

Date: September 29, 2015

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Licensing of the SMART Path Moses-Adirondack 1&2 Rebuild Project and Award

SUMMARY

The Trustees are requested to authorize staff to proceed with licensing of the SMART Path Moses-Adirondack 1&2 Rebuild Project (“SMART Path” or “Project”) to replace the Moses-Adirondack Transmission Lines 1 & 2 (“MA 1&2”) with 230 kV lines on double circuit steel monopole structures. The Trustees are also requested to approve the issuance of a Purchase Order Release (“POR”) against the existing value contract, #4600002872, with Louis Berger & Associates, P.C., in the amount of \$2.76 million, for the studies and environmental assessments required in the Public Service Law Article VII licensing process.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year. The licensing process for SMART Path is expected to take two years and the entire Project is expected to be completed by 2023.

In accordance with the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures, the Trustees will be asked to approve funding at three different times for SMART Path for the following tasks: (1) POR to obtain the necessary environmental permits and licensing certificates; (2) contract award to perform the engineering design of the new transmission lines; and (3) contract award for the labor and materials to construct SMART Path. The awards for the environmental permits and licensing certificates are being requested today. The award to perform the engineering design work will be presented at the December 2015 Trustee meeting and the award to construct the project is anticipated to be requested during the third quarter 2018.

The existing MA1&2 lines originate in the St. Lawrence Moses Substation in Massena, New York. From Moses Substation, the lines generally traverse in a south and southwestern direction for approximately 85 miles, terminating in the Adirondack substation in Croghan, New York. The MA 1&2 Lines are on double circuit steel lattice structures for the first eight miles, and for the remaining 77 miles are attached onto single circuit wooden H frame structures. The two circuits were originally constructed by the United States Department of Defense in 1942 and acquired by the Authority in 1953. The MA 1&2 lines use old technology that is costly to maintain and prone to experiencing failures due to equipment fatigue. The lines have also reached the end of their useful life.

The MA1&2 lines were originally constructed with wood pole H-frame structures that require periodic replacement. At their July 30, 2015 Trustees' Meeting, the Trustees approved funds to replace wooden poles, as needed, on the MA 1&2 and the Moses-Plattsburgh lines.

The MA 1&2 lines continue to play an essential role in the reliability of the State's electrical grid, including system restoration (blackstart capability) and as a complement and back-up to the Authority's 765 kV transmission line.

DISCUSSION

The Authority performed a constructability assessment of the MA 1&2 lines and recommends that the line be rebuilt as follows: two 230 kV transmission lines consisting of new conductor installed on new, double circuit steel monopole structures on concrete caissons. The recommendation is based on lowest-cost, improved power flow, potential for future growth, an existing cost recovery mechanism, and minimal adverse environmental impact. The Project, as proposed, will allow for an increased power flow of up to 200 MW along the MA1&2 lines due to technological improvements. The double circuit steel monopole structure has been chosen due to low-cost, narrow footprint, increased durability, ease of maintenance, and beneficial constructability.

The Project will require the issuance of a Certificate of Environmental Compatibility and Public Need by the Public Service Commission ("PSC"), pursuant to Public Service Law Article VII, which requires studies, environmental assessments and public hearings.

The Authority distributed a Request for Quotation ("RFQ") to twelve firms who currently have Master Service Agreements ("MSA") with the Authority to perform needed permitting and licensing activities. Ten responses were received. The Authority is recommending that a POR be issued to the lowest-priced evaluated bidder, Louis Berger & Associates, P.C., in the amount of \$2.76 million. This work will form the basis for an application to the PSC for approval to construct the Project.

The project work will be performed from 2016 to 2023, with the licensing work expected to be performed from 2016 to 2018.

The Trustees are requested to authorize staff to proceed with the licensing effort for the Project and approve the POR for Louis Berger & Associates.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Senior Vice President – Public Affairs and Business Development, the Vice President – Project and Business Development, the Vice President – Transmission and the Director – Project Development and Licensing, recommend that the Trustees authorize staff to proceed with the licensing of the SMART Path Moses-Adirondack 1&2 Rebuild Project and authorize the issuance of a Purchase Order Release to Louis Berger & Associates in the amount of \$2.76 million for the studies and environmental assessments required in the Public Service Law Article VII licensing process.

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

RESOLUTION

RESOLVED, The Trustees authorize the Authority's staff to proceed with licensing services for the SMART Path Moses-Adirondack 1&2 Rebuild Project, as recommended in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, that pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, approval is hereby granted to authorize the issuance of a Purchase Order Release against the existing value contract, #4600002872, with Louis Berger & Associates, P.C. of New York, New York, in the amount of \$2.76 million, to provide licensing services for the Project as recommended in the foregoing memorandum of the President and Chief Executive Officer and as set forth below:

<u>Contractor</u>	<u>Purchase Order Release Amount</u>
Louis Berger & Associates, P.C. New York, NY	<u>\$2.76 million</u>
#4600002872	

AND BE IT FURTHER RESOLVED, That the 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.