**100%**	**Fri 5/17/13**	**Fri 9/13/13**	**88 days**	**Fri 5/17/13**
68	1.11.1.1 NYPA - Review and Approval, Submit NOI	100%	Fri 5/17/13	Thu 8/29/13	76 days	Fri 5/17/13
69	1.11.1.2 Waiting Period	100%	Mon 9/2/13	Fri 9/6/13	5 days	Mon 9/2/13
70	1.11.1.3 Install Engineering Controls	100%	Mon 9/9/13	Fri 9/13/13	5 days	Mon 9/9/13
71	**1.11.2 Submit SWPPP 2 (Water Side) for NYPA Review**	**100%**	**Fri 12/20/13**	**Fri 12/20/13**	**1 day**	**Fri 12/20/13**
72	1.11.2.1 NYPA - Review	100%	Fri 12/20/13	Fri 12/20/13	1 day	Fri 12/20/13
73	**1.12 Demo Drum Storage Area Slab**	**87%**	**Mon 5/6/13**	**NA**	**524 days**	**Mon 5/6/13**
74	1.12.1 Prepare Closure Plan	100%	Mon 5/6/13	Mon 4/21/14	249 days	Mon 5/6/13
75	1.12.2 NYPA Approval of Closure Plan	100%	Wed 12/4/13	Wed 4/23/14	64 days	Wed 12/4/13
76	1.12.3 45 Day Notice	100%	Wed 4/23/14	Wed 4/23/14	1 day	Wed 4/23/14
77	1.12.4 DEC Approval of Closure Plan	100%	Wed 4/23/14	Tue 12/9/14	158 days	Wed 4/23/14
78	1.12.5 NYPA (new) DSA complete and functional	35%	Tue 12/9/14	NA	0 days	Tue 12/9/14



Project: LVI - Poletti - PROJECT SC
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Task | Split | Milestone | Summary | Project Summary | Critical | Critical Split | Progress

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LVI SERVICES INC.

NYPA - CHARLES POLETTI POWER PLANT DECONSTRUCTION

Project Schedule

LVI Poletti Schedule Progress Schedule 10-28-14--.mpp

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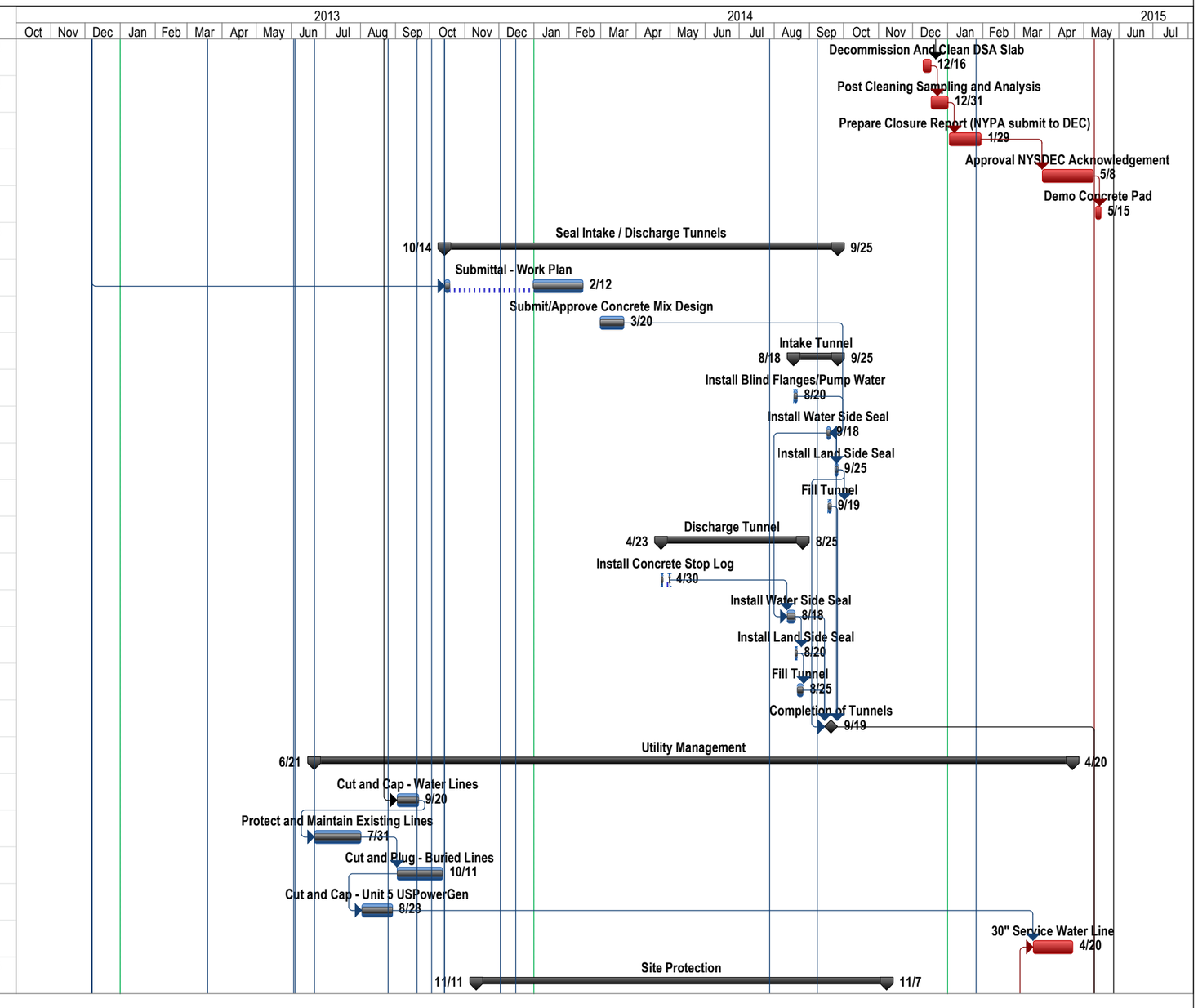
ID	Task Name	% Complete	Actual Start	Actual Finish	Duration	Start
79	1.12.6 Decommission And Clean DSA Slab	0%	NA	NA	5 days	Wed 12/10/14
80	1.12.7 Post Cleaning Sampling and Analysis	0%	NA	NA	10 days	Wed 12/17/14
81	1.12.8 Prepare Closure Report (NYPA submit to DEC)	0%	NA	NA	20 days	Fri 1/2/15
82	1.12.9 Approval NYSDEC Acknowledgement	0%	NA	NA	33 days	Wed 3/25/15
83	1.12.10 Demo Concrete Pad	0%	NA	NA	5 days	Mon 5/11/15
84	**1.13 Seal Intake / Discharge Tunnels**	**99%**	**Mon 10/14/13**	**NA**	**245 days**	**Mon 10/14/13**
85	1.13.1 Submittal - Work Plan	100%	Mon 10/14/13	Wed 2/12/14	35.5 days	Mon 10/14/13
86	1.13.2 Submit/Approve Concrete Mix Design	100%	Fri 2/28/14	Thu 3/20/14	15 days	Fri 2/28/14
87	**1.13.3 Intake Tunnel**	**99%**	**Mon 8/18/14**	**NA**	**29 days**	**Mon 8/18/14**
88	1.13.3.1 Install Blind Flanges/Pump Water	100%	Mon 8/18/14	Wed 8/20/14	3 days	Mon 8/18/14
89	1.13.3.2 Install Water Side Seal	100%	Tue 9/16/14	Thu 9/18/14	3 days	Tue 9/16/14
90	1.13.3.3 Install Land Side Seal	100%	Tue 9/23/14	Thu 9/25/14	3 days	Tue 9/23/14
91	1.13.3.4 Fill Tunnel	100%	Wed 9/17/14	Fri 9/19/14	3 days	Wed 9/17/14
92	**1.13.4 Discharge Tunnel**	**99%**	**Wed 4/23/14**	**NA**	**89 days**	**Wed 4/23/14**
93	1.13.4.1 Install Concrete Stop Log	100%	Wed 4/23/14	Wed 4/30/14	2 days	Wed 4/23/14
94	1.13.4.2 Install Water Side Seal	100%	Tue 8/12/14	Mon 8/18/14	5 days	Tue 8/12/14
95	1.13.4.3 Install Land Side Seal	100%	Tue 8/19/14	Wed 8/20/14	2 days	Tue 8/19/14
96	1.13.4.4 Fill Tunnel	100%	Thu 8/21/14	Mon 8/25/14	3 days	Thu 8/21/14
97	1.13.5 Completion of Tunnels	100%	Wed 9/17/14	Fri 9/19/14	0 days	Wed 9/17/14
98	**1.14 Utility Management**	**79%**	**Fri 6/21/13**	**NA**	**471 days**	**Fri 6/21/13**
99	1.14.1 Cut and Cap - Water Lines	100%	Mon 9/2/13	Fri 9/20/13	15 days	Mon 9/2/13
100	1.14.2 Protect and Maintain Existing Lines	100%	Fri 6/21/13	Wed 7/31/13	30 days	Fri 6/21/13
101	1.14.3 Cut and Plug - Buried Lines	100%	Mon 9/2/13	Fri 10/11/13	30 days	Mon 9/2/13
102	1.14.4 Cut and Cap - Unit 5 USPowerGen	100%	Fri 8/2/13	Wed 8/28/13	19 days	Fri 8/2/13
103	1.14.5 30" Service Water Line	0%	NA	NA	25 days	Tue 3/17/15
104	**1.15 Site Protection**	**98%**	**Mon 11/11/13**	**NA**	**256 days**	**Mon 11/11/13**



Project: LVI - Poletti - PROJECT SC
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NYPA - CHARLES POLETTI POWER PLANT DECONSTRUCTION

Project Schedule

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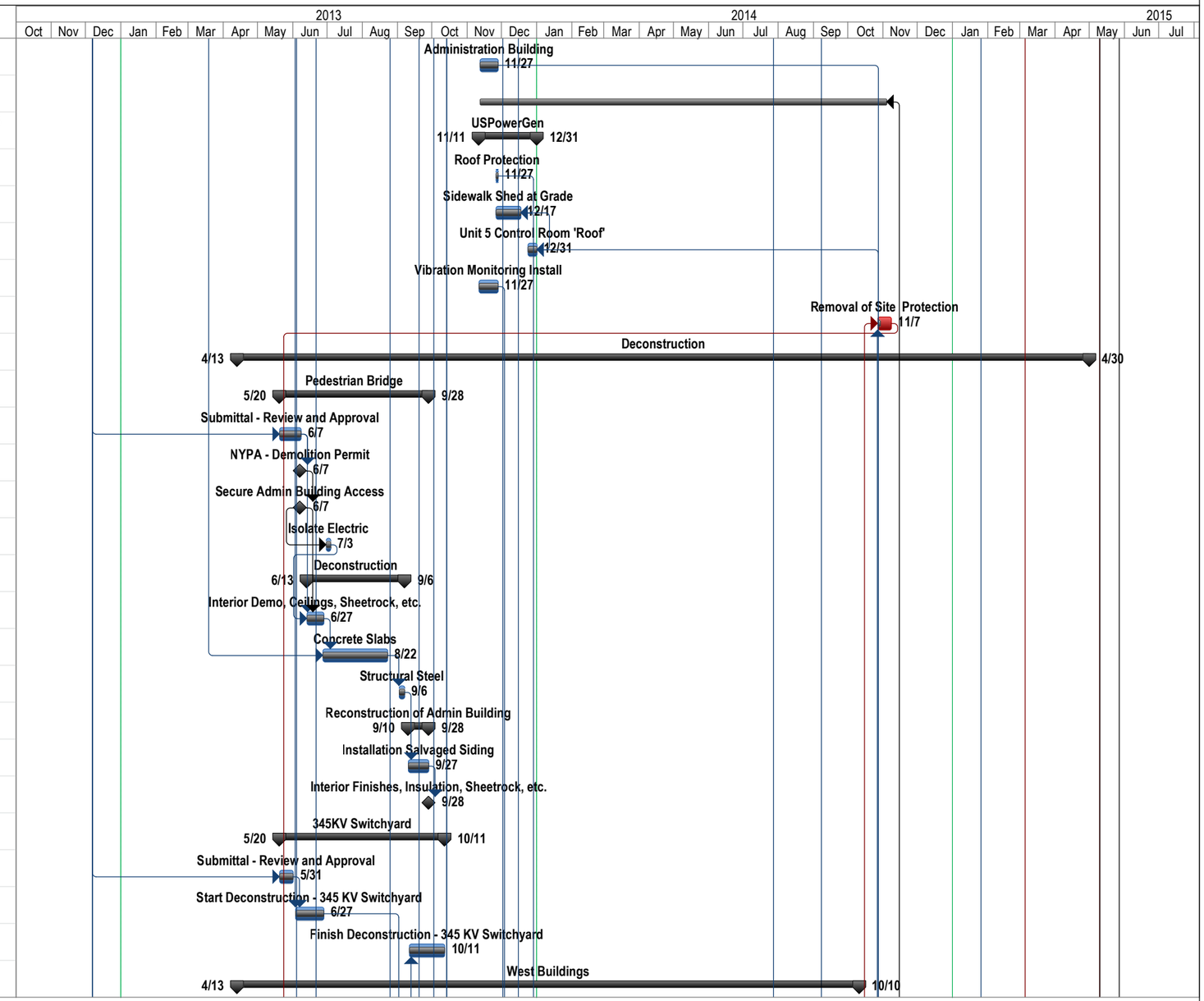
105	1.15.1 Administration Building	100%	Tue 11/12/13	Wed 11/27/13	12 days	Tue 11/12/13
106	1.15.2 Protection of Utilities	100%	Tue 11/12/13	Mon 11/3/14	251 days	Tue 11/12/13
107	**1.15.3 USPowerGen**	**100%**	**Mon 11/11/13**	**Tue 12/31/13**	**34 days**	**Mon 11/11/13**
108	1.15.3.1 Roof Protection	100%	Tue 11/26/13	Wed 11/27/13	2 days	Tue 11/26/13
109	1.15.3.2 Sidewalk Shed at Grade	100%	Tue 11/26/13	Tue 12/17/13	14 days	Tue 11/26/13
110	1.15.3.3 Unit 5 Control Room 'Roof'	100%	Tue 12/24/13	Tue 12/31/13	5 days	Tue 12/24/13
111	1.15.3.4 Vibration Monitoring Install	100%	Mon 11/11/13	Wed 11/27/13	13 days	Mon 11/11/13
112	1.15.4 Removal of Site Protection	25%	Mon 10/27/14	NA	10 days	Mon 10/27/14
113	**1.16 Deconstruction**	**94%**	**Sat 4/13/13**	**NA**	**528 days**	**Sat 4/13/13**
114	**1.16.1 Pedestrian Bridge**	**100%**	**Mon 5/20/13**	**Sat 9/28/13**	**97 days**	**Mon 5/20/13**
115	1.16.1.1 Submittal - Review and Approval	100%	Mon 5/20/13	Fri 6/7/13	15 days	Mon 5/20/13
116	1.16.1.2 NYPA - Demolition Permit	100%	Fri 6/7/13	Fri 6/7/13	0 days	Fri 6/7/13
117	1.16.1.3 Secure Admin Building Access	100%	Fri 6/7/13	Fri 6/7/13	0 days	Fri 6/7/13
118	1.16.1.4 Isolate Electric	100%	Sun 6/30/13	Wed 7/3/13	4 days	Sun 6/30/13
119	**1.16.1.5 Deconstruction**	**100%**	**Thu 6/13/13**	**Fri 9/6/13**	**64 days**	**Thu 6/13/13**
120	1.16.1.5.1 Interior Demo, Ceilings, Sheetrock, etc.	100%	Thu 6/13/13	Thu 6/27/13	11 days	Thu 6/13/13
121	1.16.1.5.2 Concrete Slabs	100%	Thu 6/27/13	Thu 8/22/13	42 days	Thu 6/27/13
122	1.16.1.5.3 Structural Steel	100%	Mon 9/2/13	Fri 9/6/13	5 days	Mon 9/2/13
123	**1.16.1.6 Reconstruction of Admin Building**	**100%**	**Tue 9/10/13**	**Sat 9/28/13**	**14 days**	**Tue 9/10/13**
124	1.16.1.6.1 Installation Salvaged Siding	100%	Tue 9/10/13	Fri 9/27/13	14 days	Tue 9/10/13
125	1.16.1.6.2 Interior Finishes, Insulation, Sheetrock, etc.	100%	Sat 9/28/13	Sat 9/28/13	0 days	Sat 9/28/13
126	**1.16.2 345KV Switchyard**	**100%**	**Mon 5/20/13**	**Fri 10/11/13**	**107 days**	**Mon 5/20/13**
127	1.16.2.1 Submittal - Review and Approval	100%	Mon 5/20/13	Fri 5/31/13	10 days	Mon 5/20/13
128	1.16.2.2 Start Deconstruction - 345 KV Switchyard	100%	Mon 6/3/13	Thu 6/27/13	19 days	Mon 6/3/13
129	1.16.2.3 Finish Deconstruction - 345 KV Switchyard	100%	Wed 9/11/13	Fri 10/11/13	23 days	Wed 9/11/13
130	**1.16.3 West Buildings**	**100%**	**Sat 4/13/13**	**Fri 10/10/14**	**388 days**	**Sat 4/13/13**



Project: LVI - Poletti - PROJECT SC
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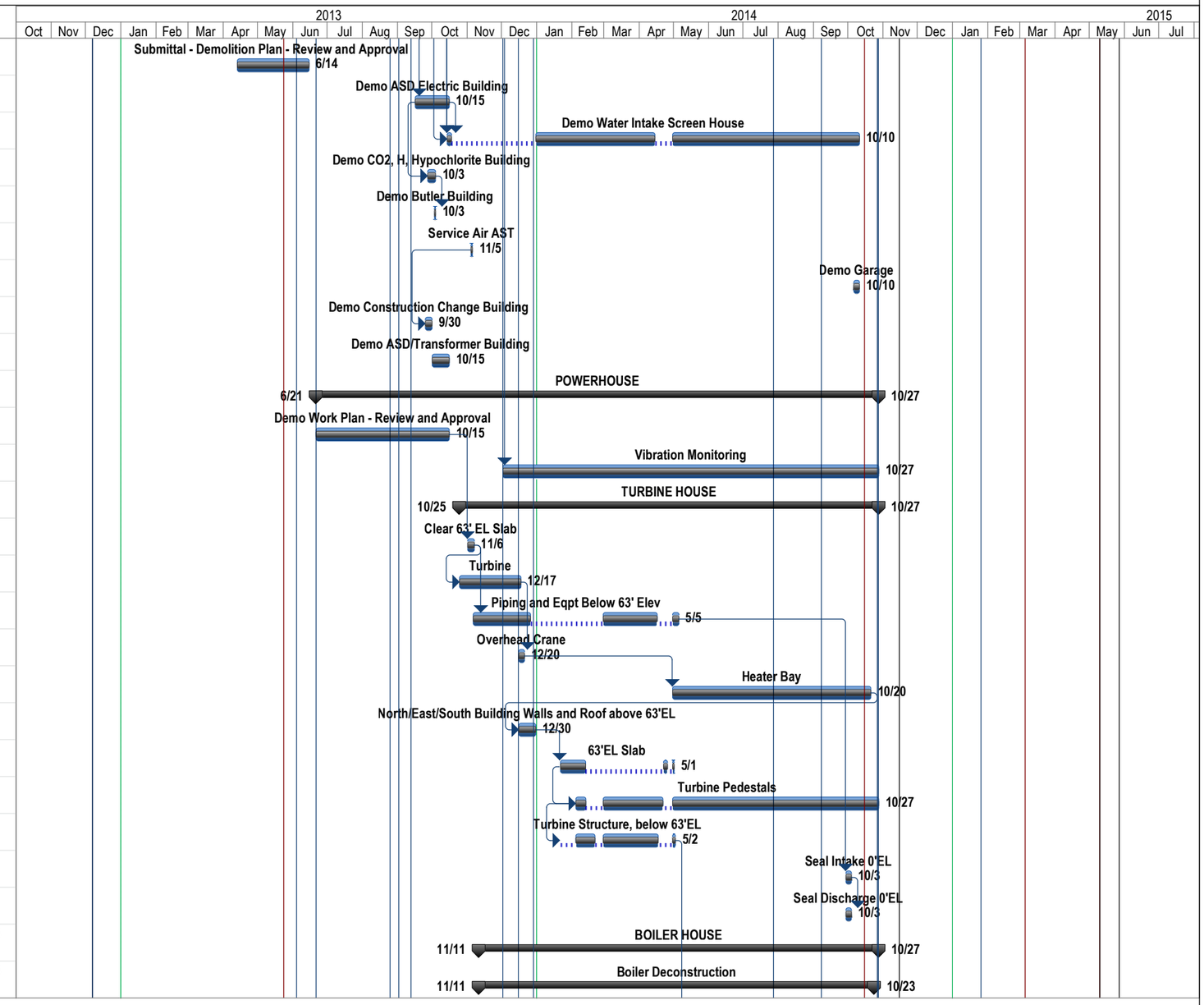
131	1.16.3.1 Submittal - Demolition Plan - Review and Approval	100%	Sat 4/13/13	Fri 6/14/13	45 days	Sat 4/13/13
132	1.16.3.2 Demo ASD Electric Building	100%	Mon 9/16/13	Tue 10/15/13	22 days	Mon 9/16/13
133	1.16.3.3 Demo Water Intake Screen House	100%	Mon 10/14/13	Fri 10/10/14	195.4 days	Mon 10/14/13
134	1.16.3.4 Demo CO2, H, Hypochlorite Building	100%	Fri 9/27/13	Thu 10/3/13	5 days	Fri 9/27/13
135	1.16.3.5 Demo Butler Building	100%	Thu 10/3/13	Thu 10/3/13	1 day	Thu 10/3/13
136	1.16.3.6 Service Air AST	100%	Mon 11/4/13	Tue 11/5/13	1.5 days	Mon 11/4/13
137	1.16.3.7 Demo Garage	100%	Mon 10/6/14	Fri 10/10/14	5 days	Mon 10/6/14
138	1.16.3.8 Demo Construction Change Building	100%	Wed 9/25/13	Mon 9/30/13	4 days	Wed 9/25/13
139	1.16.3.9 Demo ASD/Transformer Building	100%	Tue 10/1/13	Tue 10/15/13	11 days	Tue 10/1/13
140	**1.16.4 POWERHOUSE**	**99%**	**Fri 6/21/13**	**NA**	**350 days**	**Fri 6/21/13**
141	1.16.4.1 Demo Work Plan - Review and Approval	100%	Fri 6/21/13	Tue 10/15/13	85 days	Fri 6/21/13
142	1.16.4.2 Vibration Monitoring	100%	Mon 12/2/13	Mon 10/27/14	234 days	Mon 12/2/13
143	**1.16.4.3 TURBINE HOUSE**	**100%**	**Fri 10/25/13**	**Mon 10/27/14**	**258 days**	**Fri 10/25/13**
144	1.16.4.3.1 Clear 63' EL Slab	100%	Fri 11/1/13	Wed 11/6/13	4 days	Fri 11/1/13
145	1.16.4.3.2 Turbine	100%	Fri 10/25/13	Tue 12/17/13	36 days	Fri 10/25/13
146	1.16.4.3.3 Piping and Eqpt Below 63' Elev	100%	Wed 11/6/13	Mon 5/5/14	70.3 days	Wed 11/6/13
147	1.16.4.3.4 Overhead Crane	100%	Mon 12/16/13	Fri 12/20/13	5 days	Mon 12/16/13
148	1.16.4.3.5 Heater Bay	100%	Wed 4/30/14	Mon 10/20/14	124 days	Wed 4/30/14
149	1.16.4.3.6 North/East/South Building Walls and Roof above 63'EL	100%	Mon 12/16/13	Mon 12/30/13	10 days	Mon 12/16/13
150	1.16.4.3.7 63'EL Slab	100%	Tue 1/21/14	Thu 5/1/14	21.25 days	Tue 1/21/14
151	1.16.4.3.8 Turbine Pedestals	100%	Tue 2/4/14	Mon 10/27/14	172.56 days	Tue 2/4/14
152	1.16.4.3.9 Turbine Structure, below 63'EL	100%	Tue 1/21/14	Fri 5/2/14	50 days	Tue 1/21/14
153	1.16.4.3.10 Seal Intake 0'EL	100%	Mon 9/29/14	Fri 10/3/14	5 days	Mon 9/29/14
154	1.16.4.3.11 Seal Discharge 0'EL	100%	Mon 9/29/14	Fri 10/3/14	5 days	Mon 9/29/14
155	**1.16.4.4 BOILER HOUSE**	**99%**	**Mon 11/11/13**	**NA**	**247 days**	**Mon 11/11/13**
156	**1.16.4.4.1 Boiler Deconstruction**	**100%**	**Mon 11/11/13**	**Thu 10/23/14**	**245 days**	**Mon 11/11/13**



Project: LVI - Poletti - PROJECT SC
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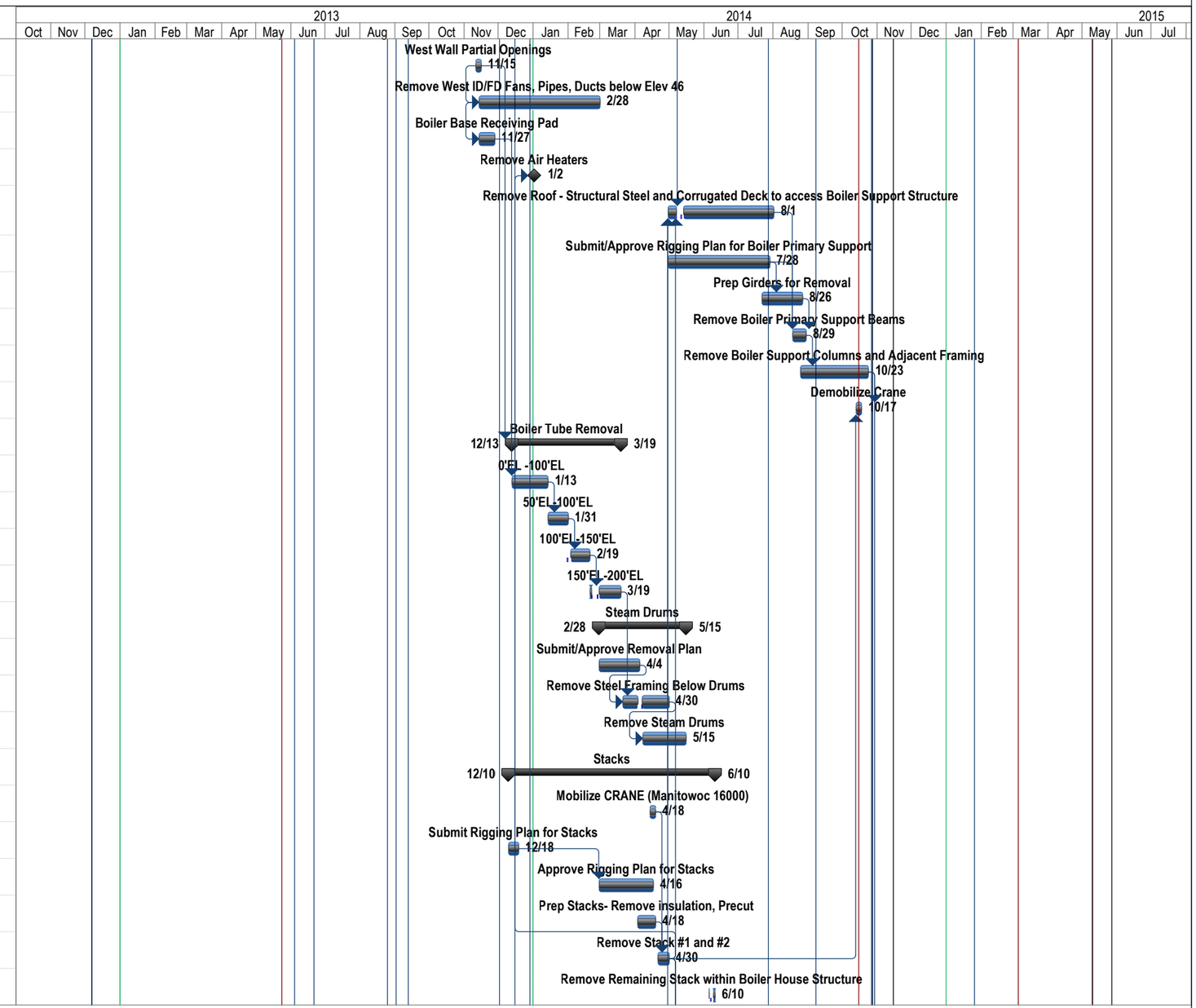
157	1.16.4.4.1.1 West Wall Partial Openings	100%	Mon 11/11/13	Fri 11/15/13	5 days	Mon 11/11/13
158	1.16.4.4.1.2 Remove West ID/FD Fans, Pipes, Ducts below Elev 46	100%	Thu 11/14/13	Fri 2/28/14	73 days	Thu 11/14/13
159	1.16.4.4.1.3 Boiler Base Receiving Pad	100%	Thu 11/14/13	Wed 11/27/13	10 days	Thu 11/14/13
160	1.16.4.4.1.4 Remove Air Heaters	100%	Thu 1/2/14	Thu 1/2/14	0 days	Thu 1/2/14
161	1.16.4.4.1.5 Remove Roof - Structural Steel and Corrugated Deck to access Boiler Support Structure	100%	Wed 4/30/14	Fri 8/1/14	62 days	Wed 4/30/14
162	1.16.4.4.1.6 Submit/Approve Rigging Plan for Boiler Primary Support	100%	Wed 4/30/14	Mon 7/28/14	64 days	Wed 4/30/14
163	1.16.4.4.1.7 Prep Girders for Removal	100%	Tue 7/22/14	Tue 8/26/14	26 days	Tue 7/22/14
164	1.16.4.4.1.8 Remove Boiler Primary Support Beams	100%	Mon 8/18/14	Fri 8/29/14	10 days	Mon 8/18/14
165	1.16.4.4.1.9 Remove Boiler Support Columns and Adjacent Framing	100%	Mon 8/25/14	Thu 10/23/14	44 days	Mon 8/25/14
166	1.16.4.4.1.10 Demobilize Crane	100%	Mon 10/13/14	Fri 10/17/14	5 days	Mon 10/13/14
167	**1.16.4.4.1.11 Boiler Tube Removal**	**100%**	**Fri 12/13/13**	**Wed 3/19/14**	**66.5 days**	**Fri 12/13/13**
168	1.16.4.4.1.11.1 0'EL -100'EL	100%	Fri 12/13/13	Mon 1/13/14	20 days	Fri 12/13/13
169	1.16.4.4.1.11.2 50'EL-100'EL	100%	Tue 1/14/14	Fri 1/31/14	14 days	Tue 1/14/14
170	1.16.4.4.1.11.3 100'EL-150'EL	100%	Thu 1/30/14	Wed 2/19/14	13 days	Thu 1/30/14
171	1.16.4.4.1.11.4 150'EL-200'EL	100%	Thu 2/20/14	Wed 3/19/14	15 days	Thu 2/20/14
172	**1.16.4.4.2 Steam Drums**	**99%**	**Fri 2/28/14**	**NA**	**55 days**	**Fri 2/28/14**
173	1.16.4.4.2.1 Submit/Approve Removal Plan	100%	Fri 2/28/14	Fri 4/4/14	26 days	Fri 2/28/14
174	1.16.4.4.2.2 Remove Steel Framing Below Drums	100%	Fri 3/21/14	Wed 4/30/14	27.5 days	Fri 3/21/14
175	1.16.4.4.2.3 Remove Steam Drums	100%	Mon 4/7/14	Thu 5/15/14	28.5 days	Mon 4/7/14
176	**1.16.4.4.3 Stacks**	**100%**	**Tue 12/10/13**	**Tue 6/10/14**	**128.95 days**	**Tue 12/10/13**
177	1.16.4.4.3.1 Mobilize CRANE (Manitowoc 16000)	100%	Mon 4/14/14	Fri 4/18/14	5 days	Mon 4/14/14
178	1.16.4.4.3.2 Submit Rigging Plan for Stacks	100%	Tue 12/10/13	Wed 12/18/13	7 days	Tue 12/10/13
179	1.16.4.4.3.3 Approve Rigging Plan for Stacks	100%	Fri 2/28/14	Wed 4/16/14	34 days	Fri 2/28/14
180	1.16.4.4.3.4 Prep Stacks- Remove insulation, Precut	100%	Thu 4/3/14	Fri 4/18/14	12 days	Thu 4/3/14
181	1.16.4.4.3.5 Remove Stack #1 and #2	100%	Mon 4/21/14	Wed 4/30/14	8 days	Mon 4/21/14
182	1.16.4.4.3.6 Remove Remaining Stack within Boiler House Structure	100%	Thu 6/5/14	Tue 6/10/14	2 days	Thu 6/5/14



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LVI SERVICES INC.

NYPA - CHARLES POLETTI POWER PLANT DECONSTRUCTION

Project Schedule

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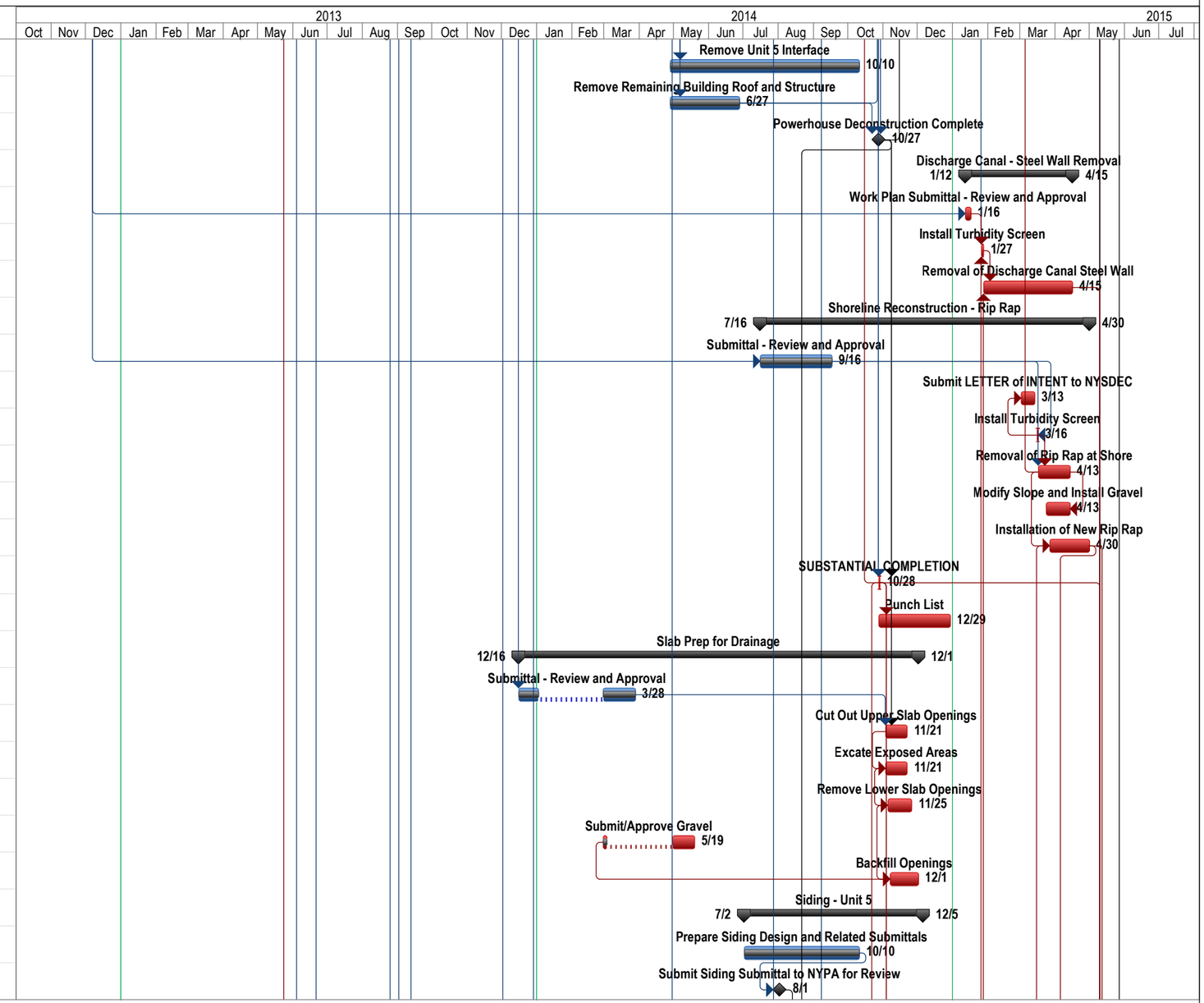
ID	Task Name	% Complete	Actual Start	Actual Finish	Duration	Start
183	1.16.4.4.4 Remove Unit 5 Interface	100%	Mon 4/28/14	Fri 10/10/14	120 days	Mon 4/28/14
184	1.16.4.4.5 Remove Remaining Building Roof and Structure	100%	Mon 4/28/14	Fri 6/27/14	45 days	Mon 4/28/14
185	1.16.4.4.6 Powerhouse Deconstruction Complete	100%	Thu 10/23/14	Mon 10/27/14	0 days	Thu 10/23/14
186	**1.16.5 Discharge Canal - Steel Wall Removal**	**0%**	**NA**	**NA**	**68 days**	**Mon 1/12/15**
187	1.16.5.1 Work Plan Submittal - Review and Approval	0%	NA	NA	5 days	Mon 1/12/15
188	1.16.5.2 Install Turbidity Screen	0%	NA	NA	2 days	Mon 1/26/15
189	1.16.5.3 Removal of Discharge Canal Steel Wall	0%	NA	NA	56 days	Wed 1/28/15
190	**1.16.6 Shoreline Reconstruction - Rip Rap**	**39%**	**Wed 7/16/14**	**NA**	**203 days**	**Wed 7/16/14**
191	1.16.6.1 Submittal - Review and Approval	100%	Wed 7/16/14	Tue 9/16/14	45 days	Wed 7/16/14
192	1.16.6.2 Submit LETTER of INTENT to NYSDEC	0%	NA	NA	10 days	Mon 3/2/15
193	1.16.6.3 Install Turbidity Screen	0%	NA	NA	1 day	Mon 3/16/15
194	1.16.6.4 Removal of Rip Rap at Shore	0%	NA	NA	20 days	Tue 3/17/15
195	1.16.6.5 Modify Slope and Install Gravel	0%	NA	NA	15 days	Tue 3/24/15
196	1.16.6.6 Installation of New Rip Rap	0%	NA	NA	25 days	Fri 3/27/15
197	**1.17 SUBSTANTIAL COMPLETION**	0%	NA	NA	1 day	Tue 10/28/14
198	1.18 Punch List	0%	NA	NA	42 days	Tue 10/28/14
199	**1.19 Slab Prep for Drainage**	**31%**	**Mon 12/16/13**	**NA**	**247 days**	**Mon 12/16/13**
200	1.19.1 Submittal - Review and Approval	100%	Mon 12/16/13	Fri 3/28/14	32 days	Mon 12/16/13
201	1.19.2 Cut Out Upper Slab Openings	0%	NA	NA	15 days	Mon 11/3/14
202	1.19.3 Excate Exposed Areas	0%	NA	NA	15 days	Mon 11/3/14
203	1.19.4 Remove Lower Slab Openings	0%	NA	NA	15 days	Wed 11/5/14
204	1.19.5 Submit/Approve Gravel	10%	Fri 2/28/14	NA	15 days	Fri 2/28/14
205	1.19.6 Backfill Openings	0%	NA	NA	15 days	Fri 11/7/14
206	**1.20 Siding - Unit 5**	**87%**	**Wed 7/2/14**	**NA**	**111 days**	**Wed 7/2/14**
207	1.20.1 Prepare Siding Design and Related Submittals	100%	Wed 7/2/14	Fri 10/10/14	73 days	Wed 7/2/14
208	1.20.2 Submit Siding Submittal to NYPA for Review	100%	Fri 8/1/14	Fri 8/1/14	0 days	Fri 8/1/14



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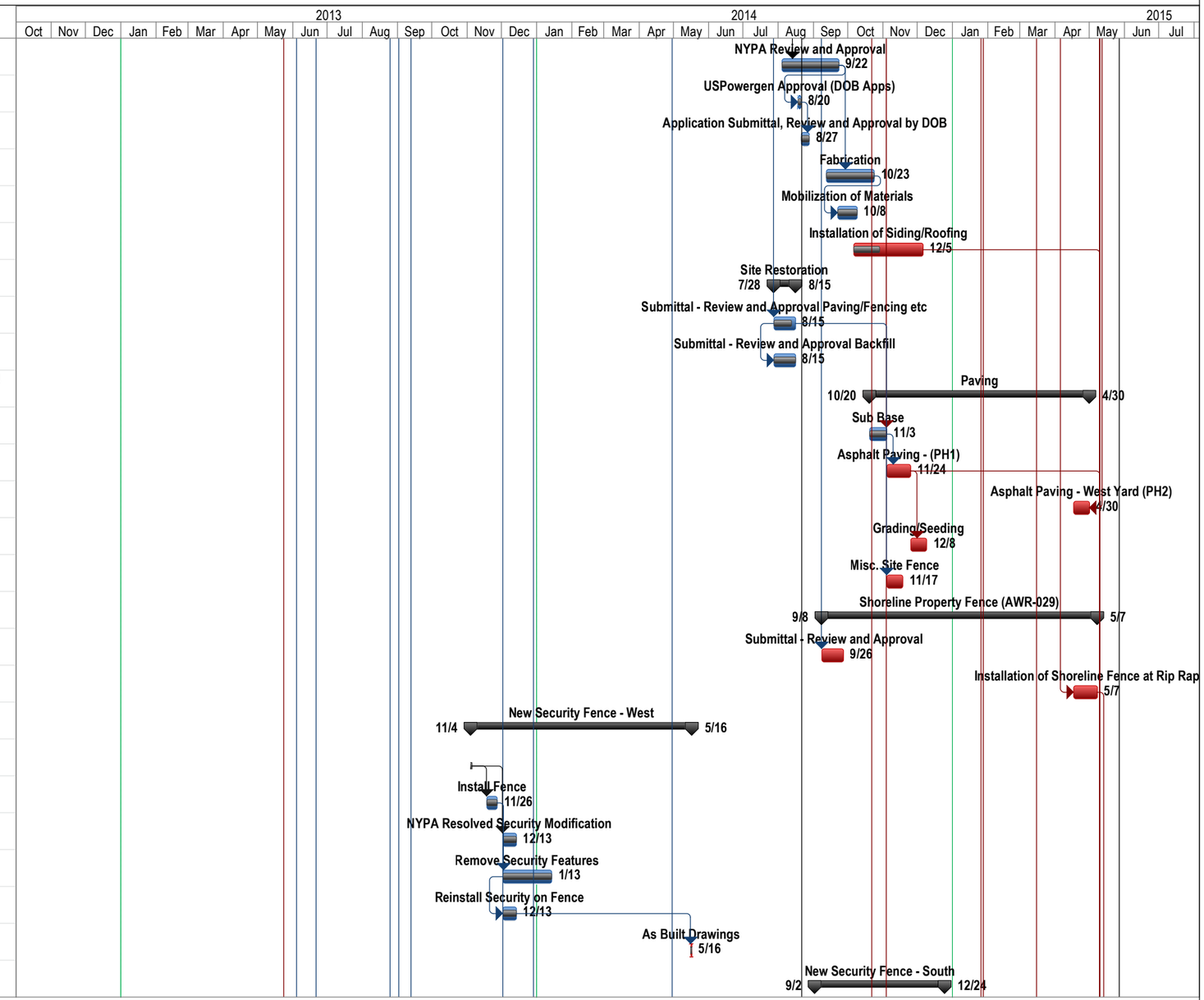
209	1.20.3 NYPA Review and Approval	100%	Mon 8/4/14	Mon 9/22/14	36 days	Mon 8/4/14
210	1.20.4 USPowergen Approval (DOB Apps)	100%	Mon 8/18/14	Wed 8/20/14	3 days	Mon 8/18/14
211	1.20.5 Application Submittal, Review and Approval by DOB	100%	Thu 8/21/14	Wed 8/27/14	5 days	Thu 8/21/14
212	1.20.6 Fabrication	100%	Fri 9/12/14	Thu 10/23/14	30 days	Fri 9/12/14
213	1.20.7 Mobilization of Materials	100%	Mon 9/22/14	Wed 10/8/14	13 days	Mon 9/22/14
214	1.20.8 Installation of Siding/Roofing	39%	Mon 10/6/14	NA	43 days	Mon 10/6/14
215	**1.21 Site Restoration**	**88%**	**Mon 7/28/14**	**NA**	**15 days**	**Mon 7/28/14**
216	1.21.1 Submittal - Review and Approval Paving/Fencing etc	75%	Mon 7/28/14	NA	15 days	Mon 7/28/14
217	1.21.2 Submittal - Review and Approval Backfill	100%	Mon 7/28/14	Fri 8/15/14	15 days	Mon 7/28/14
218	**1.22 Paving**	**20%**	**Mon 10/20/14**	**NA**	**135 days**	**Mon 10/20/14**
219	1.22.1 Sub Base	100%	Mon 10/20/14	Mon 11/3/14	11 days	Mon 10/20/14
220	1.22.2 Asphalt Paving - (PH1)	0%	NA	NA	15 days	Tue 11/4/14
221	1.22.3 Asphalt Paving - West Yard (PH2)	0%	NA	NA	10 days	Fri 4/17/15
222	1.22.4 Grading/Seeding	0%	NA	NA	8 days	Tue 11/25/14
223	1.22.5 Misc. Site Fence	0%	NA	NA	10 days	Tue 11/4/14
224	**1.23 Shoreline Property Fence (AWR-029)**	**0%**	**NA**	**NA**	**170 days**	**Mon 9/8/14**
225	1.23.1 Submittal - Review and Approval	0%	NA	NA	15 days	Mon 9/8/14
226	1.23.2 Installation of Shoreline Fence at Rip Rap	0%	NA	NA	15 days	Fri 4/17/15
227	**1.24 New Security Fence - West**	**99%**	**Mon 11/4/13**	**NA**	**136 days**	**Mon 11/4/13**
228	1.24.1 Submit Fence Location Sketch	100%	Mon 11/4/13	Mon 11/4/13	1 day	Mon 11/4/13
229	1.24.2 Install Fence	100%	Mon 11/18/13	Tue 11/26/13	7 days	Mon 11/18/13
230	1.24.3 NYPA Resolved Security Modification	100%	Mon 12/2/13	Fri 12/13/13	10 days	Mon 12/2/13
231	1.24.4 Remove Security Features	100%	Mon 12/2/13	Mon 1/13/14	29 days	Mon 12/2/13
232	1.24.5 Reinstall Security on Fence	100%	Mon 12/2/13	Fri 12/13/13	10 days	Mon 12/2/13
233	1.24.6 As Built Drawings	90%	Fri 5/16/14	NA	1 day	Fri 5/16/14
234	**1.25 New Security Fence - South**	**0%**	**NA**	**NA**	**80 days**	**Tue 9/2/14**



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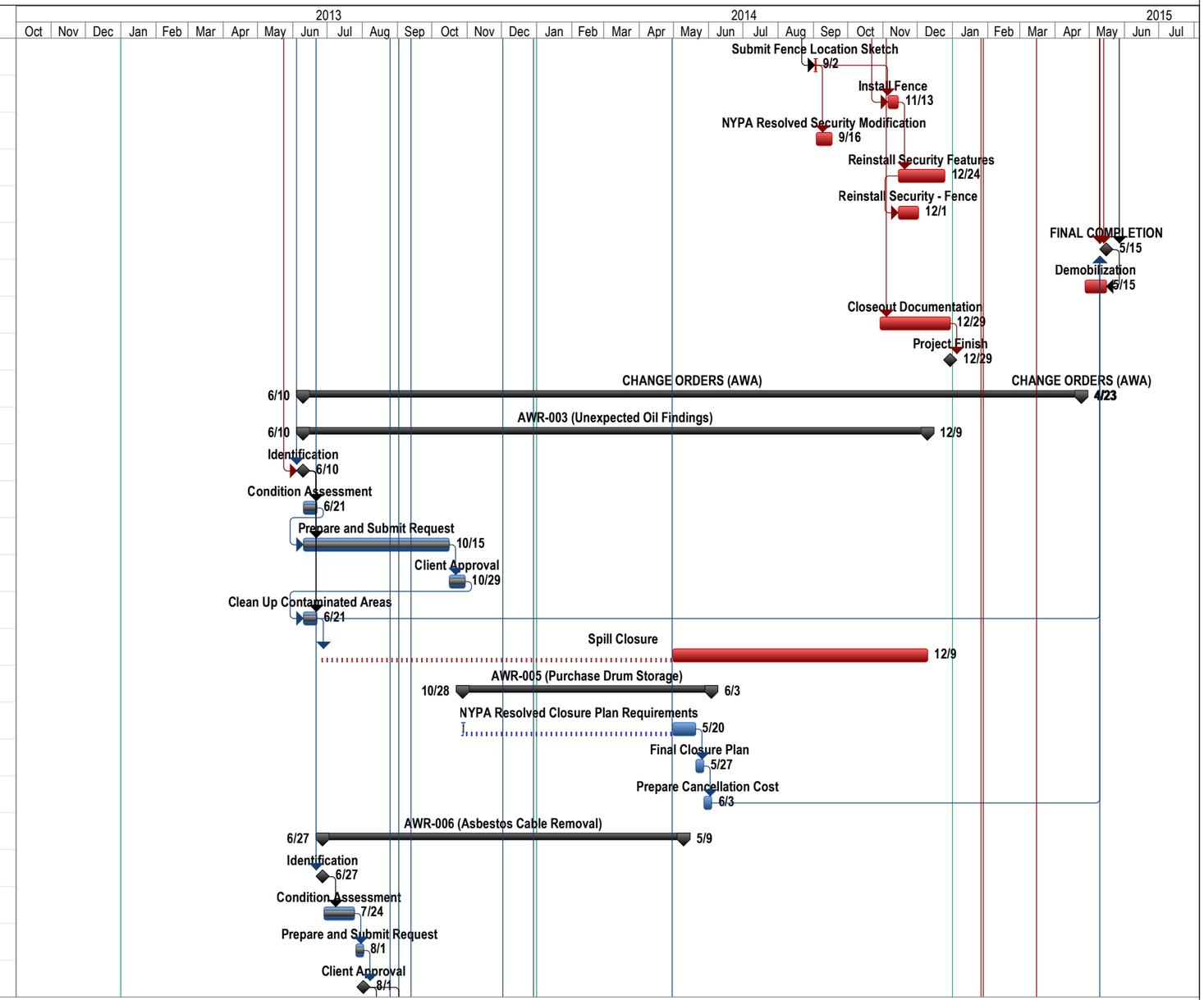
235	1.25.1 Submit Fence Location Sketch	0%	NA	NA	1 day	Tue 9/2/14
236	1.25.2 Install Fence	0%	NA	NA	7 days	Wed 11/5/14
237	1.25.3 NYPA Resolved Security Modification	0%	NA	NA	10 days	Wed 9/3/14
238	1.25.4 Reinstall Security Features	0%	NA	NA	27 days	Fri 11/14/14
239	1.25.5 Reinstall Security - Fence	0%	NA	NA	10 days	Fri 11/14/14
240	**1.26 FINAL COMPLETION**	0%	NA	NA	0 days	Fri 5/15/15
241	1.27 Demobilization	0%	NA	NA	15 days	Mon 4/27/15
242	1.28 Closeout Documentation	0%	NA	NA	41 days	Wed 10/29/14
243	1.29 Project Finish	0%	NA	NA	0 days	Mon 12/29/14
244	**2 CHANGE ORDERS (AWA)**	**56%**	**Mon 6/10/13**	**NA**	**483 days**	**Mon 6/10/13**
245	**2.1 AWR-003 (Unexpected Oil Findings)**	**44%**	**Mon 6/10/13**	**NA**	**388 days**	**Mon 6/10/13**
246	2.1.1 Identification	100%	Mon 6/10/13	Mon 6/10/13	0 days	Mon 6/10/13
247	2.1.2 Condition Assessment	100%	Mon 6/10/13	Fri 6/21/13	10 days	Mon 6/10/13
248	2.1.3 Prepare and Submit Request	100%	Mon 6/10/13	Tue 10/15/13	94 days	Mon 6/10/13
249	2.1.4 Client Approval	100%	Wed 10/16/13	Tue 10/29/13	10 days	Wed 10/16/13
250	2.1.5 Clean Up Contaminated Areas	100%	Mon 6/10/13	Fri 6/21/13	10 days	Mon 6/10/13
251	2.1.6 Spill Closure	0%	Mon 6/24/13	NA	158 days	Mon 6/24/13
252	**~~2.2 AWR-005 (Purchase Drum Storage)~~**	**3%**	**Mon 10/28/13**	**NA**	**152.25 days**	**Mon 10/28/13**
253	~~2.2.1 NYPA Resolved Closure Plan Requirements~~	5%	Mon 10/28/13	NA	15 days	Mon 10/28/13
254	~~2.2.2 Final Closure Plan~~	0%	NA	NA	5 days	Tue 5/20/14
255	~~2.2.3 Prepare Cancellation Cost~~	0%	NA	NA	5 days	Tue 5/27/14
256	**2.3 AWR-006 (Asbestos Cable Removal)**	**95%**	**Thu 6/27/13**	**NA**	**225 days**	**Thu 6/27/13**
257	2.3.1 Identification	100%	Thu 6/27/13	Thu 6/27/13	0 days	Thu 6/27/13
258	2.3.2 Condition Assessment	100%	Fri 6/28/13	Wed 7/24/13	20 days	Fri 6/28/13
259	2.3.3 Prepare and Submit Request	100%	Fri 7/26/13	Thu 8/1/13	5 days	Fri 7/26/13
260	2.3.4 Client Approval	100%	Thu 8/1/13	Thu 8/1/13	0 days	Thu 8/1/13



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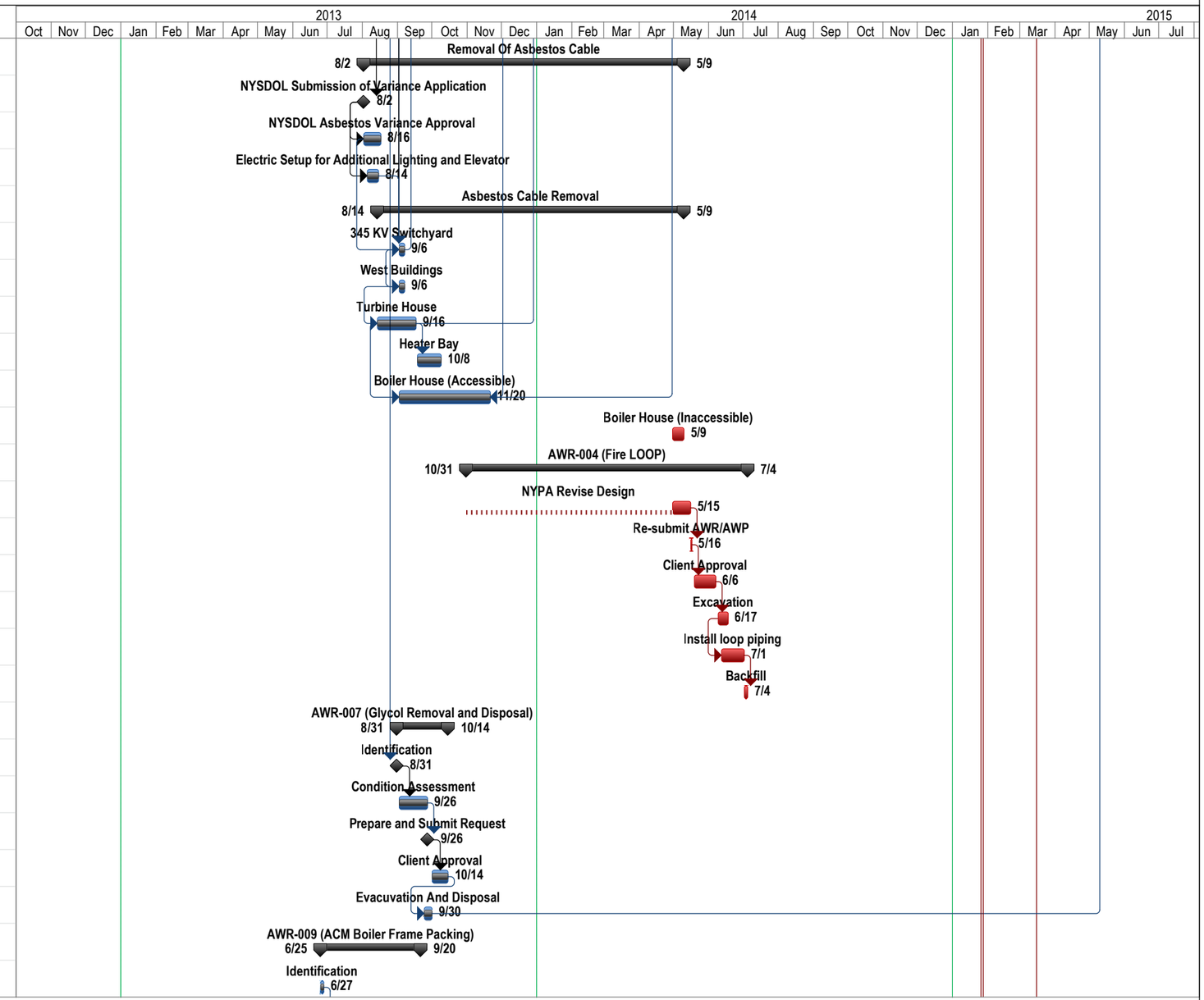
261	**2.3.5 Removal Of Asbestos Cable**	**94%**	**Fri 8/2/13**	**NA**	**198 days**	**Fri 8/2/13**
262	2.3.5.1 NYSDOL Submission of Variance Application	100%	Fri 8/2/13	Fri 8/2/13	0 days	Fri 8/2/13
263	2.3.5.2 NYSDOL Asbestos Variance Approval	100%	Fri 8/2/13	Fri 8/16/13	11 days	Fri 8/2/13
264	2.3.5.3 Electric Setup for Additional Lighting and Elevator	100%	Mon 8/5/13	Wed 8/14/13	8 days	Mon 8/5/13
265	**2.3.5.4 Asbestos Cable Removal**	**93%**	**Wed 8/14/13**	**NA**	**190 days**	**Wed 8/14/13**
266	2.3.5.4.1 345 KV Switchyard	100%	Mon 9/2/13	Fri 9/6/13	5 days	Mon 9/2/13
267	2.3.5.4.2 West Buildings	100%	Mon 9/2/13	Fri 9/6/13	5 days	Mon 9/2/13
268	2.3.5.4.3 Turbine House	100%	Wed 8/14/13	Mon 9/16/13	25 days	Wed 8/14/13
269	2.3.5.4.4 Heater Bay	100%	Wed 9/18/13	Tue 10/8/13	15 days	Wed 9/18/13
270	2.3.5.4.5 Boiler House (Accessible)	100%	Mon 9/2/13	Wed 11/20/13	58 days	Mon 9/2/13
271	2.3.5.4.6 Boiler House (Inaccessible)	0%	NA	NA	8 days	Wed 4/30/14
272	**~~2.4 AWR-004 (Fire LOOP)~~**	**0%**	**Thu 10/31/13**	**NA**	**173 days**	**Thu 10/31/13**
273	~~2.4.1 NYPA Revise Design~~	0%	Thu 10/31/13	NA	12 days	Thu 10/31/13
274	~~2.4.2 Re-submit AWR/AWP~~	0%	NA	NA	1 day	Fri 5/16/14
275	~~2.4.3 Client Approval~~	0%	NA	NA	15 days	Mon 5/19/14
276	~~2.4.4 Excavation~~	0%	NA	NA	7 days	Mon 6/9/14
277	~~2.4.5 Install loop piping~~	0%	NA	NA	14 days	Thu 6/12/14
278	~~2.4.6 Backfill~~	0%	NA	NA	3 days	Wed 7/2/14
279	**2.5 AWR-007 (Glycol Removal and Disposal)**	**100%**	**Sat 8/31/13**	**Mon 10/14/13**	**32 days**	**Sat 8/31/13**
280	2.5.1 Identification	100%	Sat 8/31/13	Sat 8/31/13	0 days	Sat 8/31/13
281	2.5.2 Condition Assessment	100%	Mon 9/2/13	Thu 9/26/13	19 days	Mon 9/2/13
282	2.5.3 Prepare and Submit Request	100%	Thu 9/26/13	Thu 9/26/13	0 days	Thu 9/26/13
283	2.5.4 Client Approval	100%	Tue 10/1/13	Mon 10/14/13	10 days	Tue 10/1/13
284	2.5.5 Evacuvation And Disposal	100%	Tue 9/24/13	Mon 9/30/13	5 days	Tue 9/24/13
285	**2.6 AWR-009 (ACM Boiler Frame Packing)**	**100%**	**Tue 6/25/13**	**Fri 9/20/13**	**66 days**	**Tue 6/25/13**
286	2.6.1 Identification	100%	Tue 6/25/13	Thu 6/27/13	3 days	Tue 6/25/13



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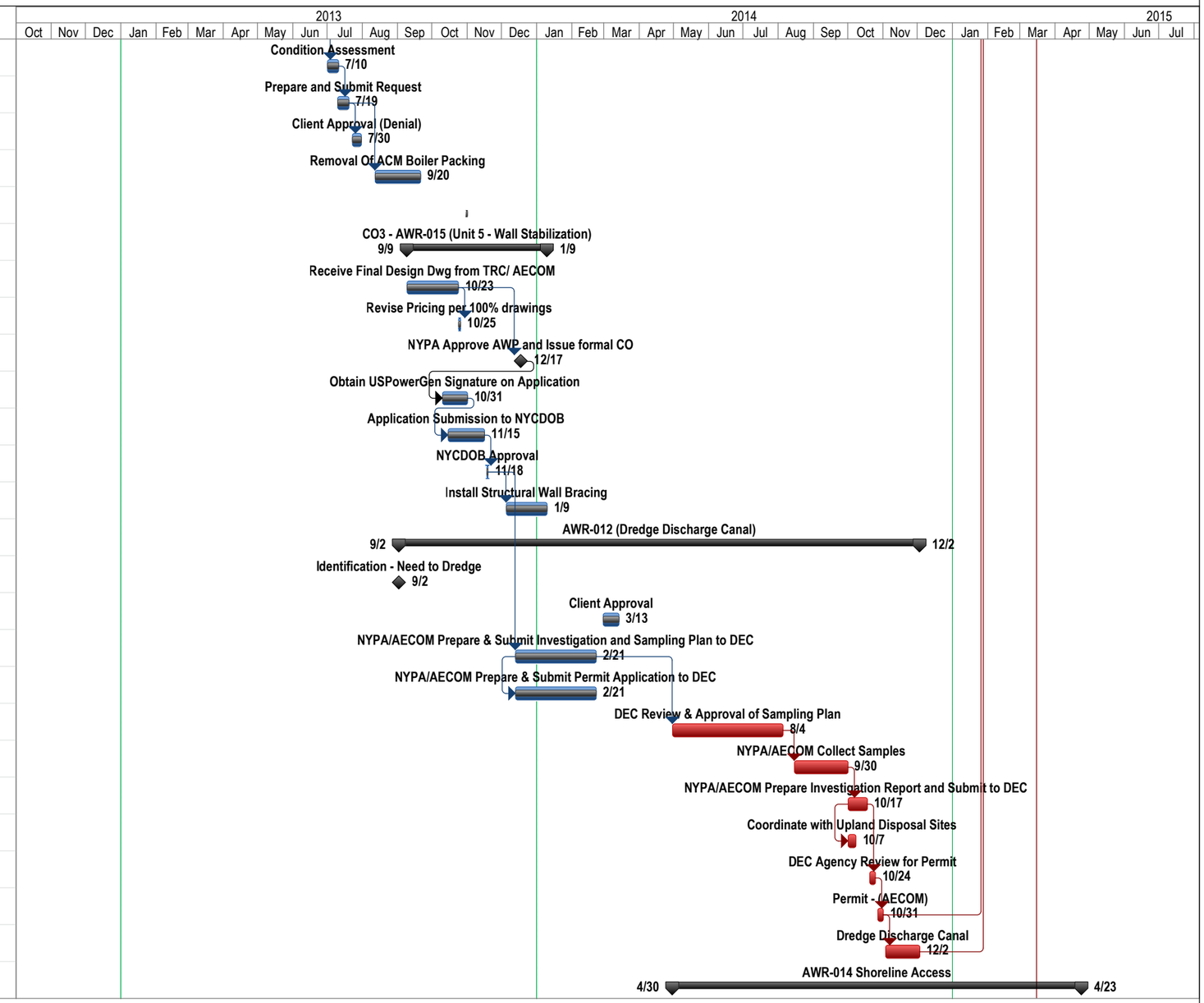
287	2.6.2 Condition Assessment	100%	Mon 7/1/13	Wed 7/10/13	8 days	Mon 7/1/13
288	2.6.3 Prepare and Submit Request	100%	Wed 7/10/13	Fri 7/19/13	8 days	Wed 7/10/13
289	2.6.4 Client Approval (Denial)	100%	Tue 7/23/13	Tue 7/30/13	6 days	Tue 7/23/13
290	2.6.5 Removal Of ACM Boiler Packing	100%	Mon 8/12/13	Fri 9/20/13	31 days	Mon 8/12/13
291	**2.7 AWR-010 (Time Lapse Camera)**	100%	Thu 10/31/13	Thu 10/31/13	1 day	Thu 10/31/13
292	**2.8 CO3 - AWR-015 (Unit 5 - Wall Stabilization)**	**100%**	**Mon 9/9/13**	**Thu 1/9/14**	**85 days**	**Mon 9/9/13**
293	2.8.1 Receive Final Design Dwg from TRC/ AECOM	100%	Mon 9/9/13	Wed 10/23/13	33 days	Mon 9/9/13
294	2.8.2 Revise Pricing per 100% drawings	100%	Thu 10/24/13	Fri 10/25/13	2 days	Thu 10/24/13
295	2.8.3 NYPA Approve AWP and Issue formal CO	100%	Tue 12/17/13	Tue 12/17/13	0 days	Tue 12/17/13
296	2.8.4 Obtain USPowerGen Signature on Application	100%	Thu 10/10/13	Thu 10/31/13	16 days	Thu 10/10/13
297	2.8.5 Application Submission to NYCDOB	100%	Tue 10/15/13	Fri 11/15/13	24 days	Tue 10/15/13
298	2.8.6 NYCDOB Approval	100%	Mon 11/18/13	Mon 11/18/13	1 day	Mon 11/18/13
299	2.8.7 Install Structural Wall Bracing	100%	Thu 12/5/13	Thu 1/9/14	24 days	Thu 12/5/13
300	**2.9 AWR-012 (Dredge Discharge Canal)**	**42%**	**Mon 9/2/13**	**NA**	**321 days**	**Mon 9/2/13**
301	2.9.1 Identification - Need to Dredge	100%	Mon 9/2/13	Mon 9/2/13	0 days	Mon 9/2/13
302	2.9.2 Client Approval	100%	Fri 2/28/14	Thu 3/13/14	10 days	Fri 2/28/14
303	2.9.3 NYPA/AECOM Prepare & Submit Investigation and Sampling Plan to DEC	100%	Fri 12/13/13	Fri 2/21/14	49 days	Fri 12/13/13
304	2.9.4 NYPA/AECOM Prepare & Submit Permit Application to DEC	100%	Fri 12/13/13	Fri 2/21/14	49 days	Fri 12/13/13
305	2.9.5 DEC Review & Approval of Sampling Plan	0%	NA	NA	69 days	Wed 4/30/14
306	2.9.6 NYPA/AECOM Collect Samples	0%	NA	NA	33 days	Fri 8/15/14
307	2.9.7 NYPA/AECOM Prepare Investigation Report and Submit to DEC	0%	NA	NA	13 days	Wed 10/1/14
308	2.9.8 Coordinate with Upland Disposal Sites	0%	NA	NA	5 days	Wed 10/1/14
309	2.9.9 DEC Agency Review for Permit	0%	NA	NA	5 days	Mon 10/20/14
310	2.9.10 Permit - (AECOM)	0%	NA	NA	5 days	Mon 10/27/14
311	2.9.11 Dredge Discharge Canal	0%	NA	NA	20 days	Mon 11/3/14
312	**~~2.10 AWR-014 Shoreline Access~~**	**0%**	**NA**	**NA**	**253 days**	**Wed 4/30/14**



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Task		Milestone		Project Summary		Critical Split	
Split		Summary		Critical		Progress	

SUBSTANTIAL COMPLETION - all structures down to grade elevation, site work ongoing.
FINAL COMPLETION - site work complete, closeout documents in process.

LVI SERVICES INC.

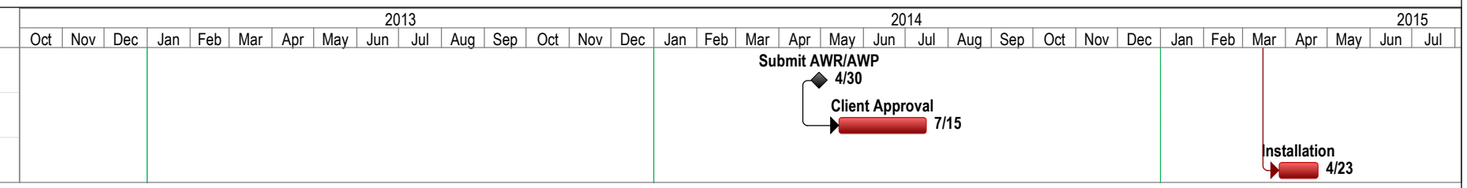
NYPA - CHARLES POLETTI POWER PLANT DECONSTRUCTION

Project Schedule

LVI Poletti Schedule Progress Schedule 10-28-14--.mpp

Data Date : 9/16/2014

ID	Task Name	% Complete	Actual Start	Actual Finish	Duration	Start
313	~~2.10.1 Submit AWR/AWP~~	0%	NA	NA	0 days	Wed 4/30/14
314	~~2.10.2 Client Approval~~	0%	NA	NA	45 days	Wed 5/14/14
315	~~2.10.3 Installation~~	0%	NA	NA	20 days	Fri 3/27/15



Project: LVI - Poletti - PROJECT SC
Date: Fri 2/13/15

Task | Split | Milestone | Summary | Project Summary | Critical | Critical Split | Progress

SUBSTANTIAL COMPLETION - all structures down to grade elevation, site work ongoing.
FINAL COMPLETION - site work complete, closeout documents in process.

LVI SERVICES INC.

NYPA - CHARLES POLETTI POWER PLANT DECONSTRUCTION

Project Schedule

Decrease in New York City Governmental Customer Fixed Cost Component – Notice of Adoption

Exhibit "G"
Poletti Project Decommissioning Cost Update

Poletti Project Decommissioning Cost Update

The following is a status and cost update on the Poletti decommissioning project.

The decommissioning work is broken down into three major activities ─ Demineralization Plant Demolition, Fuel Oil Yard Demolition, and the Poletti Plant Deconstruction. The estimated total cost for completion of these activities was $47.3 million. This included a contingency estimate and a salvage value estimate [*see attached Table 1*]. The Demineralization work was completed in 2011 and the Fuel Oil Yard work is expected to be complete by June 2015. The Poletti Power Plant will be deconstructed to grade by December 2014, and final site restoration and demobilization of the program will be completed in late spring 2015.

As a result of unforeseen events requiring change orders the $4.7M contingency budget has been exceeded by approximately $2.7M and the Total Poletti Program cost is now estimated at about $50M. During the Poletti Plant Deconstruction phase and the Fuel Oil Yard Demolition Phase, four major occurrences account for this overage as described below:

(1) Asbestos containing material found in electrical wiring while demolishing the 345 kV transmission switchyard. These were live wires in the transmission switchyard and on other energized systems and therefore could not be tested until they were de-energized. Once tested, they proved to contain asbestos. This accounted for $3.1M in unexpected costs.

(2) The need for a change in the wall bracing scope at the connected Astoria Unit 5 unit, to meet NYC building codes. While NYPA's Poletti plant was in service, the common wall with US PowerGen was an internal structure. With the demolition of the plant that wall now became exterior, and subject to updated NYC wind loading restrictions, which required additional bracing. In the agreement between NYPA and US PowerGen, whichever party initiated changes to the common wall(s) was required to bring said wall up to code for the remaining tenant. This accounted for $1.5M in unexpected costs.

(3) The New York City Fire Department ("FDNY") rejected the proposed plan to install duct iron piping for the above ground sections of fire suppression system piping. This piping was being re-routed and supported due to the dike wall demolition. After a long collaborative effort, which included additional designs, excavation work and numerous meetings between the FDNY and the engineer, contractor, permitting and industry code experts over the course of 12 months; the FDNY approved a new design and the contractor is procuring material and will proceed with the work. This accounted for $1.7M in unexpected costs.

(4) The discovery of oil-filled electrical components located at the 345 kV transmission switchyard. This accounted for $0.62M in unexpected costs.

In addition to these four major items many smaller change orders and work requirements for additional design, permitting and oversight fees in the total $0.5 have been required.

[The revised cost estimate is delineated in Table 2].

It has also been determined that two major out-of-scope work activities are needed: 1) the demolition of the support structures for the Water Intake Screen House ("Screen House") and 2) the dredging of the water discharge canal.

1) <u>Screen House Support Structure Demolition</u>

The Screen House and all of its support structures were installed as part of the Poletti Power Project. It is an approximately 3,000 square foot, one-story steel frame building, with a concrete floor slab and a steel–frame roofing system. The Screen House was installed to deliver condenser cooling water and service water to the project. The Screen House building demolition began in September 2013 and was demolished to grade (i.e., to the level of the structure's concrete floor slab) by March 2014. The remaining concrete floor slab and the Screen House support structures, located on the shore of and over the East River, are approximately 80 feet long, 100 feet wide, and 50 feet deep. The structure is comprised mainly of three (3) components:

1. A service platform that is supported by 24 steel H-piles.
2. A transition block supported by columns and H-piles extending from a mat slab that sits on bedrock.
3. A platform structure that has a six-foot mat slab on bedrock with three-foot diameter support columns extending from the mat slab.

Demolition of the Screen House below grade (underwater) was not deemed necessary at the time the original scope of work was established. However, once the building and equipment were removed, it was determined that the supporting structures were deteriorating and weakening due to various factors and therefore must be removed as part of the Poletti Plant Deconstruction work. It will also be necessary to perform associated shoreline restoration, to maintain consistency with the remainder of the project.

Had the below grade demolition been included in the original scope, the additional monies that would have been required would be essentially the same as the amounts represented in these updated cost figures.

2) <u>Water Discharge Canal Dredging</u>

As part of the deconstruction of the Poletti Power Plant, the steel bulkhead (sheet wall) that created the discharge canal was to be removed, returning this flow area back to the East River. The New York State

Department of Environmental Conservation ("NYSDEC") and the US Army Corps of Engineers ("USACE"), the respective permitting agencies, require that before removal of the bulkhead, NYPA remove accumulated sediment from the discharge canal.

Approximately 1,255 cubic yards of sediment have accumulated behind the bulkhead that must be removed under NYSDEC and USACE regulations. The sediment removal will allow the affected area of the East River to be restored to its previous tidal flooding level. The sediment will be disposed of in accordance with all NYSDEC guidelines.

Out-of-Scope Costs

The estimated costs for both projects total $11.3 million, broken down as follows (*and further shown on Table 3*):

$8.00 million Screen House Support Structure Deconstruction
$1.60 million Canal Dredging & Shoreline Work
$1.70 million Construction Oversight & Contingency

Total Budget Estimate: $11.30 Million

The scope of work for the two projects requires approximately 36 months for assessment, design, permitting, bid and award, and demolition. The canal dredging and sheet wall removal will primarily be undertaken in 2015, while the demolition phase of the Screen House support structure and associated shoreline restoration work will take place during late 2016 into 2017. As a result of the in-scope change orders and out-of-scope requirements, it is estimated that the overall decommissioning expense will total $61.4 million rather than the previous estimate of $47.3 million. Despite the increased cost estimate produced by the additional but necessary work, the Authority will be able to maintain the $1.79 million annual asset retirement obligation charge that became effective with the 2013 rate year. However, it will be necessary to extend that charge through 2019, an additional two years beyond the planned termination at the conclusion of the 2017 rate year. We have attached a revised cost of service ***Figure 5A – Other Expense – Poletti Site Demolition and Restoration*** showing the amended amortization schedule.

As mentioned in both the 2013 and 2014 Final Staff Reports, the annual charge will continue to be revisited and adjusted as the decommissioning project continues. Upon its completion the recovery will be trued up or down in order to guarantee that the customer pays no more than the actual decommissioning costs.

Estimated In-Scope Poletti Decommissioning Expenses

(sent in response to NYC Customer data request #37 to
2014 Preliminary COS)

Table 1	Poletti Cumulative Expenditures through Year End 2014 as previously supplied to NYISO Customers		
	2012	2013	2014
Expenditures			
Demin. Plant Demolition	($2.1)	($2.1)	($2.1)
Fuel Oil Yard Demolition	($5.4)	($12.4)	($12.4)
Poletti Plant Demolition	($7.1)	($21.50)	($35.9)
Poletti CM & EHS Oversight/ Air Monitoring		($1.97)	($3.0)
Asset Recovery	$1.3	$6.1	$11.0
Contingency(15%)			($4.5)
Cumulative Expenditures	($13.3)	($31.8)	($46.9)

Updated In-Scope Poletti Decommissioning Expenses

Table 2	Poletti Cumulative Expenditures through Year End 2014 Update to NYISO Customers		
	2012	2013	2014
Expenditures			
Demin. Plant Demolition	($2.1)	($2.1)	($2.1)
Fuel Oil Yard Demolition	($5.4)	($12.5)	($12.9)
Poletti Plant Demolition	($7.2)	($15.6)	($38.6)
Poletti CM & EHS Oversight/ Air Montoring.		($1.7)	($4.6)
Asset Recovery	$1.3	$4.2	$11.0
Contingency(15%)			$0.0
Cumulative Expenditures	($13.4)	($27.7)	($47.2)

Out of Scope Poletti Decommissioning Expenses

Table 3	Estimated Poletti Decommissioning Expenditures for Out-of-Scope Work		
	2015	2016	2017
Expenditures			
Screen House Support Structure Demolition	($2.0)	($3.0)	($8.0)
Dredging & Shoreline Work	($1.3)	($1.6)	($1.6)
Poletti CM & EHS Oversight/ Air Monitoring.	($0.3)	($0.4)	($0.7)
Contingency (7.5%)	($0.2)	($0.3)	($1.0)
Cumulative Expenditures	**($3.8)**	**($5.3)**	**($11.3)**

Kensico Cost Breakdown

	2011	2012	2013	2014	2015	Remaining Expenditures	Totals
In House Labor	$6,923.05	$21,769.72	$88,471.06	-$112.66	$42,917.47	$0.00	**$159,968.64**
Consulting	$0.00	$34,964.23	$114,103.01	$121,382.00	$41,364.14	$14,423.00	**$326,236.38**
FMV & Planning	$0.00	$21,814.23	$66,908.01	$90,502.00	$20,000.01	$0.00	
A/E	$0.00	$0.00	$47,195.00	$30,880.00	$21,364.13	$14,423.00	
EHS	$0.00	$13,150.00	$0.00	$0.00	$0.00	$0.00	
Construction	**$0.00**	**$3,400.00**	**$12,299.81**	**$8,056.18**	**$573,976.98**	**$0.00**	**$597,732.97**
De-Construction	$0.00	$3,400.00	$11,054.54	$8,010.00	$501,098.98	$0.00	
Construction Oversight	$0.00	$0.00	$1,245.27	$46.18	$72,878.00	$0.00	
Annual Totals	***$6,923.05***	***$60,133.95***	***$214,873.88***	***$129,325.52***	***$658,258.59***	***$14,423.00***	
Cummulative To date	**$6,923.05**	**$67,057.00**	**$281,930.88**	**$411,256.40**	**$1,069,514.99**	**$1,083,937.99**	**$1,083,937.99**

Total Expended to Date: $1,069,514.99

Total Commitments left to be Billed: $14,423.00

Total Expenditure at Completion: $1,083,937.99

Notes

1) A total of $100,940.00 of incorrectly appropriated accruals were removed from the costs depicted in the previously provided chart.

2) In year 2011, $41,000.00 of the accruals were removed from In House labor. (Part of the $100,940.00 as described in note 1)

3) In year 2012, $65,150.00 of FMV & Planning charges were incorrectly charged to the Kensico project. These charges have been removed from Kensico and applied to their appropriate project.

4) In year 2013, $59,940.00 of the accruals (The remaining part of the $100,940.00 as described in note 1) were removed from In House Labor. In addition $3,751.04 was re-allocated to De-Construction as it related to LOTO work.

5) In year 2014, no changes.

6) In year 2015, the current actual expenditures have been updated along with remaining expenditures

EXHIBIT "I"

Issue 7: NYPA Should Commission an Independent Management Audit

Comments: The Public Service Commission ("PSC") performs comprehensive management and operations audits of each major electric and gas utility. Although NYPA is not governed by the Public Service Law directing the performance of said audits, the City requests the Board of Trustees to direct the performance of an independent management audit of NYPA's practices and operations as this would bring value to the City, NYCGCs and other NYPA customers.

Staff Analysis: In response to the City's request, NYPA does in fact have an independent management and operations audit conducted every five years by the Office of the State Comptroller ("OSC"). The OSC also periodically conducts program audits addressing aspects of the Authority's operations. We additionally have our annual financial Audit, independently performed in recent history by KPMG.

Next, as a New York State public authority, NYPA is required to disclose a significant amount of information and follow numerous State guidelines. Information disclosed publicly includes our Budget and Financial Plan filed in accordance with section 2801 of Public Authorities Law, our Annual 4 Year Budget and Financial Plan filed with the State Comptroller, as well as biographies and salaries of selected NYPA employees.

Lastly, NYPA contracts out with independent experts in reviewing models, processes, and controls within the organization. These examinations happen with appropriate regularity to the particular business unit and specific function.

Recommendation: Staff believes the existing independent external and internal audits along with NYPA's extensive public disclosures provide a sufficient review of NYPA's operations.

NEW YORK CITY GOVERNMENTAL CUSTOMERS

EXHIBIT "J"

Service Tariff No. 100 Rate Comparison (Current vs. Proposed)

	Demand ($/kW)		ENERGY (¢/kWh)											
			SUMMER		SUMMER ON PEAK		SUMMER OFF PEAK		WINTER		WINTER ON PEAK		WINTER OFF PEAK	
Service Classification	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
SC 62 Conventional	$0.00	$0.00	6.576	6.156					6.067	5.647				
SC 65 Conventional	$9.55	$7.54	4.685	4.351					4.185	3.852				
SC 66 Conventional	$0.00	$0.00	5.119	4.553					5.119	4.553				
SC 68 Conventional	$15.83	$14.67	4.589	4.091					4.081	3.582				
SC 68 TOD	$17.29	$16.28			5.884	5.288	3.696	3.129			4.787	4.191	3.634	3.037
SC 69 Conventional	$12.77	$12.11	4.679	4.240					4.171	3.731				
SC 69 TOD	$12.60	$12.39			5.779	5.346	3.637	3.233			4.705	4.272	3.576	3.143
SC 69 KIAC TOD	$12.60	$12.39			4.506	4.084	2.364	1.971			3.432	3.010	2.304	1.881
SC 80 Conventional	$1.84	$1.49	4.589	4.143					4.589	4.143				
SC 82 Conventional	$9.82	$8.84	4.698	4.396					4.189	3.887				
SC 85 Conventional	$14.13	$12.11	4.626	4.260					4.132	3.766				
SC 91 Conventional	$9.94	$12.12	4.844	4.220					4.335	3.711				
SC 91 TOD	$13.98	$14.04			5.940	5.356	3.752	3.198			4.843	4.259	3.690	3.106
SC 93 Conventional	$6.32	$6.55	4.943	4.457					4.439	3.953				
SC 98 Conventional	$4.17	$6.00	2.566	4.085					2.058	3.576				
SC 98 TOD	$11.02	$11.07			5.870	5.501	3.728	3.388			4.796	4.427	3.667	3.299

Service Tariff No. 100 Demand Standby Rate Comparison (Current vs. Proposed)

	CONTRACT STANDBY DEMAND ($/KW)				AS-USED DAILY DEMAND ($/kW-day)			
	Low Tension		High Tension		Low Tension		High Tension	
Service Classification	2015	2016	2015	2016	2015	2016	2015	2016
SC 65 Conventional	$0.286	$0.226	$0.271	$0.214	$0.305	$0.240	$0.288	$0.227
SC 68 Conventional	$0.475	$0.440	$0.441	$0.409	$0.505	$0.466	$0.469	$0.433
SC 68 TOD	$0.519	$0.489	$0.481	$0.453	$0.551	$0.518	$0.512	$0.481
SC 69 Conventional	$0.383	$0.363	$0.356	$0.338	$0.407	$0.385	$0.379	$0.358
SC 69 TOD	$0.378	$0.372	$0.358	$0.353	$0.402	$0.394	$0.381	$0.374
SC 80 Conventional	$0.055	$0.045	$0.051	$0.042	$0.059	$0.047	$0.055	$0.044
SC 82 Conventional	$0.294	$0.265	$0.273	$0.246	$0.313	$0.281	$0.290	$0.261
SC 85 Conventional	$0.424	$0.363	$0.406	$0.348	$0.451	$0.385	$0.432	$0.369
SC 91 Conventional	$0.298	$0.364	$0.277	$0.338	$0.317	$0.386	$0.294	$0.358
SC 91 TOD	$0.419	$0.421	$0.389	$0.391	$0.446	$0.447	$0.414	$0.415
SC 93 Conventional	$0.190	$0.197	$0.178	$0.185	$0.202	$0.208	$0.189	$0.196
SC 98 Conventional	$0.125	$0.180	$0.116	$0.167	$0.133	$0.191	$0.124	$0.177
SC 98 TOD	$0.331	$0.332	$0.314	$0.315	$0.351	$0.352	$0.333	$0.334