

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

December 15, 1994

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the New York Office at 10:00 a.m.

Present: Thomas G. Young, Chairman
Thomas R. Frey, Vice Chairman
Hyman M. Miller, Trustee
Robert T. Waldbauer, Trustee

S. David Freeman	President and Chief Executive Officer
Robert G. Schoenberger	Chief Operating Officer
William J. Cahill	Chief Nuclear Officer
John F. English	Senior Vice President - Transmission
Robert A. Hiney	Senior Vice President - Power Generation
Louise M. Morman	Senior Vice President - Marketing and Economic Development
Charles M. Pratt	Senior Vice President - General Counsel
Robert L. Tscherne	Senior Vice President - Business Services
Alvin I. Becker	Vice President and Chief Accounting Officer
Arnold M. Bellis	Vice President and Controller
Robert J. Deasy	Vice President - Appraisal and Compliance
Deborah P. Estrin	Vice President - Human Resources
John M. Hoff	Vice President - Procurement and Real Estate
Sally L. Irving	Vice President - Corporate Finance
John L. Lenney	Vice President - Public Affairs
Charles I. Lipsky	Vice President and Chief Engineer - System Operations
Philip J. Pellegrino	Vice President - Power Sales and Rates
Michael F. Woods	Vice President - Industrial Economic Development
Ronald W. Ciamaga	Resident Manager - St. Lawrence/FDR Power Project
James Ford	Resident Manager - Niagara Power Project
Richard E. Kuntz	Resident Manager - Charles Poletti Power Project
James J. McCarthy	Resident Manager - Blenheim-Gilboa Pumped Storage Power Project
Harry P. Salmon, Jr.	Resident Manager - James A. FitzPatrick Nuclear Power Plant
Arthur Austerweil	Director - Financial Planning
John W. Blake	Director - Environmental Programs
Joseph J. Brennan	Director - Internal Audits
Arthur M. Brennan	Director - Budgeting
Dennis Eccelston	Director - Information Services
Jules Franko	Director - Nuclear Operations
Dennis Sacco	Director - Risk Management
Thomas R. Mahoney	Director - Real Estate
Stephen P. Shoenholz	Director - Public Relations
Tim Carroll	Assistant Manager - Communications - James A. FitzPatrick Plant
Nuclear Power	
Laura M. Badamo	Assistant Secretary - Legal Affairs
Anne Wagner-Findeisen	Corporate Secretary
Vernadine E. Quan-Soon	Assistant Secretary - Corporate Affairs
Alice T. O'Rourke	Executive Assistant

Chairman Young presided over the meeting. Secretary Wagner-Findeisen kept the Minutes.

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1. Approval of the Minutes

The minutes of the Regular Meeting of November 29, 1994 were approved.

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

At the President's request, Mr. Cahill reported that the Authority's Nuclear Indian Point 3 training program had obtained INPO accreditation. This is a significant event because the absence of such accreditation could have led to the Authority being placed on six months' probation under INPO procedures.

The President then reported on staff's major accomplishments in the following areas at the conclusion of 1994:

Bottom Line: *Compared to a \$60 million loss in 1993, the Authority achieved a modest surplus in 1994. More progress expected in 1995.*

Cost-Cutting: *1995: A savings of \$55 million (11 percent) has been achieved. For 1996, \$15 million more is anticipated, for a total of \$70 million. More than 200 staff positions were eliminated.*

Reorganization: *The Authority has been restructured into five Business Units.*

Replacement Power: *Successful settlement of five-year dispute; more than 5,000 additional jobs covered by formal commitments.*

Business Allocations: *Totalling 117,000 kW, with some 24,400 jobs created or protected.*

Conservation: *"HELP" programs developed for county and local governments throughout New York; doubled the Authority's funding (to \$90 million) for public schools.*

Electric Vehicles: *U.S. Electricar commenced operations in the Syracuse area; 300 jobs. The Authority approved \$1 million towards the purchase up to 50 electric vehicles.*

FitzPatrick: *73 percent capacity factor through November outage.*

Indian Point 3: *Much of Restart Plan complete; favorable NRC comments; restart expected first quarter 1995.*

Hydro-Quebec: *Canceled pending 800 MW contract; Quebec government indefinitely postponed Great Whale.*

Relicensing: *Accelerated St. Lawrence/FDR effort (2003 expiration).*

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Niagara Upgrade: 2nd unit proceeding well; project on track for completion in 2005.

Flynn Plant: Completed, dedicated, and in operation.

Trustee Waldbauer commended President Freeman for the variety of significant achievements during the calendar year. Chairman Young extended the Trustees' commendation to Messrs. Schoenberger, Cahill, Salmon and Hill. The Chairman also welcomed Louise Morman, the Authority's new Senior Vice President - Marketing and Economic Development.

At the President's request, Mr. Hiney then described the functions and the mission of the recently formed Power Generation Business Unit.

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3. Financial Reports for the Eleven Months Ended November 30, 1994

4. 1995 Operations and Maintenance and Capital Budgets

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the 1995 operations and maintenance ('O&M') budget including minor additions to electric plant, additions to warehouse inventory, research and development and fuel expenses.

"In addition, the Trustees are requested to approve the 1995 capital budget and to authorize a change in the Authority's Expenditure Authorization Procedures giving the President the ability to approve certain capital projects.

BACKGROUND

"In March of this year, the Authority embarked on a 90-day study to restructure and streamline Authority operations. The results of this study were the restructuring of the Authority into business units and the identification of \$70 million in operational savings. The plan called for a reduction of \$56 million in 1995 with the balance coming in 1996. Incorporated into this cost reduction plan was the elimination of 218 Authority positions.

"In November, the Trustees were given a summary and analysis of the 1995 preliminary O&M and capital budgets. The preliminary information reflected an O&M budget of \$434.2 million, research and development expenditures of \$18.8 million and fuel purchases of \$81.2 million. The preliminary capital budget was \$161.7 million.

DISCUSSION

"The preliminary O&M budget has now decreased by \$3.0 million to \$431.2 million. The decrease is primarily the result of further reductions in Nuclear Generation's budget most notably to reflect the recent settlement with General Electric involving the Mark 1 Containment System. Additional nuclear budget reductions were taken with respect to fees & dues, office and station expenses and consulting costs.

"In total, the Nuclear Generation budget decreased by \$3.2 million from the preliminary figure.

"The non-nuclear budget increased by \$0.2 million due to increased employee fringe benefits resulting from finalization of payroll costs.

"This budget reflects the results of the cost reduction effort. It represents a reduction of \$55.5 million (11%) from the 1994 budget and takes into account scheduled changes in non-recurring work efforts including \$4.4 million for the IP3 Restart and Continuous Improvement Program. The full \$70 million of annual savings will be achieved by the 1996 budget.

"The budget includes requests for 70 new positions. Two positions are requested for the Marketing business unit, ten new positions for the new Transmission business unit, five positions for Nuclear Generation, 21 positions in Business Services (19 of which are conversions of MIS contractors) and a total of 32 positions for Energy Efficiency and Research and Development. Most of the Energy Efficiency positions will support DSM initiatives and will be

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funded from capital and therefore will not impact operating costs. Additional position requests as a result of the Nuclear Generation Department's conversion of contractors and temporary employees to permanent Authority employees will be requested as a separate item in early 1995.

"Preliminary research and development expenditures decreased by \$0.6 million to \$18.2 million due to the cancellation of minor initiatives. The preliminary 1995 capital budget has decreased by \$3.0 million to \$158.7 million due to reductions in Nuclear Generation. The preliminary 1995 fuel budget of \$81.2 million has not changed.

"The Authority's current Expenditure Authorization Procedures allow the President to authorize increases in expenditures for capital modifications to existing facilities of up to 3% of the remaining balance in the appropriate construction proceeds account in a single year (in 1994, for example, this amounted to a total of approximately \$7 million). The requested revision will allow the President to approve new capital expenditures of up to \$3 million on projects in an approval capital budget. The President would also be authorized to approve an increase to a capital project budget previously approved by the Trustees by up to \$1 million. Any increases above these levels would require Trustee authorization. In addition, the Trustees will be routinely provided with information summarizing approvals made by the President under this revised procedure.

FISCAL INFORMATION

"Payment will be made from the Operating Fund for operations and maintenance, minor additions to plant and increases to warehouse inventories; the Fuel Reserve Account for fuel purchases; and the Projects' Study Fund for research and development expenditures.

"Payment will be made from the Nuclear Improvement Fund, appropriate Construction Fund, Energy Conservation Effectuation and Construction Fund or General Reserve for capital expenditures.

RECOMMENDATION

"The Vice President - Controller and the Senior Vice President - Business Services recommend approval of the 1995 Operations & Maintenance, Research and Development, Fuel and Capital budgets and also recommend that the Authority's Expenditure Authorization Procedures be revised as explained above.

"The respective Vice Presidents and Resident Managers, the Chief Operating Officer and I concur in their recommendation."

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

RESOLVED, That the 1995 Operations and Maintenance budget including minor additions to electric plant and additions to warehouse inventories; research and development and fuel expenditures; the 1995 Capital budget; 70 new Authority positions; and the modifications to the Authority's Expenditure Authorization Procedures as discussed in the foregoing report of the President, are hereby approved.

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<u>Operations and Maintenance (including minor additions to electric plant and additions to warehouse inventories)</u>	1995	Budget
		(\$ Millions)
Office of the President/CEO	9.9	
Office of the COO	12.9	
Business Services	39.1	
Marketing and Economic Development		4.6
Transmission	11.3	
Energy Efficiency	1.4	
Power Generation		
Headquarters Support		15.8
Niagara	47.4	
St. Lawrence-FDR	25.6	
F. R. Clark	9.0	
Blenheim-Gilboa	17.2	
C. P. Poletti	15.5	
Small Hydro Project	1.7	
R. M. Flynn Project	<u>5.2</u>	
Total Power Generation	<u>137.4</u>	
Nuclear Generation		
Headquarters Support		23.7
Indian Point 3		92.2
J. A. FitzPatrick	<u>98.7</u>	
Total Nuclear	<u>214.6</u>	
Total O&M Expenditures	<u>431.2</u>	
R & D/Institutional Funding		18.2
Fuel		
Oil/Gas Purchases	64.4	
Nuclear Fuel Purchase & Fabrication		<u>16.8</u>
Total Fuel Purchases	81.2	
<u>Capital Expenditures</u>		
<u>New Generation</u>		
Niagara Upgrade/Betterment		15.7
R. M. Flynn-Holtsville		<u>2.1</u>
<u>Energy Efficiency</u>		
Demand Side Management	80.6	
Renewables	<u>3.4</u>	
	84.0	

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New Transmission

Exeter 345 kV		0.5
Kamine-Adirondack Tie	0.3	
Sound Cable	<u>10.1</u>	
	10.9	

Conventional Improvements

Blenheim-Gilboa	1.8	
Clark	3.9	
Niagara	3.4	
Poletti	1.8	
St. Lawrence	6.3	
Small Hydro Facilities		0.3
Other	<u>0.6</u>	
	18.1	

Nuclear Improvements

J. A. FitzPatrick	11.1	
Indian Point 3		<u>11.5</u>
	22.6	

Administration/Support

5.3

Total Capital 158.7

RESOLVED, That the Trustees of the Authority hereby: (1) authorize the payment to the Authority of funds available in the General Reserve Account for the lawful corporate purpose of paying the costs of the capital projects, and improvements thereto, specified in the attached 1995 Capital Budget of the Authority to the extent such costs are intended to be funded from such Account, and (2) determine, after consideration of prior authorized but unexpended payments from such Account, that there is available from the General Reserve Account monies for such purposes, and not needed for any purpose specified in Section 512 of the General Purpose Bond Resolution having a priority over the effectuation of such capital projects, which shall be paid over to the Authority for such purposes, provided, however, that prior to the approval of any such capital project the Treasurer or a Deputy Treasurer of the Authority confirms by certificate the determination set forth in clause (2) above, after consideration of any additional authorizations of expenditures from the General Reserve Account by the Trustees made after the date hereof.

5. Budget Information Pursuant to Section 2801 of the Public Authorities Law

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the Secretary to submit budget information to the Governor and the legislative leaders pursuant to Section 2801 of the Public Authorities Law.

DISCUSSION

"Each year the Trustees are requested to authorize the Secretary to file the attached budget information (Exhibit `5-A') pursuant to Section 2801 of the Public Authorities Law which provides as follows:

Each authority or commission heretofore or hereafter continued or created by this chapter shall submit to the governor, chairman and ranking minority member of the senate finance committee and the chairman and ranking minority member of the assembly ways and means committee, for their information annually not less than sixty days before the commencement of its fiscal year, in the form submitted to its member or trustees, budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year.

As requested by Executive Order No. 173, this information will also be submitted to the Division of the Budget.

RECOMMENDATION

"The Vice President - Corporate Finance, recommends Trustees' authorization to submit the attached budget information (Exhibit `5-A').

"The Senior Vice President and General Counsel, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

In response to questions from Trustee Miller, Mr. Austerweil explained that the figure of \$60 million shown on the report as "Net Increase in Investments, Demand and Time Deposits" must be utilized for diverse purposes including the Decommissioning Trust and Bond Reserve. Trustee Miller stressed that some indication should be made on the report that such funds are specifically earmarked for mandatory payments or set-asides.

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

RESOLVED, That the Secretary be, and hereby is, authorized to submit to the Governor, the chairman and ranking minority member of the senate finance committee and the chairman and ranking minority member of the assembly ways and means committee, and the Department of the Budget, the attached budget information on operations and capital construction setting

forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year pursuant to Section 2801 of the Public Authorities Law.

6. Industrial Customer Demand Side Management Program - Increase in Authorized Funding

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize additional expenditures of \$10 million for funding energy conservation services to industrial, manufacturing and business customer ('Industrial Customer') facilities receiving or eligible to receive Authority electricity. A portion of these expenditures, \$1.6 million, will be used in connection with increased funding for the previously approved energy conservation project at the Hunts Point Cooperative Market (the 'Cooperative'). The remaining funds will be used to implement projects for other customers including Syroco, Inc. ('Syroco') and the Ciba-Geigy Corp. ('Ciba').

BACKGROUND

"At their meetings of June 29, 1993 and February 22, 1994, the Trustees authorized a total of \$4.6 million to fund an industrial customer audit program and a single demonstration project involving the modernization of refrigeration equipment for the Cooperative. The refrigeration project for the Cooperative, currently approved for \$4.2 million, provides substantial benefits which include the following advantages:

- installation of a completely new, ammonia based refrigeration system powered by electric motors as opposed to a competing proposal submitted by Con Edison using natural gas engines;
- environmental benefits through the elimination of ozone depleting refrigerants and the avoidance of higher CO₂ and NO_x emissions associated with the natural gas fired engines;
- retention by the Authority of 4 MW of load (net of project energy savings), generating over \$1.2 million in annual revenues;
- assistance to an employment intensive (2,400 jobs), economic development customer located in the South Bronx in the achievement of substantial savings in operating and maintenance costs over an extended period; and
- eligibility for the 'deep discount' energy cost reduction program sponsored by the City of New York which will reduce the Cooperative's energy bill by an additional 30 percent in the first eight years following project implementation.

"In the interim period, the staff has also continued to promote the industrial energy efficiency program to other eligible Industrial Customers.

DISCUSSION

"Since the February 1994 approval, staff executed a cost recovery agreement with the Cooperative for a total project cost of \$4.2 million. The Cooperative and its general contractor have now completed bidding for the major components of the project work, including a new 5,000 square

foot metal frame industrial building to house the refrigeration equipment. Consequently, the total cost of the project has increased by \$1.6 million to \$5.8 million.

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Most of this significant overage is due to higher than anticipated costs for the new building, the price quoted for the refrigeration chillers and the mechanical work involved. The Cooperative's general contractor developed an alternative design to maintain the original cost estimate which: (1) eliminated the new refrigeration plant building and the associated increased mechanical and electrical costs by utilizing the existing plant building; and (2) omitted a planned \$500,000 lighting upgrade. However, since the Cooperative maintains an inventory in excess of \$300 million in frozen and refrigerated foods, it objected to this approach because of its inability to sustain any significant outage of the existing refrigeration equipment, which could occur during placement of the new plant in the existing building. In addition, the Cooperative plans to convert the existing refrigeration plant building to storage space for expanded operation once the new plant is on line and expects to obtain an annual rental income of about \$150,000. The lighting project has a payback of 3.6 years, promotes technologies sponsored under HELP and as such should not be an efficiency opportunity lost to maintain the original cost estimate.

"With the higher \$5.8 million cost, including Authority overhead charges of nearly \$500,000, the project has a payback of five years, after accounting for the rental income from using the existing equipment building for storage. The Cooperative's general contractor has agreed to accept a fee for its services fixed on the basis of the previously approved cost estimate and thus will not benefit from the increased cost of the project. The Cooperative has indicated that it wished to proceed with the project provided it is offered a six-year finance period at 8% annual interest to avoid negative cash flow during the repayment period. Prior Trustee approval provided for up to seven-year repayment period.

"In addition to the Cooperative project, staff has identified a number of other interested Industrial Customers wishing to undertake conservation projects. Syroco, which is currently allocated 2.0 MW of Fitzpatrick Power, has requested financing of energy conservation measures -- high efficiency lighting and motors -- as recommended in an energy audit it received. The Syroco project involves a total cost of about \$800,000 with an associated two-year payback. Syroco will be offered a five year financing term at 8% annual interest.

"Ciba applied for 4.0 MW of economic development power, with approval of this allocation subject to public hearing and final Trustee approval. Ciba is reconstructing two existing office buildings in Westchester County for relocation of its United States headquarters and will construct a new 150,000 square foot research facility in Tarrytown. As part of this major renovation and new construction effort, Ciba would like to include state-of-the-art energy efficient lighting and HVAC equipment as part of its design specifications. The Authority would offer financing for installation of such measures as energy efficient lighting, occupancy sensors, heat recovery HVAC equipment and other measures which go beyond standard efficient construction practice. Typically, these measures have paybacks of four-to-five years, including the cost of advancing funds. Without this financing, Ciba will not implement these measures. It is anticipated that the Authority would provide financing of \$500,000 to \$800,000 for high efficiency lighting, HVAC equipment, motors and other building options upon Trustee approval of Ciba's power allocation. In addition, the Authority would make design assistance services available to Ciba. It should be noted that energy efficiency considerations are most cost effective when included as new construction options, but often these options are sacrificed to budgetary constraints and thus become lost opportunities.

"The approval of the requested \$10 million funding increase for the Industrial Conservation Program will permit staff to accommodate the projects identified above as well as other similar projects that meet the Authority's technical and financial requirements. SEQRA compliance for the as yet unspecified projects will be determined prior to the Authority's commitment to implement them.

FISCAL INFORMATION

"Expenditures under the Industrial Customer Conservation Program will be funded from the General Reserve Account of the General Fund. All project costs will be recovered from participating customers over a period not to exceed ten years, together with the Authority's overheads and the cost of advancing funds. Up to ten-year cost

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recovery will be offered in those instances where it is necessary to accommodate extended project economic paybacks and to provide the participating customer with positive project cash-flow. In all instances, participating customers will be offered reduced financing rates as an incentive to shorten repayment periods. Industrial audit fees paid for by the Authority will be charged as an expense against Authority revenues, unless otherwise incorporated as part of an implemented project, in which case such costs will be repaid by the participating customer. Existing approved funding for audit services of \$400,000 will continue to be adequate at this time.

RECOMMENDATION

"The Senior Vice President - Energy Efficiency and Technology recommends that the Trustees authorize an additional \$10.0 million in approved funding for continued implementation of the Industrial Customer Conservation Program, including an additional \$1.6 million for implementation of an energy conservation project at the Hunts Point Cooperative Market, Inc.

"The Senior Vice President - General Counsel, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

In response to questions from Trustee Waldbauer, Mr. Pellegrino explained that the maximum permissible repayment time is ten years, but that the Industrial Customers' cost of borrowing can be lessened by earlier repayment. In response to questions from Trustee Miller, Mr. Pellegrino explained that the customers' obligation to repay the Authority is absolute, and is not contingent upon actual completion of the energy conservation project. Further, the Authority also retains a collateral interest in the equipment and the contracts are assignable by mutual agreement, thus increasing the likelihood of repayment.

In response to further questions from Trustee Waldbauer, Mr. Pellegrino confirmed that the Authority has not to date experienced any difficulties with repayment. President Freeman added that one of the main objectives of the Program is to help companies stay in business, and that commencing in January, staff would report monthly to the Trustees on the progress of the energy efficiency programs.

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

RESOLVED, That the Trustees of the Authority hereby: (1) authorize the payment to the Authority of funds available in the General Reserve Account for the lawful corporate purpose of providing energy conservation services to Industrial Customers; and (2) determine that there is available from the General Reserve Account, and not needed for the purposes specified in paragraphs 1

through 4 of Section 512 of the General Purpose Bond Resolution, monies in an amount not to exceed \$10.0 million which shall be paid over to the Authority for such lawful corporate purpose; and be it further

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RESOLVED, That the Senior Vice President - Energy Efficiency and Technology, or his designee, be authorized to execute a cost recovery agreement and any other documents which will cover the capital allocation, repayments terms and program responsibilities necessary or desirable for the implementation of an Industrial Customer Conservation Program project at the Hunts Point Cooperative Market and other participating Industrial Customers; and be it further

RESOLVED, That overall expenditures are hereby approved as recommended in the foregoing report of the President, in the amounts and for the purpose listed below:

<u>General Reserve Account</u>	<u>Expenditure Approval</u>
Industrial Customer Conservation Program	\$10,000,000
Previously Authorized	4,600,000
Current Authorization Request	<u>\$10,000,000</u>
TOTAL AMOUNT AUTHORIZED	<u>\$14,600,000</u>

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7. Prospective Allocations of Expansion Power

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the notice and advertisement of prospective allocations of Expansion Power totaling 3,400 kW to five companies.

BACKGROUND

"The Power Authority Act, as amended by Chapter 32 of the Laws of 1987, provides for allocation of 250 MW of Expansion Power to businesses in New York within 30 miles of the Niagara Power Project and Chautauqua County. Of the 250 MW, 19,732 kW are set aside for allocation in Chautauqua County. There are currently 11,700 kW of Expansion Power available for reallocation to industry, of which 8,118 kW are available to businesses located within the 30 mile radius, and 3,582 kW are available to businesses in Chautauqua County. (If a proposed allocation of 4,300 kW to Ford Motor Company in Buffalo is approved, the 8,118 kW available will be reduced to 3,818 kW.)

"Five companies have submitted applications for Expansion Power. The companies and their proposed projects are described below.

DISCUSSION

Coyne Textile Services ('Coyne')

"Coyne, a Syracuse based subsidiary of Coyne International Enterprises, is a full-service textile processing company. The company is planning to close its Buffalo laundry facility, which is undersized and antiquated, and build a larger state-of-the-art facility at another Buffalo location. The new building will be a two story 67,000 square foot structure which will include a waste water treatment facility. Coyne has 30 locations, predominately in the northeast, that serve 23 states and was considering Erie, Pennsylvania and Cleveland, Ohio as alternates for this project.

"Project costs are expected to be about \$7.6 million, of which \$2.8 million will be used for the construction of the building and water treatment facility. The new facility will use an energy efficient hot water heater, a heat exchanger to preheat water and energy efficient lighting. The company will commit to add 35 new jobs to its existing employment of 58, for a total job commitment of 81. Coyne has requested 425 kW to meet the total load of this project. A recommended allocation of 350 kW is expected to save the company \$85,000 annually at current rates.

International Imaging Materials, Inc. ('IIMAK')

"IIMAK is a manufacturer of thermal transfer ribbons which are used for bar coding, color printing and fax machines. The company, located in Amherst, is proposing to construct a 95,000 square foot expansion of its existing facility. IIMAK has experienced substantial growth over the last several years and will require additional production capacity in order to meet the rapidly growing demand for its product.

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"Total capital investment for this project is anticipated to be about \$36 million, of which \$28 million will be used to purchase and install machinery and equipment. The company received allocations totaling 1,500 kW for two previous expansion projects (250 kW Replacement Power and 1,250 kW Expansion Power). It will commit to add 200 new jobs over three years to its existing job commitment of 652. IIMAK uses a heat recovery system, variable speed drives and a energy management system to reduce its energy consumption. The company estimates that it will require 2,300 kW for this expansion. A recommended allocation of 1,500 kW will save them approximately \$520,000 annually at current rates. Financial assistance for this project has been offered by the Amherst Industrial Development Agency, New York State Department of Economic Development and the New York State Urban Development Corporation.

PCB Piezotronics, Inc. ('PCB')

"PCB located in Depew, is a closely held employee-owned company that manufactures precision sensing instruments for the measurement of pressure, force and vibration. The company is considering several expansion scenarios, one of which would be a two phase expansion that would add a total of 35,000 square feet to its existing 54,000 square foot facility in Depew. Other options include expanding in the Kentucky/Southern Ohio region where it currently has a division, or moving all of its New York operations to one of three southern locations. PCB is at a critical point in its corporate/business development. Although it has seen growth over the past several years, some of its markets are shrinking and the competition, both domestic and foreign, has reduced the price of sensor technology. In order to stay competitive, the company must invest in high cost precision machinery and closely monitor all costs. The company has stated that an allocation of Expansion Power is critical to its decision to expand in Depew and secure its current employment.

"Total project costs are estimated to be \$2 million, of which \$1.1 million would be used for the building additions totaling 35,000 square feet and the balance for machinery and equipment. The company will commit to add 60 new jobs over three years to its existing employment of 236. PCB participated in a NYSEG rebate program to relamp the building with energy efficient fluorescent lamps and ballasts. It uses an energy management system to control its peak demand. The company has requested 300 kW for this project. A recommended allocation of 300 kW is estimated to save the company \$38,000 annually at current rates. The project will receive financial assistance from the Department of Economic Development. The Erie County Industrial Development Agency fully supports the recommended allocation.

Precious Plate, Inc. ('Precious Plate')

"Precious Plate is a high technology electroplater in Niagara Falls. The company, a job shop, is projecting growth in its markets due to an upturn in the economy and the demise of some of its competition. It is proposing to build a 15,000 square foot addition to its existing 25,000 square foot facility. Current plans call for the installation of five to six new electroplating lines.

"Of the total project cost of \$2 million, \$1.35 million would be for the purchase and installation of machinery and equipment. The company will commit to add 25 new jobs over three years to its existing employment of 96. Energy conservation measures include the installation of energy efficient lighting and the use of a variable speed drive. The customer estimates that this project will require 300 kW. The recommended allocation of 250 is projected to save the company \$90,000 annually at current rates.

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Tops Markets, Inc. ('Tops')

"Tops is a regional supermarket chain which is proposing to construct an 800,000 square foot warehouse/distribution center on approximately 100 acres in West Seneca. The facility would be used to consolidate several existing operations in New York, Ohio and Pennsylvania. The company, one of the ten largest supermarket organizations in the US, is also considering sites in Ohio and Pennsylvania. The consolidation is part of a business strategy to use modern distribution technology to become more efficient.

"Total investment in the project is estimated to be \$54 million, of which \$42 million would be used for the construction of the facility. The company will commit to add 64 new jobs and retain 618 jobs which are associated with the western New York facilities that will be consolidated. The facility will use high efficiency lighting and variable refrigeration systems. Financial incentives for this project have been offered by the New York State Department of Economic Development and the Erie County Economic Industrial Development Agency. The company has requested 4,600 kW. A recommended allocation of 1,000 kW is expected to save the company \$254,000 annually at current rates.

"The power will be delivered by NYSEGC for PCB and Tops and by Niagara Mohawk Power Corporation for Coyne, IIMAK, and Precious Plate.

"All five applications were reviewed in accordance with the applicable criteria set forth in Part 460 of the Authority's Rules and Regulations governing the Allocation of Industrial Power (21 NYCRR 460 (1988)).

"Section 460.2 of the Authority's regulations allows the Authority to make a prospective commitment of power, subject to advertisement and notice of such commitment. This notice would seek competing proposals from other interested businesses, which the Authority would consider in accordance with Section 460.2 before taking final action on the commitment to these companies.

RECOMMENDATION

"The Vice President - Industrial Economic Development recommends that the Trustees authorize the notice and advertisement of prospective allocations of Expansion Power to the companies summarized in Exhibit '7-A' and as described in the attached memorandum, subject to solicitation and consideration of competing applications.

"The Senior Vice President - Marketing, the Senior Vice President - General Counsel, the Chief Operating Officer, and I concur in the recommendation."

Vice Chairman Frey noted that the proposed allocation to Tops Markets, Inc. is tantamount to granting a competitive edge to a service company. President Freeman responded that he and Ms. Morman would submit a proposed policy on future allocation strategies for the Trustees' consideration in early 1995.

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

RESOLVED, That the Secretary be, and hereby is, authorized to publish notice and advertisement of the Authority's intent to allocate Expansion Power to the Companies summarized in Exhibit '7-A', absent receipt of better competing proposals.

<u>Company Name</u>	<u>Recommended Allocation</u>	<u>Total Jobs</u>	<u>New Jobs</u>	<u>Existing Jobs</u>	<u>Projected Investment</u>	<u>Estimated Savings</u>
Coyne Textile Services	350 kW	81	35	58	\$ 7,600,000	\$ 85,000
International Imaging Materials, Inc	1,500 kW	852	200	652	\$36,000,000	\$520,000
PCB Piezotronics, Inc.	300 kW	296	60	236	\$ 2,000,000	\$ 38,000
Precious Plate Inc.	250 kW	121	25	96	\$ 2,000,000	\$ 90,000
Tops Markets, Inc.	1,000 kW	682	64	618	\$54,000,000	\$254,000
Total	<u>3,400 kW</u>					

8. Allocation of Expansion Power - Ford Motor Company

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve an allocation of Expansion Power to the Ford Motor Company ('Ford').

BACKGROUND

"The Power Authority Act, as amended by Chapter 32 of the Laws of 1987, provides for allocation of 250 MW of Expansion Power to businesses in New York within 30 miles of the Niagara Power Project, Chautauqua County. Of the 250 MW, 19,732 kW is set aside for allocation in Chautauqua County. There are currently 11,700 kW of Expansion Power available for reallocation to industry, of which 8,118 kW are available to businesses located within the 30 mile radius and 3,582 kW are available to businesses in Chautauqua County.

"Ford's Buffalo stamping plant is a 2.5 million square foot facility making automotive components for Ford assembly plants and parts distribution centers throughout the United States and Canada. The plant is under constant pressure to be cost competitive within the Ford structure in order to maintain its existing business or attract additional accounts. Headquarters closely monitors each plant's costs and awards new product programs to those maintaining quality, efficiency and cost competitiveness. The Buffalo facility has the highest kWh costs of any Ford manufacturing plant in North America. The company has applied to the Authority for an allocation of Expansion Power for revitalization purposes as part of an effort to maintain its existing employment and production.

DISCUSSION

"Chapter 32 of the Laws of 1987, which was enacted to allow the continued sale of Expansion Power by the Authority to industry in Western New York, established eligibility criteria for both expansion and revitalization of industry. Among the factors to be considered when evaluating a request for revitalization purposes are that the business is likely to partially close resulting in loss of jobs; the business is an important employer in the community; and the business has pursued other available sources of assistance to reduce energy costs.

"Ford's Buffalo stamping plant competes for business both within the company and against outside vendors. Each plant's cost per piece is closely monitored and is one of several key measurements in allocating parts sourcing. The cost of electricity has put the Buffalo plant at a competitive disadvantage. Energy is one of the few variable costs which is site specific. The company is presently reviewing its options for outsourcing several of the Buffalo plant's current product lines. In fact, the Mustang rear floor pan assembly has already been approved for outsourcing and the plant lost a substantial amount of production when Ford ceased production of its Tempo and Topaz car lines in June of 1994.

"Ford has an Expansion Power allocation of 2,900 kW which was approved in February 1993, for a \$205 million investment that involved the installation of one of the largest transfer presses in North America. The total electric load at the facility is about 23 megawatts. Ford has requested 4,300 kW primarily to support the production and maintenance activities associated with the new Contour

and Mystique car lines. The company invested a total of \$21 million in the Buffalo plant for the machinery and equipment to produce the parts for these car lines. Current

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projections indicate that the company will also spend an additional \$54 million over the next three years in productivity improvements. Ford has stamping facilities throughout the country with equipment similar to that in the Buffalo plant, and dies and welding fixtures are easily moved from plant to plant. If the Buffalo facility is to share in Ford's success it must continually improve its position as a viable option for new production. It is anticipated that by investing in productivity improvements and reducing local variable costs, the Buffalo plant will be able to aggressively bid for new investment from Ford for some of its 1995 and 1996 product lines. The company will commit to maintain its current employment of 2,340.

"Ford recently completed an extensive energy audit that was required by Niagara Mohawk Power Corporation ('Niagara Mohawk') in order to qualify for its subscription Demand Side Management program. Current energy conservation projects include zone air control, automation of air compressor, and motion sensors. The company has recently reduced its peak demand by 1,366 kW due to the implementation of other energy conservation measures.

"It is recommended that the Trustees approve a 4,300 kW allocation for a term of five years. Approval of this recommendation is appropriate in that it will help to keep the Buffalo stamping plant competitive and further secure high paying industrial jobs that could be at risk. The recommended allocation is estimated to save the company \$1.6 million annually at current rates. Niagara Mohawk fully supports this recommendation.

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

RECOMMENDATION

"The Vice President - Industrial Economic Development recommends that the Trustees approve the allocation of 4,300 kW of Expansion Power to the Ford Motor Company as described above.

"The Senior Vice President - Marketing and Economic Development, the Senior Vice President - General Counsel, the Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That an allocation of 4,300 kW of Expansion Power to Ford Motor Company be, and hereby is, approved in accordance with the foregoing report of the President; and be it further

RESOLVED, That the Senior Vice President - Marketing or her designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate the above allocations.

9. Transfer of Expansion Power - SKW Alloys, Inc.

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the transfer of SKW Alloys, Inc.'s ('SKW') Expansion Power allocation to Globe Metallurgical, Inc. ('Globe') .

BACKGROUND

"SKW is currently allocated 23,000 kW of Expansion Power and 20,000 kW of Replacement Power. The company recently executed an Asset Purchase Agreement for the sale of its Niagara Falls plant to Globe and has requested that the Authority approve the transfer of its Expansion Power allocation.

"Globe, headquartered in Cleveland, Ohio, is the world's largest producer of foundry alloys and the largest producer of silicon metal in the United States. The company operates plants in Beverly, Ohio; Selma, Alabama; and Springfield, Oregon and owns a 50% share of Norchem Concrete Products Company in Long Island, New York and Fort Pierce, Florida. Globe will accept full responsibility for compliance with SKW's Expansion Power Contract and all of its terms and provisions. SKW has an Expansion Power job commitment of 160.

DISCUSSION

"In accordance with Paragraph 21 of Schedule A of the Expansion Power Allocation and Service Agreement among the Authority, Niagara Mohawk Power Corporation and SKW Alloys, Inc., and with Section 460.7 of the Authority's Rules and Regulations (Procedures for Allocation of Industrial Power and Enforcement of Contracts) (21 NYCRR 460 (1988)), no voluntary transfer of Expansion Power may be made without the written approval of the Authority. Authority approval is not required for the transfer of its Replacement Power allocation.

RECOMMENDATION

"The Vice President - Industrial Economic Development recommends that the Trustees approve the transfer of SKW's 23,000 kW Expansion Power allocation to Globe.

"The Senior Vice President - Marketing & Economic Development, the Senior Vice President - General Counsel, the Chief Operating Officer, and I concur in the recommendation."

Vice Chairman Frey expressed concern that the proposed conveyance of the company's assets de facto involves the sale of what is actually an Authority asset, i.e., low cost Expansion Power. The Vice Chairman stated that although neither he nor Trustee Duch would oppose the proposed transaction because they wish to see the 160 jobs at stake retained, staff should in the future consider whether reallocating such power would create a higher jobs per megawatt ratio.

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

RESOLVED, That the transfer of SKW Alloys Inc.'s Expansion Power allocation of 23,000 kW to Globe Metallurgical, Inc. be, and hereby is, approved; and be it further

RESOLVED, That the Senior Vice President - Marketing, or her designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate the above allocations.

10. Renewal of the Morgan Guaranty Trust Company Master Note Agreement

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve, effective February 1, 1995, an extension of the \$150,000,000 Morgan Guaranty Trust Co. Master Note Agreement to February 1, 2000.

BACKGROUND

"The Authority currently has a \$150 million Master Note Agreement (the `Agreement') with the Private Banking Division of the Morgan Guaranty Trust Company of New York (`Morgan'), the proceeds of which may be used to pay the cost of construction, purchase fuel, or to pay the cost of energy conservation programs. A total of \$132 million in Notes is currently outstanding, of which \$61.25 million has been issued to pay a portion of the Small Hydro Project construction costs and \$70.75 million to finance the Authority's energy conservation programs. The Agreement with Morgan is scheduled to expire on February 1, 1995.

"The Agreement has provided a stable source of funds at low cost. Over the last three years the average rate on the Master Note program was 2.9 percent. This rate compares favorably to the 3.1 percent rate experienced on the Adjustable Rate Tender Notes and during this time frame has effectively been \$660,000 less expensive than that program.

"With intentions of funding energy conservation using an expanded master note program, staff approached four other major banks earlier this year. Discussions with Chase Manhattan, Chemical, Citibank and Bank of New York were unsuccessful, with only one bank expressing an interest in a much smaller program, but at a higher cost and with no assurances that the borrowing level would remain constant. Staff attributes this response to the fact that Morgan has more than double the tax exempt assets under investment management than these other major banks, allowing Morgan to offer a larger program at highly competitive rates. Due to this lack of interest, the Authority proceeded with the issuance of a \$300 million tax-exempt Commercial Paper program to fund the growing demand side management programs.

DISCUSSION

"The Authority currently has two low cost sources of variable rate funds to finance energy conservation. These are the Master Note program, which has proven to be a stable low cost source of funds, and the Authority's new tax-exempt Commercial Paper program. Current financing requirements suggest that both programs will be required to fund the growth in the energy conservation program over the next three years. Based upon current plans, staff expects that existing borrowings for the Small Hydro project and the funding requirements for the energy conservation program will result in note borrowings outstanding of about \$325 million in 1997, and peak at about \$400 million by the year 2000.

"Since the Commercial Paper program was only initiated in July of this year, sufficient historical information is not yet available to determine which program will prove to be the lowest cost over the long run. However, the co-existence of these two programs can be economically beneficial to the Authority by providing the option to use either or both sources of funds depending upon current rates and funding requirements.

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"Given that the Master Notes cost the Authority nothing unless they are used and may be prepaid at any time at the option of the Authority, the Authority could replace the Agreement at any time if more favorable terms or a lower cost alternative is found. Therefore, staff recommends renewal of the Master Note Agreement (Exhibit `10-A' attached hereto).

"Staff also recommends that the term of the Agreement be extended for five years. The extended term would avoid the legal and administrative costs of renewing the Agreement annually. Each year staff will re-evaluate the program to determine future energy conservation program financing needs and perform a cost comparison of alternative funding sources.

RECOMMENDATION

"The Treasurer, and the Vice President - Corporate Finance recommend the extension of the Morgan Guaranty Trust Company Master Note Agreement to February 1, 2000, effective February 1, 1995.

"The Senior Vice President - General Counsel, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

In response to questions from Trustee Miller, Ms. Irving and Mr. Tscherne explained that the Notes represent a low cost form of financing to the Authority and that Morgan is more interested in Note arrangement than other banks because Morgan has about twice the trust assets under investment management, and accordingly has greater need for short-term investments.

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

BE IT RESOLVED by the Trustees of the Power Authority of the State of New York, as follows:

Section 1. Effective February 1, 1995, the Authority hereby authorizes the amendment of the agreement with Morgan Guaranty Trust Company of New York ("Morgan") entered into by the Authority pursuant to the resolutions of the Authority adopted January 30, 1990, as amended pursuant to the resolutions of the Authority adopted on September 25, 1990, and October 28, 1992, substantially in the form annexed hereto.

Section 2. Subject to the provisions of Section 4 hereof, the Chairman, President, Senior Vice President - Business Services, Vice President - Corporate Finance, Treasurer and the Deputy Treasurer of the Power Authority of the State of New York (the "Authorized Officers") are, and each hereby is, authorized to execute, deliver and effectuate on behalf of the Authority said amended Agreement with Morgan, with respect to the issuance of a note or notes to Morgan or its nominee by the Authority in a principal amount or amounts the aggregate outstanding total of which shall not exceed \$150,000,000 at any time, in substantially the form submitted to the Trustees at this meeting, with such changes, insertions, and deletions therein as any Authorized Officer may approve, the execution thereof by any Authorized Officer to be conclusive evidence of such approval.

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Section 3. The Authority is hereby authorized to issue its note or notes (hereinafter called the "Note" or "Notes") to evidence the aggregate principle amounts outstanding, which shall not exceed \$150,000,000 at any time, of the loans made in accordance with the amended Agreement and under and pursuant to the Power Authority Act, Title 1 of Article 5 of the Public Authorities Law, as amended, constituting Chapter 43-A of the Consolidated Laws of the State of New York.

Section 4. The authorization conferred pursuant to Section 2 hereof shall be subject to delivery by the Authority's Bond Counsel of an opinion of compliance with statutory requirements and that interest on the Note or Notes is exempt from the income tax imposed by the Internal Revenue Code of the United States.

Section 5. The Authorized Officers of the Authority are, and each hereby is, authorized to approve changes on the outstanding principal amount of any loan as provided by the amended Agreement.

Section 6. The Authorized Officers are, and each hereby is, authorized to execute the Note or Notes, and the Secretary and any Assistant Secretary are, and each hereby is, authorized to cause the seal of the Authority, or a facsimile thereof, to be affixed, impressed, imprinted or otherwise reproduced on the Notes or Notes and to attest the same by manual signature. Any of the foregoing officers are hereby authorized to deliver the executed Note or Notes in accordance with the provisions of the amended Agreement.

Section 7. The Authorized Officers, the Secretary, and any Assistant Secretary are, and each hereby is, authorized to do and perform all things and to execute all documents, certifications and other papers in the name of the Authority or otherwise, as they deem advisable, and to make all payments, necessary or convenient in their opinion, to the end that the Authority may carry out the objects of these resolutions and its obligations under the terms of the amended Agreement and of the Note or Notes; and be it further

RESOLVED, That the Authority hereby authorizes the use of \$61.25 million of the proceeds of the Note or Notes issued pursuant to the amended Agreement with Morgan entered into by the Authority pursuant to resolution of the Authority adopted on the date hereof to pay the cost of construction of the Small Hydroelectric Development Project No. 1; and be it further

RESOLVED, That the Authority hereby authorizes the use of up to \$88.75 million of the proceeds of the Note or Notes issued pursuant to the amended Agreement with Morgan entered into by the Authority pursuant to resolution of the Authority adopted on the date hereof to pay the cost of construction, purchase fuel or pay the costs of energy conservation programs authorized by the Authority.

11. Contract for the Sale of FitzPatrick Power to International Business Machines Corporation, Thomas J. Watson Research Center - Transmittal to the Governor

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the allocation of 16 MW of FitzPatrick Economic Development Power ('EDP') to International Business Machines Corporation - Thomas J. Watson Research Center. The Trustees also are requested to authorize transmittal to the Governor of the proposed contract to implement the allocation (Exhibit '11-A' attached hereto).

BACKGROUND

"On June 8, 1994, the Economic Development Power Allocation Board ('EDPAB') approved an application for EDP submitted by Westchester County on behalf of International Business Machines Corporation ('IBM') to serve its Thomas J. Watson Research Center ('Watson Center') in Yorktown and Hawthorne. The application was approved for business revitalization purposes where the business has demonstrated serious, long-term distress. EDPAB recommended the allocation of 16 MW of EDP with a commitment by IBM to maintain 2,265 jobs at the Watson Center.

"Copies of the proposed contract between IBM and the Authority (Exhibit '11-A') 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. At least 30 days' notice of the public hearing on the terms of the proposed contracts was given by publication in newspapers in New York State. A public hearing on the proposed contracts was held on December 6, 1994 at the Authority's New York office.

"At the public hearing, a representative of IBM spoke in favor of the proposed power contract with the Watson Center explaining how the anticipated electricity cost reductions were a critical element in IBM's plan for revitalizing and maintaining activity research at the Center. A letter supporting the proposed contract was received from Westchester County, which submitted the original application for power on behalf of IBM. A representative of the Consolidated Edison Company of New York, Inc. ('Con Edison') appeared at the hearing and urged the Authority not to approve the contract because, in Con Edison's view, the allocation would not be consistent with the legal requirements of the Economic Development Law ('EDL'). Specifically, Con Edison argued that power allocated for revitalization purposes can go only to a business 'in serious, long-term distress that is not primarily caused by normal, short-term changes in the business cycle, ...'. EDL §185. According to Con Edison, IBM did not meet this criterion because, according to several investment analysts, IBM's overall financial and business position had improved. Con Edison also stated that it had been working with IBM to reduce its electric costs, and that the utility could not be expected to compete with the Authority which enjoys tax advantages over Con Edison.

"The Authority also received a written comment on the proposed contract from the Long Island Progressive Coalition, Citizen Action ('Citizen Action') on Long Island objecting to the contract. The Citizen Action letter

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suggests that low-cost power from the Authority is unnecessary to assist IBM and generally attacks the award of state assistance to companies like IBM. All of the foregoing statements are included in the record of the hearing which has been submitted to the Trustees.

"Subsequent to the hearing, IBM submitted comments in rebuttal to the presentation made by Con Edison. IBM urges the Trustees to reject Con Edison's attempt to overturn EDPAB's recommendation that IBM be given an allocation of economic revitalization power. IBM argues that the determining IBM's qualifications to receive the power is EDPAB's responsibility, not the Authority's. IBM also argues that the Authority should conclude that case put forth on behalf of the Watson Center qualifies the Center to receive economic revitalization power.

DISCUSSION

"IBM has imposed severe budget reductions on the Watson Center as part of a corporate-wide restructuring program. IBM conducts basic research and develops technology products at the main research facility in Yorktown which IBM owns and at two leased sites in Hawthorne. Over the last three years, 600 jobs have been eliminated at the Watson Center. Budgets for research and development programs have been fixed by IBM. High costs of operating the facility therefore reduce funds available for research projects. Electric power is 17% of facility operating costs at the Watson Center and is significantly more costly than at other IBM research facilities located in Texas and California. The proposed allocation of 16 MW to the Watson Center would save IBM an estimated \$2,900,000 annually over Con Edison's standard rates. IBM would retain 2,265 jobs with the allocation which would otherwise terminate December 31, 1997. To conserve energy, IBM has initiated several capital programs including retrofits with high-efficiency motors and lighting and the upgrading of its HVAC systems. Section 460.1(c) of the Authority's Procedures for Allocation of Industrial Power and Enforcement of Contracts (21 NYCRR Part 460, 'Procedures') provides that a recommendation to the Authority by EDPAB to make an allocation of EDP shall be reviewed by the Authority in accordance with the additional Authority criteria set forth in the Procedures to the extent such criteria are not inconsistent with the criteria set forth in the Economic Development Law. Section 460.5(a) of the Procedures sets forth eighteen criteria against which the Authority shall evaluate industrial power allocations. A primary criterion is to determine compliance with the legal standards 'applicable to the particular type of power available.' (Procedures at 460.5(a)(1)). With respect to the IBM allocation, EDPAB has concluded that all requirements of the EDL have been met for IBM to receive economic revitalization power at the Watson Center. EDPAB's decision is supported by the record before that Board and is consistent with the applicable statutory criteria. In addition to having been reviewed against the general criteria, IBM's application also meets the following special criteria applicable to allocations to revitalize a business and retain jobs:

- (1) that the business is likely to close, reduce operations, or relocate out of state resulting in the loss of a substantial number of jobs without an allocation of power;
- (2) that the business is an important employer in the community and efforts to revitalize the business are in the long-term interest of both employers and the community;
- (3) that a reasonable prospect exists that the proposed power allocation will enable the business to remain competitive and become profitable and preserve jobs for a substantial period of time;
- (4) that the business demonstrates cooperation with the local electricity distributor and other sources of assistance to reduce energy costs to the maximum extent practicable, through conservation and load management; and

- (5) that the allocation will not unduly affect the cost of electric service to customers of the local electricity distributor.

(Procedures at §460.5(b)).

"The Watson Center meets all of these standards. In its application to EDPAB and its presentations to the Authority, IBM has made a satisfactory showing that the Watson Center is threatened with reduced operations due to the possible relocation of research to out-of-state locations. §460.5(b)(1). In addition, it is undisputed that the Watson Center is an important employer in the community and that the strength of the Center is in the long-term interest of other businesses and the community at large. §460.5(b)(2). The anticipated electricity cost savings will assist in keeping the Watson Center competitive and, on account of the job commitments made, will preserve jobs for a substantial period of time. (§460.5(b)(3)). By Con Edison's admission, IBM has attempted to cooperate with the utility to obtain lower energy costs through conservation programs and customized pricing arrangements. (§460.5(b)(4)). Lastly, there has been no showing that an allocation to the Watson Center would unduly affect the cost of electric service to other Con Edison customers. Con Edison will retain the delivery-related revenues associated with service to the Center, and any lost production revenues will not have a significant effect on the rates to other Con Edison customers. (§460.5(b)(5)). Neither Con Edison nor Citizen Action has presented any information that would warrant rejection of the proposed contract. Con Edison's argument about the improving financial condition of IBM as a corporation is based on an incorrect reading of the statutes and regulations that govern revitalization allocations. As IBM correctly points out in its Rebuttal Comments (at 5), the goal of the legislature was to preserve jobs and investment in New York. Even if Con Edison is correct that IBM is rebounding, that has little bearing on the viability of the Watson Center. As shown above, the Center meets our criteria for receipt of a revitalization power allocation.

"The proposed contract with IBM is consistent with the Public Authorities Law and the Authority's Procedures for Allocation of Industrial Power and Enforcement of Contracts. The proposed contract with IBM provides for energy conservation and for reductions in the allocation in the event that employment or power usage levels are not maintained as set forth in the contract. Reports regarding employment and affirmative action commitments will be submitted to the Authority as provided by Section 460.4 of the Procedures.

"After the public hearing and in accordance with §1009 of the Public Authorities Law, the terms of the contract are hereby submitted to the Trustees for recommendation. In Staff's opinion it is neither necessary or advisable to modify the contract. The contract submitted herewith is in the public interest and should be transmitted to the Governor with the recommendation that it be approved.

RECOMMENDATION

"The Vice President - Industrial Economic Development recommends that the proposed contract for the sale of EDP to IBM's Watson Center be transmitted to the Governor with the recommendation that it be approved.

"The Senior Vice President - Marketing and Economic Development, the Senior Vice President - General Counsel, the Chief Operating Officer, and I concur in the recommendation."

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

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority enter into a contract with International Business Machines Corporation, Thomas J. Watson Research Center for the sale of 16 MW of Economic Development Power subject to the terms and conditions described in the foregoing report of the President; and

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WHEREAS, the Authority reached agreement with International Business Machines Corporation on the terms of the contract for the sale of Economic Development Power; and

WHEREAS, copies of such contracts have been transmitted to the Governor, the Speaker of the Assembly, the Chairman of the Assembly Ways and Means Committee, 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 at other designated locations; and

WHEREAS, on December 6, 1994, the Authority held a public hearing on the terms of such contracts 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, after such public hearing the Authority reconsidered the terms of such contract and does not deem it necessary or advisable to modify the contracts;

NOW THEREFORE BE IT RESOLVED, That the Authority approves the form of the proposed contract for the sale of power between the Authority and International Business Machines Corporation that was submitted to this meeting, and that the Authority believes such contract to be in the public interest; and be it further

RESOLVED, That the Secretary shall transmit such contract to the Governor, 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 together with the record of the public hearing held on such contract and the recommendation of the Authority that such contract be approved; and be it further

RESOLVED, That the Chairman and the Secretary be authorized to execute such contract in the name and on behalf of the Authority whenever the contracts shall be approved by the Governor; and be it further

RESOLVED, That the Senior Vice President - Marketing, or her designee be, and hereby is, authorized to negotiate and execute any and all documents necessary or desirable to effectuate such contract.

12. Procurement (Services) Contracts - Power Generation Maintenance Resource Management Program - Nuclear Energy Services and H. B. Maynard - Awards; Project Software & Development and Quality Systems, Inc. - Extensions

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award of two procurement contracts and the extension of two existing personal services contracts, for a period of two years commencing January 1, 1995, in connection with Power Generation's maintenance resource management program. This consists of:

1. New procurement contract with H.B. Maynard ('Maynard') in the estimated amount of \$1,700,000.
2. New procurement contract with Nuclear Energy Service ('NES'): in the estimated amount of \$400,000.
3. Extension of existing personal service contract with Project Software & Development, Inc. ('PSDI') in the estimated amount of \$675,000.
4. Extension of existing personal service contract with Quality Systems, Inc. ('QSI') in the estimated amount of \$250,000.

BACKGROUND

"In August 1990, at the request of the New York State Comptroller, Theodore Barry & Associates ('TB&A') began a comprehensive audit of the Authority's management and operations. TB&A recommended the development and implementation of a work force management process to increase workforce performance. The 90-day Restructuring and Cost-Reduction Program recommended that the Authority accelerate the implementation of this performance improvement program.

"The Maintenance Resource Management ('MRM') is the name given to Power Generation's new workforce management process. This process focuses on continuously identifying, achieving, and sustaining incremental workforce performance improvement through more effective use of labor and material resources. Each maintenance task or work order will include a description of the work to be done, estimate of task duration, drawings needed, specific tools and equipment required, material list, number of people and skills required, work coordination requirements including necessary permits, job safety, analysis, equipment to be removed from service, etc. Data will be collected after each job is completed including feedback from workers regarding problems encountered and suggested improvements which will help managers better track maintenance cost and performance of specific equipment and optimize maintenance planning and performance. Improvements in labor productivity will be achieved through better job planning and coordination, eliminating idle waiting time for material and equipment needed to perform the maintenance tasks. The program will result in substantial savings in labor dollars, overtime and contractor cost will be realized. When the new workforce management process is in place, at least a 2% per year improvement in productivity (approximately \$1,000,000) is expected during the initial four years of implementation.

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"The implementation of the MRM program will have to be carefully planned and coordinated to accommodate ongoing work at the facilities. It will require the participation of management and the maintenance workforce who will ultimately own and use the system. In deciding how to best develop and implement this system, the Authority consulted other utilities which put in MRM systems, including site visits to verify productivity savings and management/worker reaction to how the system changed the way they did work. Based on these discussions, staff decided to hire contractors for selected portions of this work to provide the necessary up-front expertise and experience. These contractors will work alongside the Authority's staff to develop and implement the system. They will be used over the next several years after which time they will be phased out and turn the system over to the staff.

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

DISCUSSION

"This memorandum addresses four specific areas of the Authority's ongoing MRM implementation: (1) Maintenance Management software; (2) time standards development for maintenance job estimating and job plan improvement; (3) maintenance procedure development support; and (4) database development support.

MAINTENANCE MANAGEMENT SOFTWARE

"The Authority solicited competitive bids in 1993, to provide software for Power Generations' MRM program. Four vendors submitted proposals for the software as follows:

J.B. Systems	\$120,000	System Works	\$755,710
PSDI	\$463,490	Computer Power	no bid price

"J.B. Systems was found not to be in compliance with the technical requirements of the specifications. PSDI was in conformance with the specifications and provided the lowest evaluated proposal price. Staff recommends that the PSDI contract be extended for two years, commencing January 1 1995, to provide for maintenance services for furnished software, training, consultant services and specialized application software for an estimated amount of \$675,000. The status of the contract with PSDI is set forth in Exhibit '12-A'.

DEVELOP TIME STANDARDS

"Two bids were received in response to the Authority's Request for Proposal ('RFP') to develop a maintenance labor standards program. The proposed weekly costs for the two vendors are: (1) Maynard: \$4,800 and (2) Fluor Daniels, Inc.: \$5,200. Fluor Daniels was not responsive to the scope of services. Maynard meets the specifications of the RFP and is the lowest qualified bidder. Maynard is recommended for contract award for a period of two years in the estimated amount of \$1,700,000, commencing January 1, 1995.

MAINTENANCE PROCEDURE DEVELOPMENT

"A RFP to provide staff support in the development and preparation of maintenance procedures and job plans was sent to nine bidders in August 1993. The estimated costs per procedure for routine maintenance tasks were:

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	<u>ROUTINE MAINTENANCE</u>	<u>MINOR MAINTENANCE</u>
ABB	\$ 366	\$165
QSI	\$ 800	\$450
PTS	\$1,050	\$900

ABB was found not to be in compliance with the requirements of the specifications. QSI was in conformance with the RFP and provided the lowest evaluated proposal price and was awarded the contract. Staff recommends that the QSI contract be extended for two years to provide for development of maintenance procedures and job plans for the MRM program, in accordance with the price structure of the above table, for an estimated amount not to exceed \$250,000 commencing January 1, 1995. The status of the contract with QSI is set forth in Exhibit `12-B'.

DEVELOP EQUIPMENT DATABASES

"In response to the Authority's RFP to provide staff support in the development of equipment, preventive maintenance, inventory and tool databases, five vendors submitted proposals. All vendors meet the specifications of the RFP. The weekly cost estimates for the five vendors to provide two people at each of the Power Generation projects are:

NES	\$16,850	QSI	\$23,210
NUS Corp.	\$17,895	Atometrics	\$25,500
		General Physics	\$28,200

"NES is the lowest qualified bidder. NES is recommended for contract award for a period of two years in the estimated amount of \$400,000, commencing January 1, 1995.

FISCAL INFORMATION

"Payment for services covered by these contracts rendered in 1995 will be made from the 1995 Approved O&M Budget. Funds required for subsequent years will be included in the O&M budget submittal for those years. MRM program costs for 1995 and 1996 including these contracts are \$1,730,000 and \$2,065,000 respectively. A 2% per year labor maintenance improvement will be reflected in Power Generation budget submittals beginning in 1996.

RECOMMENDATION

"The Resident Managers - Power Generation, the Vice President - Chief Engineer Power Generation and the Vice President - Procurement and Real Estate recommends the Trustees approve the award of contracts to Nuclear Energy Services for a period of two years beginning January 1, 1995, in the estimated amount of \$400,000 and to H. B. Maynard for a period of two years in the estimated amount of \$1,700,000 commencing January 1, 1995. Further, they recommend that the Trustees approve renewal of the current contracts with Project Software & Development, Inc. in the estimated amount of \$675,000 and Quality Services, Inc. in the estimated amount of \$250,000, both for two years.

"The Senior Vice President - Power Generation, the Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That pursuant to the Guidelines for Procurement Contract adopted by the Authority, the award of contract for equipment database development to Nuclear Energy Services, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved for a period of two years commencing January 1, 1995, as recommended in the foregoing report of the President, in the amounts and for the purpose listed below:

<u>O&M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
Nuclear Energy Services	12/31/96	<u>\$400,000</u>

AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contract adopted by the Authority, the award of contract for engineered labor (Time) standards to H. B. Maynard, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved for a period of three years, commencing January 1, 1995, as recommended in the foregoing report of the President, in the amounts and for the purpose listed below:

<u>O&M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
H. B. Maynard	12/31/96	<u>\$1,700,000</u>

AND BE IT FURTHER RESOLVED, That pursuant to Guidelines for Procurement Contract adopted by the Authority, the contract with Project Software & Development Inc., to provide for maintenance services for furnished software, training, consultant services and specialized application software, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved and extended through 12/31/96, as recommended in the foregoing report of the President, in the amount and for the purpose listed below:

<u>O&M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
Maintenance Resource Management Program Project Software & Development	12/31/96	<u>\$675,000</u>

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AND BE IT FURTHER RESOLVED, That pursuant to Guidelines for Procurement Contract adopted by the Authority, the contract with Quality Services Inc., to develop maintenance procedures and job plans, in connection with the Power Generation Maintenance Resource Management Program, is hereby approved and extended through 12/31/96, as recommended in the foregoing report of the President, in the amount and for the purpose listed below:

<u>O&M</u>	<u>Projected Closing Date</u>	<u>Estimated Contract Approval</u>
Maintenance Resource Management Program Quality Services Inc.	12/31/96	<u>\$250,000</u>

PROCUREMENT (SERVICES) CONTRACT

Provider: Project Software and Development, Inc.

Contract No.: S 93 51382

Dept./Division: Power Generation/Engineering

Basis of Award: Bid X
Competitive Search
Sole Source

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 09/30/93		12/31/94	\$ 828,905

Total Amount Authorized or Committed: \$ 828,905

Total Amount Expended to Date: \$ 574,508

Projected Additional Commitments
through 12/31/96 to be made by staff
pursuant to Expenditure Authorization
Procedures from Authorized Capital and
O&M Budget: \$1,000,000

PROCUREMENT (SERVICES) CONTRACT

Provider: Quality Systems, Inc.

Contract No.: S 93 51388

Dept./Division: Power Generation/Engineering

Basis of Award: Bid X
Competitive Search _____
Sole Source _____

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 11/01/93			\$100,000
C.O. No.1			\$ 50,000

Total Amount Authorized or Committed: \$150,000

Total Amount Expended to Date: \$150,000

Projected Additional Commitments
through 12/31/96 to be made by staff
pursuant to Expenditure Authorization
Procedures from Authorized Capital and
O&M Budget: \$250,000

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13. Sublease of Space - 20th floor - Paramount Building - Associated Safety Management, Inc.

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the execution of a sublease of approximately 3,613 square feet of office space at 1633 Broadway by the Authority as sublandlord to Associated Safety Management, Inc. ('ASM') as subtenant. The proposed sublease is for the balance of the term of the Authority's Master Lease with Paramount Group ('Paramount') as agent for MRI Rental, Inc. at 1633 Broadway, for a period of approximately 14 years. The fixed rental will be at \$26.75 per rentable square foot ('RSF') for years one through five, \$28.75 per RSF for years six through nine, and \$31.75 per RSF for years ten through the end of the master lease on December 31, 2008.

"The Trustees are also requested to authorize the expenditure of \$40 per RSF towards sublessees' alterations to the space, which will include architectural, engineering, design and construction activities.

BACKGROUND

"At their meeting of September 29, 1987, the Trustees approved the execution of a lease for 169,234 square feet of office space at 1633 Broadway, New York City, as the new site for the Authority's New York City office. The term of that lease was for 20 years. The premises under lease initially included the entire 19th, 21st, and 22nd floors and approximately 45 percent of the 20th floor. It was further agreed that Paramount, the Landlord, would vacate the balance of the 20th floor, consisting of approximately 23,369 square feet, within five years from the date of the lease and this space would then be included in the Authority's lease. This space was turned over to the Authority by Paramount on June 21, 1993, and the Authority's obligation to pay rent commenced November 21, 1993.

DISCUSSION

"Due to evolving space needs since 1987, the relocation of several Finance and Administration groups to White Plains and the downsizing of the staff, the Authority has no need to occupy the additional 23,369 square feet which were turned over on June 21, 1993. Anticipating the turnover of this space and reorganizing its diminished space needs, the Authority in December 1992, engaged the real estate brokerage services of Sealy, Hoffman & Sheehan ('Sealy') to canvass the general area of 1633 Broadway and solicit offers for subleasing all or portions of this space. Sealy's marketing activity included a direct marketing by mail and phone of prospective tenants from Sealy's private prospect list and active employment of the rest of the real estate brokerage community through the monthly distribution of advertising flyers and brochures. As a result of this marketing effort, the New York insurance brokerage firm, ASM, made an offer to sublease a portion of this space. Preliminary negotiations with ASM have resulted in proposed basic lease terms which are set out as Exhibit '13-A'.

"The Authority's current fixed rental for this space is \$35 per square foot plus escalations. This rental shall increase for years 10 through 15 to \$42/square foot (from January 1, 1998 to December 31, 2003) and

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will further increase for the years 16 through 20 to \$46 square foot (from January 1, 2004 to December 31, 2008). The proposed sublease rent as set out above will substantially offset the Authority's fixed rental liability for this space over the term of the sublease.

"The disparity between the Authority's current rent and the rent under the proposed sublease represents the dramatic and unforeseen downturn in the commercial real estate market in the New York City area. Although the real estate market has improved recently, there is still a vast amount of vacant space available for rent.

"Based on current market conditions and the availability of competing space it, appears that subleasing space at 1633 Broadway will continue to be very competitive.

FISCAL INFORMATION

"The Authority currently pays its lease obligations out of the Operating Fund. By recouping fixed rents under the proposed lease of \$26.75 per square foot for years one through five, escalating to \$28.75 per square foot for years six through nine of the proposed lease, and further escalating to \$31.75 for years 10 through expiration of the Master Lease, the Authority will offset its existing liability.

"Further, the Authority will pay standard brokerage commissions for securing this transaction.

"Both payment of brokerage commissions and the expenditure of \$40 per square foot tenant improvement work letter will be paid out of the Authority's Operating Fund.

RECOMMENDATION

"The Director - Corporate Support, the Director - Real Estate, the Vice President - Procurement and Real Estate, and the Vice President - Corporate Finance recommend that the Trustees approve entering into a sublease agreement with the insurance brokerage corporation of Associated Safety Management, Inc for the sublease of commercial office space at 1633 Broadway, on terms substantially in accordance with the foregoing.

"The Senior Vice President and General Counsel, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That the Senior Vice President - Business Services, the Chief Operating Officer, the President, and the Chairman be, and hereby is, authorized to enter into a sublease agreement for office space at 1633 Broadway with Associated Safety Management, Inc., on substantially terms set forth in the foregoing report of the President; and be it further

RESOLVED, That the Vice President - Procurement and Real Estate, or the Director - of Real Estate, be authorized to execute any and all other agreements, papers or instruments which may deemed necessary or advisable to carry out the foregoing.

BASIC SUBLEASE TERMS

Authority to Associated Safety Management, Inc. ('ASM')

Premises: 3,613 rentable square feet ('RSF') on 20th floor
1633 Broadway, New York City

Term: Approximately fourteen years commencing on execution approval of sublease and
terminating December 30, 2008.

Fixed Rent: ● Years one through five at \$26.75 per RSF (\$96,647.75 annually)
● Years six through nine at \$28.75 per RSF (\$103,873.75) annually
● Years through termination of Master Lease at \$31.75 per RSF
(\$114,712.75) annually

The fixed rent includes an electric inclusion factor of \$2.75 per square foot.

Additional Rent: Increased Operating Expenses and Real Estate Taxes over those
incurred during first sublease year.

Tenant Improvement
Allowance: \$40 per RSF (total of \$144,520).

Security: Adequate security to protect Authority interest as determined
by Senior Management.

Brokerage: Authority to pay standard Brokerage Commissions.

14. Gilboa-New Scotland Transmission Line, Gilboa-Fraser Transmission Line, and Niagara-Adirondack Tie Line Acquisition of Cut, Trim, & Removal of Trees and Brush and Access Road Easements

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the acquisition of permanent easements to cut, trim, and remove trees and brush adjacent to the Gilboa-Fraser Transmission Line, Gilboa-New Scotland Transmission Line, and Niagara-Adirondack Tie Line and to maintain and use access roads from the property owners along the hereinabove mentioned transmission lines as shown on the attached Exhibit '14-A'. The proposed permanent easements are located in the Towns of Gilboa and Broome in Schoharie County; Towns of Rensselaerville; Westerlo; Berne; and New Scotland in Albany County; Towns of Roxbury; Stamford; and Bovina in Delaware County; Towns of Perinton and Chili in Monroe County; Towns of Elba and Oakfield in Genesee County; and the Town of Victor in Ontario County.

BACKGROUND

"Both the Gilboa-New Scotland and Gilboa-Fraser Transmission Lines rights-of-way are 400 feet wide, the northerly 150 feet of each of the rights-of-way are occupied by 345 kV lines. The Niagara-Adirondack Tie Line (which runs from Niagara Power Project to the Edic Substation near Utica) right-of-way is 300 feet wide and is occupied by two 345 kV lines. The rights-of-way were acquired before the Authority adopted a policy of acquiring the right to cut, trim, and remove trees and brush at the same time that the transmission line easements were acquired.

DISCUSSION

"In some instances the right to cut, trim, and remove trees and brush adjacent to these transmission lines has been acquired by easement (either temporary or permanent), but the vast majority of the trees have been purchased on an individual basis through negotiation with the landowner. The Authority usually offers the timber value of the trees in question, and in most cases, that amount or an amount reasonable to both parties is agreed upon.

"However, in recent years the trend toward second or seasonal home development has created the establishment of many homes and subdivisions in close proximity to the Authority's transmission line easements. Further, there has been a tendency for homeowners to prefer more wooded and secluded lots. This has dramatically increased the resistance to the purchase of danger trees outside but adjacent to the Authority's right-of-way.

"At the time that the Gilboa-New Scotland and Gilboa-Fraser Transmission Lines and the Niagara-Adirondack Tie Line were constructed, no off-right-of-way access roads were obtained. Access required for maintenance was principally within the transmission line easement. Where off-right-of-way access roads are required, they have been used routinely for many years based only on the verbal permission of the affected landowners. As land uses change and properties are bought by non-resident owners, the Authority is at risk of losing the consent of the property owners to gain access to the Authority's facilities by use of these roads. Loss of informal access to these roads would cause the Authority extreme difficulty and costly construction of new

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roads to establish access within the transmission line easements. It is desirable to acquire permanent off-right-of-way easement rights on which it may maintain access roads to its facilities.

"The Authority's Real Estate representatives have negotiated (in most cases) option or letter agreements for the acquisition of the permanent easements itemized on Exhibit `14-A'. Negotiated compensation is based upon appraisal of comparable per acre values taking into account work performed by Authority maintenance forces to accommodate landowner and Authority concerns. If there are property owners who refuse to enter into an agreement with the Authority, or if it is found that the owners cannot convey clear title to the Authority, it may become necessary to appropriate the permanent easement rights needed through Eminent Domain.

FISCAL INFORMATION

"Funds required for this purpose were included in the 1995 O&M Budget. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Director - Environmental Programs, the Director - Real Estate, and the Resident Managers of the Blenheim-Gilboa and Niagara Power Projects recommend that the Trustees approve the acquisition by purchase or appropriation of permanent easements for the purposes as shown on the attached Exhibit `14-A'.

"The Senior Vice President - General Counsel, the Senior Vice President - Transmission, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That pursuant to the provisions of Article 5, Title 1 of the Public Authorities Law, the Authority hereby finds it necessary to acquire permanent easements by purchase or appropriation as shown on the attached Exhibit `14-A', and hereby finds and determines that the acquisition of such permanent easements is reasonably necessary and desirable for the operation and maintenance of the Gilboa-New Scotland and Gilboa-Fraser Transmission Lines and the Niagara-Adirondack Tie Line; and be it further

RESOLVED, That in the opinion of the Authority the acquisition of the real property shown and described on Power Authority of the State of New York, Blenheim-Gilboa Power Project, Gilboa-New Scotland, Gilboa-Fraser Transmission Lines and Niagara Power Project, Niagara-Adirondack Tie Line Map is de minimis in nature so that the public interest will not be prejudiced without a public hearing by the acquisition of such real property; and be it further

RESOLVED, That the President, the Senior Vice President - Transmission, the Resident Managers of the Blenheim-Gilboa and Niagara Power Projects, or the Director - Real Estate of the Authority be, and hereby is, authorized to execute on behalf of the Authority such agreements, certificates, requests, and directions on terms and conditions substantially in

accord with the foregoing report, as are necessary or desirable for the acquisition of such permanent easements; and be it further

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RESOLVED, That the Resident Manager, or the Director - Real Estate of the Authority be, and hereby is, authorized on behalf of the Authority to execute any and all other agreements, papers, or instruments which may be deemed necessary or desirable to carry out the foregoing.

GILBOA-NEW SCOTLAND TRANSMISSION LINE

MAP & PARCEL NO.	REPUTED OWNER(S)	PURPOSE	COMPENSATION	ACREAGE
AR-309, Parcel 309	Louis Ferrarini & George Arnold	Cut, trim, & remove	\$1,000	3.68
AR-311, Parcel 311	Marjorie L. Delaney	Cut, trim, & remove	\$ 720	2.4
ANS-312, Parcels 312A, 312B	Robert A. & Andy J. Appleby	Cut, trim, & remove	\$ 500	2.0
ANS-313, Parcel 313	David & Curtis Ingraham	Cut, trim, & remove	\$ 200	0.345
ANS-314, Parcel 314	Richard Scherer & Ellsworth Probst	Cut, trim, & remove	\$ 400	1.5
SG-315, Parcel 315	Stewart G. & Clyda B. Mace	Cut, trim, & remove	\$ 870	2.52
SB-317, Parcel 317	Edward F. & Joan G. Murtha	Cut, trim, & remove	\$ 435	2.58
ANS-319, Parcel 319	Michael & Karen Magrum	Cut, trim, & remove	\$ 850	2.87
AR-320, Parcel 320	Virgil J., Jr. & Jgerry George	Cut, trim, & remove	\$ 465	1.55
AW-321, Parcel 321	Richard J. & Marylynn E. Rebusmen	Cut, trim, & remove	\$ 900	3.0
SB-323, Parcel 323	Greg Wunner, Scott Donovan, & Angello Zegerelli	Cut, trim, & remove	\$ 375	1.0
SG-324, Parcel 324	Victor W. & Bonnie J. Mace	Cut, trim, & remove	\$ 150	0.28
AB-328, Parcel 328	Robert J. & Cora M. McCann	Cut, trim, & remove	\$ 300	1.0
ANS-330, Parcel 330	Charles F. VanWie	Cut, trim, & remove	\$ 500	1.6
ANS-331, Parcel 331	Town of New Scotland	Cut, trim, & remove	\$ 200	0.57
ANS-332, Parcel 332	Ralph & Shirley Salerno	Cut, trim, & remove	\$ 210	0.68
AB-333, Parcel 333	Ronald F. Calkins	Cut, trim, & remove	\$ 480	1.6
SG-334, Parcel 334	William V. Didio & Rejane Gauvreau DiDio	Cut, trim, & remove	\$ 800	2.59
ANS-335, Parcel 335	Albany Law School	Cut, trim, & remove	\$ 120	0.50
AW-336, Parcel 336	Peter III & Anna Z. Holowiak	Cut, trim, & remove	\$ 690	2.3
SG-337, Parcel 337	Stewart G. & Clyda B. Mace	Cut, trim, & remove	\$ 330	0.96
ANS-339, Parcels 339A, 339B	William Keleher	Cut, trim, & remove	\$ 260	0.80
AW-343, Parcel 343	Dewitt & Helen Sisson	Cut, trim, & remove	\$1,000	3.66
SG-344, Parcel 344	Ben A. & May E. Hersey	Cut, trim, & remove	\$ 800	2.10
AR-347, Parcel 347	Virgil J., Jr. & Jgerry George	Access road	\$ 250	0.49
ANS-348, Parcel 348	Walter M. & Alice L. Gibson	Cut, trim, & remove	\$ 300	1.03

GILBOA-FRASER TRANSMISSION LINE

MAP & PARCEL NO.	REPUTED OWNER(S)	PURPOSE	COMPENSATION	ACREAGE
DS-665, Parcel 665A	Nestor A. & Helena Rodriguez	Access road	\$ 100	0.05
DS-665, Parcel 665B	Richard Panek	Access road	\$ 100	0.05
DS-667, Parcel 667	Herbert W. & Mary R. Hait	Cut, trim, & remove	\$ 700	2.56
DS-668, Parcel 668A	John Houshmand	Access road	\$ 920	0.85
DS-668, Parcel 668B	John Houshmand	Cut, trim, & remove	\$ 535	1.78
DB-669, Parcel 669	William & Mary F. Inman	Cut, trim, & remove	\$1,300	4.3
DB-670, Parcel 670	Marion Dorsett	Cut, trim, & remove	\$ 900	2.86
DB-671, Parcels 671A, 671B, 671C	Calvin Rome	Cut, trim, & remove	\$ 750	2.18
DB-672, Parcel 672	Henry Jr., & Frieda Menke	Cut, trim, & remove	\$1,000	3.11
DR-674, Parcel 674	Joseph W., Jr. & Erna Moore	Cut, trim, & remove	\$1,300	4.32
DS-675, Parcel 675	David & Carolyn Post	Cut, trim, & remove	\$ 200	0.66
DS-676, Parcel 676	Everett & Mary B. Adams	Cut, trim, & remove	\$ 550	1.76
DS-677, Parcel 677	John W. & June E. Burns	Cut, trim, & remove	\$ 175	0.58
DS-678, Parcel 678	Dennis & Mary Brockway	Cut, trim, & remove	\$ 450	1.50

NIAGARA-ADIRONDACK TIE LINE

MAP & PARCEL NO.	REPUTED OWNER(S)	PURPOSE	COMPENSATION	ACREAGE
MPE-1410, Parcels 1410A, 1410B	Edward Haynes	Cut, trim, & remove	\$ 9,000	4.02±
GO-1418, Parcel 1418	Anthony & Henry Mudrzynski	Access road	\$ 1,700	2.34±
GE-1419, Parcels 1419A, 1419B	Michael Marcezin & Barbara Swiatek	Cut, trim, & remove	\$ 3,000	3.21±
OV-1421, Parcel 1421	Alden D. Longwell	Cut, trim, & remove	\$10,000	1.60±
MC-1422, Parcels 1422A, 1422B, 1422C, 1422D	Chili Ventures, Inc.	Cut, trim, & remove	\$ 6,500	3.30±
MC-1422, Parcels 1422E, 1422F	Chili Ventures, Inc.	Topping, trimming, & removing		4.84±
MC-1422, Parcel 1422G	Chili Ventures, Inc.	Access road	\$ 3,500	0.40±

**15. Procurement (Services) Contracts - Hardware and Software
Maintenance and Other Related Services - Awards and Extensions**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the two-year extensions of 64 contracts, and award of 25 two-year contracts for maintenance and other services relating to various hardware and software required to support operations at Headquarters and the operating facilities, as well as funding therefor. The nature of such services and the projected costs thereof are listed in Exhibits `15-A-1' and `15-A-2'.

BACKGROUND

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

DISCUSSION

"These contracts cover services for continued maintenance of existing hardware and software. In many cases, maintenance is furnished solely by the original supplier of the hardware and software. Much of the software is proprietary and could not be maintained by another party, even if one existed, due to this factor. In addition, it is normally more practical to maintain hardware items with the Original Equipment Manufacturer (`OEM'). Approval is sought to continue all such contracts through December 31, 1996. Appropriate provisions will be included to provide for termination of any of these contracts if deemed necessary by the Authority.

"These contracts are reviewed on an annual basis to determine current and future needs and the required level of support coverage. The MIS Division conducted a `mean time to failure review' (documented average time between failures) for much of the hardware to determine whether it was more cost effective to have an annual maintenance agreement or a time and material agreement. Software maintenance contracts were examined, and based on planned upgrades and technical support requirements, it was determined that maintenance was not currently needed for some software.

"As a result of the above efforts, some hardware and software contracts have been terminated or their coverage scopes have been decreased, which should result in a savings of approximately \$ 2,000,000 over a two year period.

"The projected costs listed in Exhibits `15-A-1' and `15-A-2' indicate estimated values for maintenance and other related services for the period through December 31, 1996.

FISCAL INFORMATION

"Funding for these services is included in the 1995 Approved O&M Budget. Funds to be expended for services in 1996, will be included in the budget submittals for that year. Payment will be made from the Operating Fund.

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RECOMMENDATION

"The Director - Information Services and the Vice President - Procurement and Real Estate, recommend the Trustees' approval of the awards and extensions of multi-year procurement contracts to the firms listed in Exhibit `15-A-1' and `15-A-2'.

"The Senior Vice President - General Counsel, the Senior Vice President - Business Services, the Senior Vice President - Power Generation, the Chief Nuclear Officer, the Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the awards and extensions of the multi-year procurement contracts listed in Exhibit `15-A' are hereby approved and extended through December 31, 1996, as recommended in the foregoing report of the President, in the estimated amounts and for the purposes listed in Exhibits `15-A-1' and `15-A-2'.

**16. Procurement (Services) Contracts - James A. FitzPatrick
and Indian Point 3 Nuclear Power Plants - Awards**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award and funding of the multi-year procurement (services) contracts listed in Exhibit `16-A' for the James A. FitzPatrick (`JAF') and Indian Point 3 (`IP3') Nuclear Power Plants. A detailed explanation of the nature of such services, the basis for the new awards, and the intended duration of such contracts are listed in the discussion below.

BACKGROUND

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

"In accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts in excess of \$3,000,000, as well as personal services in excess of \$1,000,000 if low bidder, or \$500,000 if sole source or non-low bidder, require Trustees' approval.

DISCUSSION

"The terms of these contracts will be more than one year, therefore the Trustees' approval is required. In order to commence services pursuant to these contracts, eight have already been awarded for terms limited to one year, with the understanding that extension for subsequent years is subject to approval by the Trustees. All of the subject contracts contain provisions allowing the Authority to terminate the services at will, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all 17 contracts, ranging in estimated value from \$6,000 to \$1,500,000 and totaling \$3,173,066.

"The recent Cost Reduction Study recommended that the Authority reduce its reliance on outside contractor personnel and consulting services. These contract awards are consistent with this philosophy, since they do not obligate the Authority to a specific level of personnel resources or expenditures. The 1995 O & M Budget for Nuclear Generation already includes significant reduction of expenditures for external contractor personnel and services. As the Authority performs more work in-house over the next several years, funding allocated for services performed pursuant to these contract awards will be correspondingly reduced.

"The issuance of multi-year contracts is recommended from both a cost and efficiency standpoint. In many cases, reduced prices can be negotiated for these longer term contracts. Since these services are typically required on a continuous basis, it is more efficient to award longer term contracts than to rebid these services annually.

"The initial term of these contracts will extend through December 31, 1996, as noted in the specific descriptions of each contract in Exhibit `16-A' and below. Prior to June 30, 1996, Nuclear Generation and the

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Procurement Division will review whether these services can be performed cost-effectively with in-house staff. Only those services which cannot be performed economically by in-house staff, will be recommended for an additional extension of up to 12 months, subject to approval by the Chairman and President.

HQ MULTIPLE AWARDS - MECHANICAL ENGINEERING SERVICES (Q-02-1174) - 4 AWARDS (PO #'s TBA):

"The four contracts with **Atometrics, Bell Engineering, Enercon Services Inc., and TAD Energy Services**, will commence on December 16, 1994, subject to the Trustees' approval. The purpose of these contracts is to provide mechanical engineering personnel to support JAF, IP3, and headquarters, on an 'as required' basis. Commercial and technical evaluations of the 27 respective proposals in response to 38 bids solicited determined that multiple awards to the four qualified low bidders would be most efficient and cost-effective to the Authority. The selected firms will competitively bid against each other for services as tasks are identified to be performed or the need for staff augmentation arises, by submitting resumes of their most technically qualified personnel, corresponding rates, and availability for each task required. The awards are in the initial amount of \$0, until services are required. Rates will remain firm for the first year, subject to subsequent Authority review and negotiation. Approval is also requested for the total combined amount expected to be expended for the term of the four contracts, \$1,500,000. (Commitments will be made to the individual contracts as tasks are assigned to the successful bidder(s); commitments and expenditures for all four contracts within this grouping will also be tracked against the approved total for this category.)

SECURITY BACKGROUND INVESTIGATIONS FOR UNAUTHORIZED ACCESS PROGRAM (Q-02-1253) - 2 AWARDS (PO #'s TBA):

"The two contracts with **Confidential Services, Inc. and The Wackenhut Corp.** will commence on January 1, 1995, subject to the Trustees' approval. The purpose of these contracts is to perform security background investigations of new and contract employees in support of the unauthorized access program at JAF and IP3. Commercial and technical evaluations of the 11 respective proposals received in response to 34 bids solicited determined that multiple awards to the two lowest qualified/evaluated bidders in the subject area would be most efficient and cost-effective to the Authority. Approval is also requested for the total combined amount expected to be expended for the term of the two contracts, \$780,000. Rates will remain firm for the duration of the contracts.

JAF AWARDS:

"The four two-year contracts listed below include uniform laundering, onsite equipment servicing and sample analyses. The combined expected expenditures for such contracts range between \$12,000 and \$30,000 and total \$74,456.

"The contract with **Broadway Cleaners (C95-J0325)** will commence on January 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide laundering, dry cleaning, waterproofing, tailoring and mending services for security officers' uniforms at JAF. Broadway Cleaners was the low bidder of three bids received (and solicited). The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Rates will remain firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$30,000.

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"The contract with **GE Medical Systems (C95-J0295)** will commence on January 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide onsite preventive maintenance service for a vertical chest x-ray machine at JAF. GE Medical Systems was the low evaluated bidder of two bids received (three solicited). The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Rates will remain firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$12,456.

"The contract with **ION Track Instruments Inc. (C95-J0013)** will commence on January 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide onsite service for ION Track instruments, viz., entry scan explosive detectors, at JAF. This contract will be awarded on a sole source basis because Ion Track is the original equipment manufacturer and maintenance service is not available through any other source. The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Rates will remain firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$12,000.

"The contract with **Life Science Laboratories, Inc. (C95-J0037)** will commence on January 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide analytical services for sewage and waste samples. Life Science Laboratories was the low evaluated bidder of seven bids received (eight solicited). The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Rates will remain firm for the duration of the contract. Approval is also requested for the total amount expected to be expended for the term of the contract, \$20,000.

IP3 AWARDS:

"The seven multi-year contracts listed below include on- and off-site equipment servicing, waste removal services, fire brigade facilities and training, and services of an onsite engineering advisor. The combined expected expenditures for such contracts range between \$6,000 and \$355,000, and total \$818,610.

"The contract with **CC Boyce & Sons Inc. (C94-I6384)** commenced on November 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide waste removal services on an 'as required' basis for IP3. CC Boyce was the low bidder of five bids received (eight solicited). Approval is also requested for the total amount expected to be expended for the term of the contract, \$355,000.

"The contract with **Dutchess Overhead Doors (C95-I6390)** commenced on December 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide repair services for overhead doors at IP3. Dutchess Overhead Doors was the only responding bidder of five bids solicited. The intended term of this contract is two years and one month, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$32,000.

"The contract with **Elgar Corp. (C95-I6501)** will commence on January 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide offsite repair services for CAT 1 Elgar equipment at IP3. This contract was awarded on a sole source basis because Elgar is the original equipment manufacturer for equipment permanently installed at IP3, the sole distributor of compatible replacement spare parts and the only company authorized to service this equipment. Approval is also requested for the total amount expected to be expended for the term of the contract, \$6,000.

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"The contract with **Mettler Instrument (C94-I6387)** will commence on February 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide service and routine calibration for balances (scales), on an `as required' basis, at IP3. This contract will be awarded on a sole source basis because Mettler Instrument is the original equipment manufacturer. The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$6,000.

"The contract with **Mine Safety Appliance (MSA) (C94-I6365)** commenced on September 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide offsite service and parts for the support of the Waste Management Respirator Maintenance Program, on an `as required' basis, at IP3. This contract was awarded on a sole source basis because MSA was the original equipment manufacturer and the Contract Reporter elicited no additional responses. Approval is also requested for the total amount expected to be expended for the term of the contract, \$7,200.

"The contract with **Rockland County Fire Training (C94-I6348)** commenced on April 1, 1994, subject to subsequent Trustees' approval. The purpose of this contract is to provide fire brigade training facilities and training, on an `as required' basis, for the IP3 fire brigade. This contract was awarded on a sole source basis to Rockland County Fire Training because no other vendor has comparable facilities in close proximity to IP3 or a comparable industrial fire training program utilizing two full-time fire instructors. The intended term of the contract is three years. Approval is also requested for the total amount expected to be expended for the term of the contract, \$82,410.

"The contract with **Westinghouse Electric (PO # TBA)** will commence on January 1, 1995, subject to the Trustees' approval. The purpose of this contract is to provide the services of one full-time onsite engineering advisor for the NSSS plant system and components at IP3. This contract was awarded on a sole source basis because Westinghouse is the original equipment manufacturer/supplier of the NSSS system. Approval is also requested for the total amount expected to be expended for the term of the contract, \$330,000.

"The above-mentioned services are required to support the operation of the Authority's nuclear power plants, in compliance with Nuclear Regulatory Commission and various other regulatory agency requirements. The Authority does not have or need the volume of permanent support staff to perform these services in-house, on an outage-related or `as required' basis. In many cases, it is more economical, efficient, and cost-effective to have such services performed by outside vendors, who already have in place costly special equipment, materials, and experienced personnel. In other cases, the equipment or services can only be provided by the original equipment manufacturers. It has also been demonstrated that multi-year contracts enable procurement staff to negotiate lower rates, often firm for the duration of the contract, with the successful bidder(s). In the case of multiple awards within the same service category, competitive bidding for specific tasks among the selected firms in each category will also ensure the most technically qualified services at the lowest rates for the Authority.

FISCAL INFORMATION

"Funding for the JAF and IP3 expenditures has been included in the 1994 Approved O&M Budget. Funding for subsequent years will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects. Payment will be made from the appropriate Nuclear Improvement Fund.

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RECOMMENDATION

"The Resident Manager - James A. FitzPatrick Nuclear Power Plant, the Resident Manager - Indian Point 3 Nuclear Power Plant, the Vice President - Nuclear Operations, the Vice President - Nuclear Engineering, and the Chief Nuclear Officer recommend the Trustees' approval of the award of multi-year procurement (services) contracts to the companies listed in Exhibit `16-A' and in the Discussion.

"The Vice President - Procurement and Real Estate, the Senior Vice President - General Counsel, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

Referring to staff's stated objective of minimizing the use of outside contractors, the Vice Chairman requested that the Trustees be provided with a periodic progress report. President Freeman responded that it is his objective to eliminate all contractors except those needed for plant outages by the end of two years and that quarterly progress reports will be submitted to the Trustees indicating what kinds of contractors have been utilized and for what purposes. Mr. Hoff added that many of their services are needed to support both refueling and forced outages. Having these contracts in place to accommodate outage needs will obviate the need for emergency procurements to support such requirements.

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of multi-year procurement (services) contracts listed in Exhibit `16-A' are hereby approved for the period of time indicated, in the amounts and for the purposes listed, as recommended in the foregoing report of the President.

17. Procurement (Services) Contracts - James A. FitzPatrick and Indian Point 3 Nuclear Power Plants; Headquarters and Power Generation - Extensions, Approval of Additional Funding, and Increase in Compensation Ceiling

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the continuation and funding of the procurement (services) contracts listed in Exhibit `17-A' for the Indian Point 3 (IP3) and James A. FitzPatrick (JAF) Nuclear Power Plants, as well as for the Headquarters and Power Generation contracts. In addition, the Trustees are requested to approve an increase in the compensation ceiling of the procurement (services) contract with NPS Energy Services Inc., for maintenance services at IP3, to \$41,000,000 from the previously approved ceiling of \$33,000,000. A detailed explanation of the nature of such services, the reason(s) for extension, and the projected expiration dates are listed below.

BACKGROUND

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

"The Authority's Expenditure Authorization Procedures require Trustees' approval when a personal services contract exceeds a cumulative change order value of \$500,000, or when a non-personal services contract exceeds a cumulative change order limit of \$3,000,000.

DISCUSSION

"Although the firms identified in Exhibit `17-A' have provided effective services, the issues or projects requiring these services have not been resolved or completed and the need exists for continuing these contracts. Trustees' approval is required because the terms of these contracts exceed one year and/or because the cumulative change order limits will exceed the levels authorized by the Expenditure Authorization Procedures in forthcoming change orders. All of the subject contracts contain provisions allowing the Authority to terminate the services at will, without liability other than paying for acceptable services rendered to the effective date of termination.

"The recent Cost Reduction Study recommended that the Authority reduce its reliance on outside contractor personnel and consulting services. These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures. The 1995 O & M Budget for Nuclear Generation already includes significant reduction of expenditures for external contractor personnel and services. As the Authority performs more work in-house over the next several years, funding allocated for services performed pursuant to these contract extensions will be correspondingly reduced.

"Extension of each of the contracts identified in Exhibit `17-A' is requested for one or more of the following reasons: 1) additional time is required to complete the current contractual work scope or additional

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services related to the original work scope; 2) to accommodate an Authority or external regulatory agency schedule change, which has delayed, re-prioritized, or otherwise suspended required services; 3) the original consultant is uniquely qualified to perform services and/or continue its presence and rebidding would not be practical; 4) the contractor provides a proprietary technology or specialized equipment at reasonable negotiated rates, which the Authority needs to continue until a permanent system is put in place; or 5) issues are related to IP3 re-start.

CONTRACTS IN SUPPORT OF THE NUCLEAR PLANTS:

"The contract with **Altran Corp.** (S93-52163), which provides weak link analyses for JAF valves per NRC Generic Letter 89-10 Motor-Operated Valve Program, commenced on October 19, 1993. The original award was for a term of up to one year. The most recent evaluation of the results of the capability calculations indicates that 18 valves require further analyses to demonstrate their acceptability. Interim approval from the Chief Operating Officer was received to extend the subject contract through December 31, 1994 in order to allow sufficient time for rebidding. The current contract amount is \$330,420; no additional funding is anticipated to be required for the extended term. Trustees' approval is requested to ratify and extend this contract through December 31, 1994.

"The four contracts with **Atometrics** (S93-54914), **Cataract** (S93-54939), **DVSE/Desktop Engineering** (S93-54917), and **NPS Engineering & Technical Services** (S93-54915), provide personnel, working under the Authority's direction, for civil/structural engineering support services for JAF and IP3. These contracts commenced on January 1, 1994, for an initial term of one year, with an option to extend for up to two additional years, subject to subsequent Trustees' approval. The four above-listed vendors were the lowest technically qualified of 13 bids received. In addition to excellent technical personnel backgrounds and experience in specific engineering areas, the requirements also included existence of a quality assurance program and the capability to perform work in-house, i.e., at the home office. Specific tasks are bid among all four firms, as appropriate. Trustees' approval is requested to exercise the option to extend these contracts through December 31, 1996. Approval is also requested for the total amount expected to be expended for the life of the contracts, \$1,200,000. Personnel rates for three of the four contracts will remain firm for the duration of the contract; rates for NPS will remain firm through December 1995.

"The five contracts with **Engineering, Planning & Management** (S93-54489), **NUS Corp.** (S93-54496), **Proto-Power** (S93-54498), **Raytheon Nuclear** - formerly Ebasco (S93-54486), and **Spectrum Technologies USA, Inc.** (S93-54499), provide consulting services for closure of Design Basis Document Open Items ('DDOI') for JAF and IP3. These contracts commenced on January 1, 1994, for a term of one year, with the intention to extend for up to two additional years. The five above-listed vendors were the lowest qualified bidders of 23 bids received (42 solicited). An extension is required in order to complete the evaluation and resolution of the DDOI's, leading to project closeout. Trustees' approval is requested to extend these contracts through December 31, 1996. Approval is also requested for the total combined amount expected to be expended for the life of the contracts, \$500,000. Rates will remain firm for the duration of the contracts.

"The contract with **Cataract, Inc.** (S94-55609), which provides on-site engineering support for Plant Equipment Data Base support ('PEDB'), plant evaluation equipment walkdowns and engineering procedures at IP3, commenced on January 1, 1994. The original award was for one year. An extension is required to provide ongoing support to the most urgent plant requests related to PEDB, which are needed to support plant re-start, while maintaining continuity of the process and policies through the outage period. The current contract amount

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is \$190,387; it is estimated that an additional \$56,000 will be required for the extended term. Trustees' approval is requested to extend the subject contract through April 30, 1995 and to approve the additional funding, as set forth above.

"The two contracts with **Coastal Environmental Services, Inc.** (CZ-9117) and **Dr. Ray Hilborn** (S93-42590), provide Hudson River fish stock population assessments. They commenced on September 2, 1987 and February 10, 1993, respectively. The assessments were used to evaluate the impact of fish mortality on fish populations (due to the operation of power plants on the Hudson River) and were included in a Draft Environmental Impact Statement ('DEIS') prepared jointly by the Authority, Con Edison, Orange and Rockland, and Central Hudson utilities. The DEIS is required for renewal of the State Pollutant Discharge Elimination System ('SPDES') permits covering Indian Point, Bowline, and Roseton power plants. The New York State Department of Environmental Conservation ('DEC') reviewed the DEIS and determined that the utilities must revise it. An extension is therefore required since the DEC anticipates that the revision process will continue into 1996 and considers these consultants to be an important part in the DEIS review process. The current amount of the contract with Coastal is \$2,062,783; it is estimated that an additional \$150,000 will be required to support these services for the extended term. The current amount of the contract with Dr. Ray Hilborn is 110,000; it is estimated that an additional \$100,000 will be required to support these services for the extended term. The cost of work performed under these contracts is shared based on percentages set forth in the Utilities' Cost Sharing Agreement (Authority = 22.89%, Con Edison = 50.52%, Central Hudson = 17.08%, and Orange and Rockland = 9.51%). Trustees' approval is requested to extend these contracts through June 30, 1996 and to approve the additional funding, as set forth above.

"The two contracts with **Gerard Goering** (S93-54519) and **John B. Hoch** (S93-54514), which provide consulting services to the Authority's Safety Review Committee for JAF and IP3, as required by the Technical Specification of both plants, commenced on January 1, 1994. The initial awards were for one year, in the amount of \$50,000 each, with the option to extend for up to two additional years. Trustees' approval is requested to exercise the option to extend these contracts for two years through December 31, 1996. Approval is also requested for an additional \$120,000 for Mr. Goering and \$140,000 for Mr. Hoch.

"The contract with **Key Solutions, Inc.** (S93-52201), which provides technical support for radiological effluent technical specification modifications at IP3 and JAF, commenced on October 20, 1993. A six-month extension is required to provide continuing support, updating, and a new format for the radiological effluent technical specifications, while allowing sufficient time for rebidding. The current contract amount is \$20,000. Trustees' approval is requested to extend this contract through April 30, 1995 at an additional estimated cost of \$10,000.

"The contract with **National Inspection & Consultants, Inc.** (S94-56119), which provides experienced interviewers/investigators for the Nuclear Safety SPEAKOUT Project at IP3 and JAF, commenced on February 7, 1994. The initial award was for one year, in the amount of \$260,000, with the option to extend for up to two additional years. The Authority has committed to address employee concerns on nuclear safety and quality via the SPEAKOUT Program. It is also a restart criterion for IP3, as committed to the NRC in the Restart and Continuous Improvement Plan. Trustees' approval is requested to exercise the option to extend this contract for two years through December 31, 1996. Approval is also requested for an additional \$600,000 for the extended term.

"The contract with **NPS Engineering & Technical Services** (S93-51523), which provides engineering services to replace transformers at IP3, commenced on October 4, 1993. The original award was for a term of

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up to one year. The preliminary modification was completed, but due to outage related work, the Authority review of the modification was put on hold until after restart. An extension is therefore required in order to allow sufficient time for internal review and for NPS to incorporate Authority comments into the final modification. The current contract amount is \$76,991; it is estimated that an additional \$20,000 will be required for the extended term. Trustees' approval is requested to extend this contract through August 31, 1995 and to approve the additional funding.

"Another contract with **NPS Engineering & Technical Services** (S93-52446), which provides for engineering services to support the charging pumps piping vibration modification at IP3, commenced on October 26, 1993. The original award was for a term of up to one year. An extension is required to provide field engineering support during the installation of supports to prevent charging pumps piping vibration. The current contract amount is \$66,791; no additional funding will be required to support these services through the extended term. Interim approval was obtained from the Chief Operating Officer to enable work to continue on this start-up issue. Trustees' approval is requested to extend this contract through March 31, 1995.

"The contract with **RHR International** (S93-51809), which provides management assessment services for Nuclear Generation, commenced on October 11, 1993. The scope of services has been fundamentally completed, but RHR still needs to provide verbal feedback to some of the interviewed Authority employees and Nuclear Generation senior management would also like to reserve the possibility of minimal additional services that would be completed by the end of the first quarter of 1995. Interim approval was obtained to extend services through December 31, 1994. The current contract amount is \$392,000; it is estimated that an additional \$10,000 may be required for the extended term. Trustees' approval is requested to ratify and extend this contract through March 31, 1995 and to approve the additional funding.

"The two contracts with **Quadrex Recycle Center** (S94-58553) and **Scientific Ecology Group** (S94-58478), which provide radiological waste disposal and volume reduction services at IP3, commenced on January 1, 1994. The original award was for one year with the option to extend for up to two additional years. Trustees' approval is requested to exercise the option to extend these contracts for two years through December 31, 1996. The current contract amounts are \$91,000 for Quadrex and \$200,000 for SEG, respectively; no additional funding is anticipated to be required for the extended term.

"The contract with **Vectra Technologies, Inc.** (S93-54662), which provides engineering services to provide modification package, field support and closeout services for Bondstrand Pipe Replacement in the MG Set Room and East/West Electrical Tunnel at JAF, commenced on December 14, 1993. All work was originally scheduled to be completed prior to the JAF 94-95 Refueling Outage. Replacement of the East/West Cable Tunnel piping has been postponed for implementation during plant non-outage time in 1995. An extension is therefore required to complete this work. The current contract amount is \$82,600; it is estimated that an additional \$15,000 will be required for the extended term. Trustees' approval is requested to extend this contract through December 13, 1995 and to approve the additional funding.

"The contract with **Westinghouse Electric** (C93-I8440), which provides repair service of Residual Heat Removal ('RHR') motors at IP3, commenced on October 21, 1993. The original schedule was less than four months; the Authority delayed shipment of the second motor to the vendor until September 1994. An extension is required to allow sufficient time for completing the repairs, which were expanded upon inspection of the second motor by the vendor. The current contract amount is \$116,000; it is estimated that an additional \$8,000 will be required to complete the job. Trustees' approval is requested to extend this contract through January 31, 1995 and to approve the additional funding required.

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"The contract with **Winston & Strawn** (S94-55582), which provides legal consulting services on Nuclear Utility Owners' Group generic issues applicable to both JAF and IP3, commenced on January 1, 1994. In addition, Winston & Strawn provides advice and counsel on licensing issues for both plants as well as for the restart of IP3. The original award was for one year, in the amount of \$100,000, with the intention, as stated in the Contract Reporter, to extend for up to two additional years. An extension is requested in order to continue these legal and consulting services in the areas of fire protection, equipment qualification, station blackout procedures clearinghouse, backfitting and reform, licensing and IP3 restart issues. Trustees' approval is requested to extend this contract through December 31, 1996. Approval is also requested for an additional \$200,000 for the extended term.

CONTRACTS IN SUPPORT OF HEADQUARTERS AND SYSTEM OPERATIONS:

"The contract with **ADP/Managistics**, formerly Bank of New York/Managistics (CZ-10749), which provides payroll processing services, commenced on December 6, 1988. The Trustees approved a three-year extension for 1992-94 in the amount of \$780,000 at their meeting of December 19, 1991; \$1,020,000 has been committed since 1991. An extension is required to fully assess the Authority's needs vis-a-vis the various options and technologies available from several providers of such services. Trustees' approval is requested to extend the subject contract for one year through December 31, 1995. Approval is also requested for an additional \$102,400 to support these services through the extended term.

"The contract with **Brand Marine Services, Inc.** (S93-51155), which provides a circulating water pump intake structure modification to fabricate, deliver, and install concrete wall fillets, curtain walls, and flow spitters at the Poletti Project, commenced September 30, 1993. The original contract was awarded for a one year term and all work was completed by mid-March 1994, except for the final grouting, which requires two conditions: a plant outage and intake water temperature greater than 50 degrees. An extension is therefore required in order to complete the intake modifications when these two conditions occur simultaneously. The President's interim approval was obtained through December 15, 1994. The current contract amount is \$362,545. Trustees' approval is requested to extend this contract through September 30, 1995 at no anticipated additional cost.

"The four contracts with **Enserch Environmental** (S94-57003), **Gomez and Sullivan Engineers** (S94-56945), **Kleinschmidt Associates** (S94-56946), and **Northrop Devine & Tarbell, Inc.** (S94-57002), which provide professional services on a panel of experts in support of the FERC relicensing of the St. Lawrence - F. D. Roosevelt Project, commenced in February, 1994. These experts were selected after a careful national search and they have performed well. An extension is requested to continue their services for similar work scope through December 31, 1995; this will allow sufficient time for rebidding for a significantly changed work scope for 1996. The current amount committed for each contract is \$40,000. Trustees' approval is requested to extend these contracts through December 31, 1995 at no anticipated additional cost.

"The contract with **Jardine Group Services, Inc.** (S93-55033), which provides administrative services for the continuation of health care benefits in compliance with the Consolidated Omnibus Budget Reconciliation Act of 1985 ('COBRA'), commenced on January 1, 1994. The original award was for one year with the option to extend for up to two additional years. The current contract amount is \$10,000. Trustees' approval is requested to exercise the option to extend this contract for two years through December 31, 1996 at an estimated additional cost of \$20,000.

"The contract with **Joseph Technology Corp.** (S94-56284), which provides engineering consulting services to perform studies on cogeneration, combined cycle plants, and power plant acquisition, on an `as

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required' basis, commenced on February 2, 1994. Work on the contract, which was competitively bid, was largely deferred, pending completion of the reorganization and restructuring activities related to the former New Business Division and Marketing and Development. An extension is requested to perform the remaining work as outlined in the original scope of services. Trustees' approval is requested to extend this contract through September 30, 1995 at no anticipated additional cost.

"The contract with **PHH Homequity** (S94-55711), which provides employee relocation services, commenced on January 1, 1994. An extension is required to complete transactions that are in progress and to allow sufficient time for rebidding. The current contract amount is \$265,000. Trustees' approval is requested to extend this contract through June 30, 1995. Approval is also requested for an additional \$150,000 that is estimated to be required for the extended term.

"The contract with **Quackenbush & Tobin Architects & Planners** (S93-53606), which provides the preparation of a historic structures report at the Authority's Lansing Manor complex at the Blenheim-Gilboa Project, commenced on November 18, 1993. An extension is required to provide continuation of these services and availability for follow-up by the State Historic Preservation Office ('SHPO'), as well as compliance with the Americans with Disabilities Act ('ADA'). The current contract amount is \$72,510. Trustees' approval is requested to extend this contract through December, 31, 1995 at an anticipated additional cost of \$10,000.

INCREASE IN COMPENSATION CEILING:

"The Trustees' approval is also requested for an increase in the compensation ceiling of the IP3 General Maintenance Services contract with **NPS Energy Services Inc.** (C93-Z0004). While the Trustees originally approved the award to NPS of a four-year contract for the subject services, with an option for one additional year, at their meeting of February 23, 1993, the staff has decided to rebid these services in 1995. The total amount authorized to date for these services is approximately \$31,000,000 versus the original estimated cost of \$33,000,000 approved by the Trustees. Funding is allocated through an Internal Funding Authorization ('IFA') mechanism. The rate of expenditures has been accelerated due to the unanticipated additional tasks related to the extended outage. It is currently estimated that an additional \$8,000,000, for which approval is hereby sought, will be required through the end of 1995. This additional funding is broken down as follows: \$1,200,000 for continued start-up support, including planning, scheduling, maintenance, and engineering support; \$2,800,000 for the support of various capital projects, including, but not limited to, traveling water screen upgrades as part of the fish protection program, upgrade of simulator training hard- and software, and preliminary engineering for a liquid radwaste processing facility; and an estimated \$4,000,000 for maintenance support during plant operations, which includes a control room upgrade, upgrade and consolidation of warehouse structures, and electrical auxiliary power distribution upgrade.

FISCAL INFORMATION

"Funding for IP3 and JAF expenditures has been included in the 1994 Approved O&M Budget. Funds for subsequent years will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects. Payment will be made from the appropriate Nuclear Improvement Fund.

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"Funds required to support contract services for various Headquarters non-nuclear departments/Business Units have been included in the 1994 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Resident Manager - James A. FitzPatrick Nuclear Power Plant, the Resident Manager - Indian Point 3 Nuclear Power Plant, the Vice President - Nuclear Operations, the Vice President - Nuclear Engineering, and the Senior Vice President - Power Generation, the Chief Nuclear Officer recommend the Trustees' approval of the extension and additional funding of procurement (services) contracts with the companies listed in Exhibit `17-A' and of an increase in the compensation ceiling of the contract with NPS Energy Services.

"The Vice President - Procurement and Real Estate, the Senior Vice President - General Counsel, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, each of the contracts listed in Exhibit `17-A' is hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed, as recommended in the foregoing report of the President; and be it further

RESOLVED, That pursuant to the Authority's Expenditure Authorization Procedures, an increase in the compensation ceiling of the contract with NPS Energy Services Inc. be, and hereby is, approved as recommended in the foregoing report of the President, in the amount and for the purpose listed below:

<u>Date</u>	<u>O & M</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing</u>
	Provide General Maintenance Services for IP3		
	NPS Energy Services 12/31/95 (C93-Z0004)	\$ 8,000,000	
	Previously Approved Compensation Ceiling	<u>33,000,000</u>	
	TOTAL REVISED COMPENSATION CEILING	<u>\$41,000,000</u>	

**18. Procurement (Services) Contracts - Design/Drafting
Section - Temporary Technical Personnel - Awards**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award of contracts for the services of temporary technical personnel for the period beginning January 1, 1995, and ending December 31, 1996. These services are needed to support the Engineering Divisions of the Nuclear Generation Department and the System Operations Department. It is estimated that the total expenditures for the contracts will be \$4,000,000.

BACKGROUND

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

"The Authority has found it advantageous to maintain the capability for performing design work in-house. The presence of this design capability allows for response to plant needs in a timely manner and ensures the availability of requisite expertise on an as-required basis. Benefit-cost analyses performed by the Authority in 1984, 1987, and most recently in 1990, have shown that the costs associated with using Drafting and Design personnel from outside agencies on an as-needed basis are lower than those of using Authority personnel. Therefore, the Authority has used non-Authority personnel when upward fluctuations in Design/Drafting work occur.

"At their meeting of August 28, 1990, the Trustees authorized the award of contracts for temporary technical personnel. These contracts are due to expire on December 31, 1994.

DISCUSSION

"Design/Drafting work is characterized by fluctuations, both in the amount of work and the types of personnel required. To continue to efficiently perform this work in-house and to be able to supplement staffing levels and skills on an as-needed basis, there is a need for temporary technical personnel.

"The recent cost reduction study recommended that the Authority reduce its reliance on outside contractor personnel and consulting services. These contract awards are consistent with this philosophy, since they do not obligate the Authority to a specific level of personnel resources or expenditures. On September 1, 1994, Nuclear Generation and System Operations Departments employed 85 temporary technical personnel. This staffing level will be significantly reduced by January 1, 1995. However, based on work scheduled for both the Nuclear Generation and System Operations Departments, it is estimated that some levels will be required for the period January 1, 1995 through December 31, 1996, to support existing permanent Authority engineering personnel. Temporary technical personnel will only be used to supplement Authority staff when needed to support plant start-up or to maintain plant operation or safety. As the Authority performs more work in-house over the next several years, funding allocated for services performed pursuant to these contract awards will be correspondingly reduced.

December 15, 1994

"All work will continue to be performed at Authority facilities under Authority staff supervision.

Bid Evaluation

"Competitive bids were solicited for the award of new contracts and 35 proposals were received. The proposals were reviewed by the Procurement and Contract Administration Department and the Nuclear Engineering Division. Emphasis was placed on comparative mark-ups, technical competence, past performance for the Authority and overall experience. The following bids were received:

BIDS RECEIVED FROM

		Mark-Up	
		<u>New Personnel</u>	<u>Existing Personnel</u>
1.	HEPCO	17.10%	14.98%
2.	LEHIGH GIT	17.47%	17.47%
3.	Plant Technical Services	18.00%	15.00%
4.	G.D. Barri & Associates, Inc.	18.32%	17.02%
5.	Diathetic Technical Services, Inc.	18.47%	17.47%
6.	DEI	18.50%	18.50%
7.	NETS, Inc.	18.75%	18.50%
8.	Sun Technical Services, Inc.	18.90%	17.90%
9.	International Technical Svcs.	18.90%	18.90%
10.	Contract Construction Consultants, Inc.	19.00%	19.50%
11.	TTI	19.20%	23.20%
12.	General Research	19.44%	19.94%
13.	Entor Corp.	19.53%	16.53%
14.	L.J. Gonzer	20.00%	19.00%
15.	TAD Energy Services	20.35%	19.97%
16.	CDI Corp.	20.50%	19.50%
17.	Volt Technical Services	20.73%	18.76%
18.	Tech-Aid	21.00%	19.00%
19.	The Atlantic Group	21.00%	21.00%
20.	Superior	21.80%	18.80%

21.	Cataracts, Inc.	22.00%	21.00%
22.	Manpower	22.50%	21.00%
23.	Centennial Associates, Inc.	23.00%	19.00%
24.	Butler Services, Inc.	23.66%	21.66%
25.	GTS Durateck	26.63%	23.63%
26.	Bartech	26.75%	24.00%
27.	PATSCO	29.57%	27.57%
28.	The Spear Group, Inc.	30.00%	29.00%
29.	Onsite Engineering & Management, Inc.	30.32%	29.32%
30.	United Power Services Co.	31.25%	30.99%
31.	MD Engineering Corp.	32.35%	30.35%
32.	Rudell & Associates	38.50%	38.50%
33.	NUCON Engineering Associates Inc.	41.72%	41.75%
34.	Professional Assistance & Consulting	44.75%	47.40%
35.	Atometrics	45.00%	85.00%

"Based on the bid evaluation performed, it is recommended that four contracts be awarded for temporary technical services. Each of the four firms recommended for a contract award has a nucleus of experienced personnel who are contractually or otherwise committed to such firms. It will be beneficial to the Authority to award multiple contracts for temporary technical services in order to obtain the services of these core employees. Multiple contracts will also provide the Authority with a broader base from which to recruit qualified personnel at competitive rates.

"Therefore, it is recommended that such contracts be awarded to the four lowest bidders as follows:

HEPCO
 LEHIGH GIT
 Plant Technical Services
 G.D. Barri & Associates, Inc. (Certified Woman-Owned Business)

"It should be noted that the compensation to be paid to each firm will be the actual hourly rate paid to the temporary technical employee plus the fixed mark-up for overhead and fees quoted by the bidder.

"Following the award of these contracts, temporary technical personnel presently employed by the Authority from firms which have not received contracts will be given the opportunity of being transferred ('rolled-over') to the new firms. This will assure a smooth transition of the contractors with minimum disruption of the workflow.

Control of Expenditures

"Each contract is to have an initial zero dollar value and will be increased in value as tasks are identified as required pursuant to the Authority's Expenditure Authorization Procedures.

December 15, 1994

"Contract personnel time cards are verified by their immediate supervisor and approved by the next higher level of supervision. Invoices are verified for hours worked and rates charged before payment is authorized.

FISCAL INFORMATION

"Expenditures for these contracts are approved on a project-by-project basis in connection with expenditure approvals for particular operational, maintenance or capital improvement tasks. Funding for expenditures will be made from Approved O&M and Capital budgets. Based on the anticipated level of staffing of temporary technical personnel, it is estimated that total expenditures for the contracts will be \$4,000,000.

RECOMMENDATION

"The Director - Configuration Management & Engineering Programs Section, the Vice President - Nuclear Engineering, the Vice President - System Operations - Engineering, and the Chief Nuclear Officer recommend that the Trustees approve the award of contracts for temporary technical personnel support as set forth above.

"The Vice President - Controller, the Vice President - Procurement and Real Estate, the Senior Vice President - General Counsel, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of four procurement contracts for Temporary Technical Personnel for Design and Drafting are hereby approved for the period of time indicated, as recommended in the foregoing report of the President, and in the amounts and for the purpose listed below:

Contract	Projected Closing	Approval
<u>O&M & Capital</u>	<u>Date</u>	
Design Drafting		
Temporary Technical Personnel	12/31/96	
<u>\$4,000,000</u>		

19. 1995 Procurement of Computer Equipment - Expenditure Authorization

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize funding in the amount of \$2,500,000 for the purpose of acquiring desktop computers, printers, network hardware and minicomputer system upgrades for the Authority's data processing systems.

BACKGROUND

"The Management of Information Systems ('MIS') Division is responsible for the maintenance and central operation of the Authority's data processing infrastructure within the New York and White Plains Offices ('GQ'), James A. FitzPatrick ('JAF') and Indian Point 3 ('IP3') Nuclear Power Plants locations.

"MIS supports the network communication hardware, six large minicomputers, four data centers, many engineering workstations, and over 2,500 users of desktop computer technology. MIS has developed a standardized network architecture, office automation application suite, and a desktop hardware complement designed to assure that all application systems can be delivered to all staff requiring access.

"The MIS Division annually reviews with each responsibility center its complement of computer equipment, the age and health of its systems, new business requirements and any anticipated personnel changes which would impact on required resources.

DISCUSSION

"The MIS review of the Authority's installed base of equipment and analysis of the business need has determined that for 1995 the following expenditures are required:

1. Hardware Replacement Desktop (PC's and Printers)

Five hundred computers and 100 printers are no longer meeting the Authority's business requirements. Various reasons identified include reliability, cost to maintain, cost to upgrade, or required performance.

<u>Location</u>	<u>PCs</u>	<u>Printers</u>
HQ	250	70
IP3	150	15
JAF	100	15

"The computer software industry has been moving toward a graphical user interface to facilitate ease of use by the users. MIS is deploying Microsoft Windows on the desktop as the standard graphical user interface. This Operating System and the application software that run under it, require faster computers, more memory and larger disk storage devices.

"This represents approximately \$1,500,000 or 60% of the request.

2. Upgrades and Enhancements to Infrastructure Hardware

These expenditures cover increased disk capacity on supported systems, enhanced backup and restore facilities, wide area network communication enhancements, real-time computer system parts, office automation server replacements, and memory upgrades on various supported systems.

"Investments in the infrastructure make it possible to increase reliability and availability of all supported systems.

"This represents approximately \$750,000 or 30% of the request.

3. New System Requirements for Hardware

Nuclear Generation Reactor Engineering requires four new engineering workstations to run various FORTRAN codes in support of their business function. Based on the provider of these software products, it will be necessary to purchase two Digital Equipment Corporation Alpha computers and two IBM RISC 6000 computers. These high end engineering workstations will cost approximately \$160,000.

"The new Energy Efficiency Business Unit will be adding new personnel. This will require the addition of new equipment. Energy Efficient staff has requested 31 new computers and several printers.

"The new Transmission Business Unit has requested a new engineering workstation at a cost of \$30,000.

"This represents approximately \$250,000 or 10% of the request.

FISCAL INFORMATION

"Funds for this purpose will be paid from the General Reserve Account in 1995.

RECOMMENDATION

"The Director - Information Services, and the Senior Vice President - Business Services recommend that the Trustees authorize capital expenditures in the amount of \$2,500,000 for the purchase of computer hardware in 1995.

"The Vice President - Appraisal & Compliance Services, the Senior Vice President - Marketing and Economic Development, the Senior Vice President - Energy Efficiency and Technology, the Senior Vice President - General Counsel, the Senior Vice President - Transmission, the Senior Vice President - Power Generation, the Chief Operating Officer, and I concur in the recommendation."

December 15, 1994

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

RESOLVED, That the Trustees of the Authority hereby: (1) authorize the payment to the Authority of funds available in the General Reserve Account for the lawful corporate purpose of paying for funding for the purpose of acquiring desktop computers, printers, network hardware and minicomputer system upgrades for the Authority's data processing systems; and (2) determine that there is available from the General Reserve Account, and not needed for the purposes specified in paragraphs 1 through 4 of Section 512 of the General Purpose Bond Resolution, monies in an amount not to exceed \$2,500,000 which shall be paid over to the Authority for such lawful corporate purpose; and be it further

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

<u>Capital</u>	<u>Expenditure Authorization</u>
For the purpose of acquiring desktop computers, printers, network hardware and minicomputer system upgrades for the Authority's data processing systems	<u>\$2,500,000</u>

20. Amendments to Part 455 of the Authority's Rules and Regulations - Administrative Procedures

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the proposed amendments to the Authority's Administrative Procedures contained in Part 455 of the Authority's Rules and Regulations (21 NYCRR 455 (1988)); and to authorize the Secretary to file notice of the proposed action for publication in the State Register and to submit such other notice as required by statute or regulation.

BACKGROUND

"The State Administrative Procedure Act ('SAPA') went into effect in September 1976, and requires inter alia that governmental 'agencies' publish advance notice in the State Register prior to adopting any 'rule' or prior to holding a public hearing on a proposed rule so that the public may submit views or comments thereon. In June 1977, the Authority adopted administrative procedures consistent with the SAPA provisions and its statutory provisions and obligations. These rules were codified as Part 455 of Chapter X, Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York. In September 1979, and in March 1988, the Authority amended its administrative procedures to remain consistent with interim modifications to the SAPA.

DISCUSSION

"Since 1988, SAPA has been amended at various times primarily to clarify existing provisions of the statute and to afford the public a greater opportunity to become more involved in the rule making process. To appropriately conform the Authority's Administrative Procedures to those more recently enacted SAPA amendments, it is expedient for the Authority to amend its Part 455 regulations as set forth in Exhibit '20-A'.

"Staff has concluded, based upon its experience in filing rule making notices with the Department of State ('DOS'), that the proposed amendments do not change any recordkeeping or reporting requirements nor impose any adverse economic impacts on small businesses or on public or private entities in rural areas, since the amendments involve costs solely to the Authority in filing rule making notices with the DOS. Therefore, a Regulatory Flexibility Analysis for Small Businesses and a Rural Area Flexibility Analysis need not be submitted with the Notice of Proposed Action filed with the DOS.

RECOMMENDATION

"The Corporate Secretary recommends that the Trustees approve proposed amendments in the form attached hereto as a proposed action and further authorize the Secretary of the Authority to file a Notice of Proposed Action for publication in the State Register and to submit such other notice as required by statute or regulation.

"The Senior Vice President - General Counsel, the Chief Operating Officer, and I concur in the recommendation."

December 15, 1994

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

RESOLVED, That the proposed amendments to Part 455 of the Authority's Rules and Regulations (N.Y. Comp. Codes R. & Regs. tit. 21, sec. 455 (1988)) concerning Administrative Procedures as set forth in the form set forth in Exhibit `20-A' are approved as recommended in the foregoing report to the President; and be it further

RESOLVED, That the Authority finds that the proposed amendments to Part 455 of the Authority's Rules and Regulations do not impose either adverse economic impacts on rural areas, or reporting, recordkeeping or other compliance requirements on public or private entities in rural areas, and a Rural Area Flexibility Analysis is not required; and be it further

RESOLVED, That the Authority finds that the proposed amendments to Part 455 of the Authority's Rules and Regulations do not impose either adverse economic impacts on small businesses, or reporting, recordkeeping or other compliance requirements on small businesses and a Regulatory Flexibility Analysis for Small Businesses is not required; and be it further

RESOLVED, That the Secretary of the Authority be, and hereby is, authorized to file a Notice of Proposed Action with the Secretary of State for publication in the State Register and to file such other notice as may be required by statute or regulation.

Section 455.1 Notice of proposed action. (a) Except as provided in subdivision (d) of this section, whenever the authority proposes to undertake any of the following actions, notice shall be given as provided in subdivisions (b) and (c) of this section:

- (1) amendment of any rate schedule or tariff for the sale of power and/or energy;
- (2) approval of the rates and general conditions of service pursuant to which power and/or energy are sold by any municipal or cooperative customer of the authority; and
- (3) adoption, amendment, suspension or repeal of any rule or regulation of the authority, other than those relating to internal management, which do not directly and significantly affect the rights of, or procedures or practices available to, the public.

(b) At least 45 days prior to the adoption of any action included in subdivision (a) of this section, or prior to ~~any~~ the first hearing, if any, thereon, the secretary shall ~~cause~~ ~~to be published~~ notice of the proposed action or hearing in the *State Register* in accordance with subdivision (c) of this section and, when appropriate in the judgment of the authority, publish notice of the proposed action in such newspaper or newspapers of general circulation as the authority may select. ~~and~~

~~(2) provide notification to any person or agency which has filed a written request, such request to be renewed yearly in December, for notice of proposed action or hearing which may affect that person or agency, by mail to the last address specified by the person or agency; and~~

~~(3) make available to the public a copy of the complete text of the proposed action, of the regulatory impact statement, and where applicable, the regulatory flexibility analysis.~~

(c) Notice to be published in the *State Register* shall:

(1) cite the statutory authority under which the authority proposes to take action, including particular sections and subdivisions;

(2) give the date, time and place of any public hearing and state whether such place is reasonably accessible to persons with a mobility impairment;

(3) include a statement that interpreter services shall be made available to deaf persons, at no charge, upon written request to the secretary;

(4) either state the express terms of the proposed action ~~and~~ or if the text of the express terms exceeds two thousand words or, if such proposed action is being taken in accordance with subdivision (a)(1) or, (a)(2) of this section, describe the subject, purpose and substance of the proposed action;

(5) include, where applicable, a regulatory impact statement, ~~and where applicable,~~ a regulatory flexibility analysis for small businesses and a rural area flexibility analysis, or, if the text of any such statement or analysis exceeds two thousand words, a summary thereof;

(6) give the name, public office address and telephone number of the secretary from whom the ~~express terms~~ complete text of the proposed action, any regulatory impact statement, any

regulatory flexibility analysis for small businesses, any rural area flexibility analysis and information about any public hearing may be obtained and to whom written data, views and arguments may be submitted;~~and~~

(7) include any additional matter required by statute;

(8) state the last date for submission of comments on the proposed action, which, unless a different time is specified by statute, shall not be less than 45 days after the date of publication of such notice, or, if a statute requires that a public hearing be held prior to adoption, not less than five days after the date of the last public hearing scheduled to be held on such proposed action; and

(9) state the expiration date of the notice of proposed action which, with the exception of a proposed action being taken in accordance with subdivision (a)(1) or (a)(2) of this section, shall not exceed 180 days after the latter of:

(i) the date of publication in the *State Register*, or

(ii) the date of the last public hearing announced in _____ the notice of proposed action.

(d) Subdivisions (b) and (c) of this section shall not apply to any action taken ~~in conformance with~~ regarding any of the following:

(1) actions taken in compliance with subdivision 7 of section 1010 of the Power Authority Act;

(2) declaratory rulings issued under part 456 of this Chapter;

(3) forms and instructions, interpretive statements and statements of general policy which in themselves have no legal effect but are merely explanatory;

(4) rules promulgated to implement agreements pursuant to article fourteen of the civil service law; and

(5) any fee which is:

(i) set by statute;

(ii) less than one hundred dollars;

(iii) one hundred dollars or more and can reasonably be _____ expected to result in an annual aggregate collection of _____ not more than one thousand dollars;

(iv) established through negotiation, written agreement _____ or competitive bidding, including but not limited to, _____ contracts, leases, charges, permits for space use, _____ prices, royalties or commissions; and

(v) a charge or assessment levied by the authority upon _____ another agency or unit of state government.

~~(e) If the authority finds that immediate adoption of an action is necessary for the preservation of the public health, safety or general welfare, it may adopt the action on an emergency basis. As soon as practicable thereafter, the secretary shall file with the Secretary of State notice of emergency adoption which shall state whether such notice also constitutes notice of proposed action and which includes all of the matters required by the statute. Not more than 60 days after such filing, the authority may either reconsider the action in accordance with subdivisions (b) and (c) of this section and file notice of adoption in accordance with section 455.2 of this Part or readopt such action on an emergency basis.]In the event a notice of proposed action may expire in accordance with subdivision (c) (9) of this section, the secretary may cause a notice of continuation to be published in the *State Register*, which notice shall contain:~~

(1) a description of the subject, purpose and substance of the proposed action; and

(2) a description of any changes in the proposed action.

(f) In the event it is determined that a notice of proposed action should be terminated, the secretary shall cause to have published a notice of withdrawal in the *State Register*.

(g) Except with respect to a proposed action being taken in accordance with subdivision (a)(1) or (a)(2) of this section, the secretary, where applicable, shall cause to be published in the *State Register*, prior to its adoption, a notice of revised rule making for any proposed action which contains a substantial revision. Such notice of revised rule making may also serve as a notice of continuation. A notice of revised rule making shall, unless a different time is specified by statute, appear in the state register at least thirty days prior to the final adoption of the proposed action and, where applicable, contain a revised regulatory impact statement, a revised regulatory flexibility analysis for small businesses, and revised rural area flexibility analysis. The notice of revised rule making shall also indicate the last date of submission of comments on the revised text of the proposed action, which unless a different time is specified by statute, shall not be less than thirty days after the date of publication of such notice in the *State Register*, and shall give the date, time and place of any public hearing or hearings on the action which are to be held subsequent to the publication of notice.

(h) The secretary shall cause to be published in the *State Register*, where applicable, and make available to the public an assessment of public comment, received in response to any notice published in accordance with subdivision (a) of this section or, where applicable, shall cause to be published in the *State Register*, a statement that no comments were received by the secretary.

455.2 Notice of adoption. (a) Upon ~~completion~~ adoption of any action listed in subdivision (a) or (g) of section 455.1 of this Part, the secretary shall file a copy of such action with the secretary of state, together with an appropriate certificate, and submit a notice of adoption to be published in the *State Register*.~~The secretary shall at the same time transmit a copy of the notice of adoption, including the complete text of the action to the Governor, the Temporary President of the Senate, the Speaker of the Assembly, the Administrative Regulations Review Commission, and the Office of Business Permits and Regulatory Assistance.~~ Such notice shall:

~~(a)~~(1) cite the statutory authority, including particular sections and subdivisions, under which the action was taken;

~~(b)~~ state the express terms or describe the subject, purpose and substance of such action;

(2) contain the complete text of the action taken, or a description of the purpose and substance thereof in less than two thousand words, if such text exceeds two thousand words or, if such action is being taken in accordance with subdivision (a)(1) or (a)(2) of section 455.1 of this Part;

~~(c)~~(3) state whether there have been any~~substantive~~ changes~~reflected by the final action in comparison with the proposed action and identify such changes;~~ in the text of the action as adopted when compared with the text of the latest published version thereof, and if such changes have occurred, cite the particular sections, subdivisions and paragraphs so changed;

~~(d)~~(4) give the~~anticipated~~ effective date of the action;

~~(e)~~(5) except with respect to any action taken in accordance with subdivision (a)(1) or (a)(2) of section 455.1 of this Part, include an assessment of public comment, or, if such assessment

exceeds two thousand words, include a summary thereof, or a statement that no comments were received;

(6) include, where applicable, any revised regulatory impact statement, revised regulatory flexibility analysis for small businesses, and revised rural area flexibility analysis or, if such statement or analysis exceeds two thousand words, a summary thereof;

~~ff~~(7) give the name, public office address and telephone number of the secretary, from whom the ~~express terms~~ complete text of the final action and any revised regulatory impact statement, revised regulatory flexibility analysis for small businesses, and revised rural area flexibility analysis, or assessment of comments may be obtained; and

(8) state whether any notice of revised rule making had been submitted and specify the date or dates that such notice or notices appeared in the *State Register*; and

~~g~~(9) include any additional matter required by statute.

(b) Except with respect to any action being taken in accordance with subdivision (a)(1) or (a)(2) of section 455.1 of this Part, the secretary shall cause to be published in the *State Register*, where applicable, an assessment of public comment and shall make available to the public such assessment.

455.3 Notice of emergency adoption. (a) If the authority finds that immediate action is necessary for the preservation of the public health, safety or general welfare, and that compliance with the requirements of subdivisions (a), (b) and (c) of section 455.1 of this Part would be contrary to the public interest, it may take emergency action. As soon as practicable thereafter, the secretary shall file with the secretary of state a notice of emergency adoption. Not more than 90 days after such filing, except as provided for in subdivision (b) of this section, the authority may either reconsider the action in accordance with subdivisions (b) and (c) of section 455.1 of this Part and file notice of adoption in accordance with Part 455.2 of this Chapter, or readopt such action on an emergency basis as provided for in subdivision (d) of this section.

(b) An emergency action which is in regard to security authorizations, corporate or financial structures or re-organizations thereof, and for which no public hearing prior to adoption is required by statute, shall not expire pursuant to the provisions of subdivision (a) of this section if the authority finds that the purpose of the rule would be frustrated if subsequent notice procedures were required.

(c) Notice of emergency adoption shall:

(1) cite the statutory authority under which the action was taken, including particular sections and subdivisions;

(2) state whether the notice shall also constitute a notice of proposed action for the purposes of section 455.1 of this Part, and if so give the date, time and place of any public hearing or hearings which are scheduled;

(3) state whether the notice shall also constitute a notice of revised rule making for the purposes of subdivision (g) of section 455.1 of this Part and if so, include all information required by such subdivision;

(4) contain the findings of subdivisions (a) and (b) of this section and include a statement fully describing the specific reasons for such findings and the facts and circumstances on which such findings are based. Such statement shall include a description of the nature and, if applicable, location of the public health, safety or general welfare need requiring emergency action; a

description of the cause, consequences, and expected duration of such need; an explanation of why compliance with the requirements of subdivisions (b) and (c) of section 455.1 of this Part would be contrary to the public interest; and an explanation of why the current circumstance necessitates that the public and interested parties be given less than the minimum period for notice and comment provided for in subdivisions (b) and (c) of section 455.1 of this Part;

(5) give the effective date of the emergency action;

(6) state the specific date the emergency action will expire;

(7) include, where applicable, a regulatory impact statement, a regulatory flexibility analysis for small businesses and a rural area flexibility analysis, or, if the text of any such statement or analysis exceeds two thousand words, a summary thereof, to appear in the *State Register* within thirty days of the effective date of the emergency rule;

(8) give the name, public office address and telephone number of the secretary from whom the complete text of the action, any regulatory impact statement, any regulatory flexibility analysis for small businesses, any rural area flexibility analysis and information about any public hearing may be obtained and to whom written data, views and arguments may be submitted; and

(9) include any additional matter required by statute.

(d) If the authority finds, prior to the expiration of an emergency action taken in accordance with subdivision (a) of this section, that the readoption of such emergency action is necessary for the preservation of the public health, safety or general welfare, and a notice of proposed action has been filed with the secretary of state, the authority may readopt such emergency action. No second or subsequent readoption shall be filed with the secretary of state unless at the same time an assessment of public comment, prepared in accordance with subdivision (a) (5) of section 455.2 of this Part is submitted therewith.

455.4 Distribution of rule making information. (a) With respect to any action filed in accordance with Part 455 of this Chapter the secretary shall:

(1) transmit a copy of any notice filed with the secretary of state, including any regulatory impact statement; regulatory flexibility analysis for small businesses; and rural area flexibility analysis, or revisions thereof, at the time such notice is transmitted to the secretary of state, to the governor, the temporary president of the senate, the speaker of the assembly, the administrative regulations review commission and the office of regulatory and management assistance;

(2) make available to the public, at the time such documents are submitted to the secretary of state for publication in the *State Register*, a copy of the complete text of any such notice and, where applicable, any regulatory impact statement, regulatory flexibility analysis for small businesses, rural area flexibility analysis, and assessment of public comment, or revisions thereof.

(3) make available to additional persons any information required by statute.

(b) The secretary shall notify every person who submitted a written request to be notified of all actions taken in accordance with Part 455 of this Chapter, which may affect such person. Such request shall expire annually on the thirty-first day of December with renewals for the succeeding year to be accepted on or after December first. The secretary may charge any person requesting such notice a fee consisting of the cost of preparation, handling and postage.

**21. Procurement (Services) Contract - Law Department -
Extensions**

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the extension of consultant services contracts for three law firms. The contracts are identified below and described in detail in attached Exhibits `21-A' through `21-C.'

BACKGROUND

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

DISCUSSION

"The contracts for which extensions are requested are with Bond, Schoeneck & King; Crowell & Moring; and Lankler, Siffert & Wohl. It is appropriate that the contracts be extended as some of the work in question will not be completed for some time. The contracts were awarded in accordance with the Authority's Expenditure Authorization Procedures. A brief discussion of the work being performed by the firms follows.

Bond, Schoeneck & King has been retained by the Authority to provide legal services in connection with pending litigation on the Marcy-South land claims since 1987. This work is focussed primarily on significant condemnation matters before the Court of Claims. The firm is also assisting the Authority on a significant condemnation claim arising from the Sound Cable Project. In 1995, we anticipate continuance of the firm's legal services, at a substantially reduced level, in connection with Marcy-South and Sound Cable as the last of these condemnation cases are completed. It is expected that the great bulk of Marcy-South litigation will be completed by the end of 1995. The Authority also expects to retain this firm in 1995, in connection with legislative and regulatory representation before New York State government entities.

Crowell & Moring has provided services to the Authority regarding EMF matters. Currently, the Authority is a member of a utility industry information sharing and planning consortium known as the Utility Health Services Group (`UHSG'). The costs of membership in UHSG are billed through Crowell & Moring. The UHSG provides ongoing, up-to-date information about EMF developments that are not available otherwise. In particular, UHSG follows EMF litigation, developing trends in the pertinent science and how utilities are responding to EMF issues.

The EMF issue continues to be raised from time to time in the Marcy-South condemnation cases, as well as concerning the Authority's other transmission lines and generating facilities generally. This issue is growing in financial and strategic importance to electric utilities and it is necessary to keep prepared for changing developments.

Lankler, Siffert & Wohl has represented the Authority and Authority staff in a federal criminal investigation stemming from the operations of its nuclear facilities. The Nuclear Regulatory Commission's (`NRC') Office of

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Investigation, the Federal Bureau of Investigation, New York State Inspector General and elected officials have commenced investigations or are calling for further scrutiny of the Authority and its operations. The matter in which Lankler, Siffert represents the Authority is expected to continue into 1995.

FISCAL INFORMATION

"Payment for services covered by these contracts rendered in 1994 will be made from the 1994 Approved O&M Budget. Funds required for subsequent years will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Senior Vice President - General Counsel recommends that the Trustees approve the extension of the service contract listed in the attached Exhibits `21-A' through `21-C' for the time periods indicated.

"The Vice President and Controller, the Vice President - Procurement and Real Estate, the Senior Vice President - Business Services, the Chief Operating Officer, and I concur in the recommendation."

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contract listed in attached Exhibits `21-A' through `21-C' is hereby approved, for the purpose indicated, and/or extended for the period of time indicated:

<u>O & M</u>	<u>Projected Closing Date</u>	<u>Contract Approval</u>
1) Legal Services Bond, Schoeneck & King	12/31/96	To be made by staff pursuant to Expenditure Authorization Procedures
2) Consultant Services Crowell & Moring	12/31/96	To be made by staff pursuant to Expenditure Authorization Procedures
3) Legal Services Lankler, Siffert & Wohl	08/30/96	To be made by staff pursuant to Expenditure Authorization Procedures

PROCUREMENT (SERVICES) CONTRACT

Provider: Bond Schoeneck & King
 Contract No.: 027101-87
 Dept./Division: Law Department/General Counsel
 Contract Description: Marcy-South Landowner Cases

Basis of Award: Bid
 Competitive Search
 Sole Source x

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 04/01/87	05/28/87	12/31/89	\$ 60,000
C.O. #1: 09/15/88			40,000
C.O. #2: 12/05/88			100,000
C.O. #3: 04/13/89			
			10,000
C.O. #4: 01/08/90	12/19/89	12/31/90	75,000
C.O. #5: 02/02/90			-0-
C.O. #6: 08/13/90			135,000
C.O. #7: 11/30/90	11/27/90	12/31/92	-0-
C.O. #8: 01/30/91			100,000
C.O. #9: 09/06/91			75,000
C.O. #10: 02/16/92			-0-
C.O. #11: 06/17/92		12/31/94	150,000
C.O. #12: 03/31/93			-0-
C.O. #13: 03/30/94			20,000
C.O. #14: 06/30/94			40,000

Total Amount Authorized or Committed: \$805,000

Total Amount Expended to Date: \$792,263

Projected additional commitments through 12/31/96 to be made by staff pursuant to Expenditure Authorization Procedures from authorized Capital and O&M Budget \$ 70,000

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PROCUREMENT (SERVICES) CONTRACT

Provider: Crowell & Moring
 Contract No.: 025802-85
 Dept./Division: Law Department/General Counsel
 Contract Description: Marcy-South Transmission Facilities
 Basis of Award: Bid _____
 Competitive Search x
 Sole Source _____

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>	
O.C. 09/04/85		08/31/86	\$ 60,000	
C.O. #1: 01/30/86			60,000	
C.O. #2: 12/31/86		12/31/89	190,000	
C.O. #3: 01/01/87			450,000	
C.O. #4: 10/01/87			-0-	
C.O. #5: 09/07/88			1,050,000	
C.O. #6: 09/26/88			-0-	
C.O. #90:			850,000	
C.O. #7: 11/21/88			-0-	
C.O. #8: 01/08/90	12/19/89	12/31/91	150,000	
C.O. #9: 07/03/90			-0-	
C.O. #10: 11/20/90			5,000	
C.O. #11: 12/19/90			80,000	
C.O. #12: 04/11/91			120,000	
C.O. #13: 11/21/91	10/31/91	12/31/94	205,000	
C.O. #14: 04/27/92			-0-	-0-
C.O. #15: 06/15/92			-0-	
Total Amount Authorized or Committed:			<u>\$3,220,000</u>	
Total Amount Expended to Date:			<u>\$2,795,869</u>	
Projected additional commitments through 12/31/96 to be made by staff pursuant to Expenditure Authorization Procedures from authorized Capital and O&M Budget			<u>\$ -0-</u>	

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PROCUREMENT (SERVICES) CONTRACT

Provider: Lankler Siffert & Wohl
Contract No.: S93-51530
Dept./Division: Law Department/Regulatory & Contract Law
Contract Description: Investigations

Basis of Award: Bid —
Competitive Search X
Sole Source —

<u>Effective Date of Original Contract or Change Order</u>	<u>Date of Trustee Approval</u>	<u>Projected Closing Date</u>	<u>Amount Authorized or Committed</u>
O.C. 09/01/93		08/30/94	\$ 50,000
C.O. #90 12/02/93			35,000
C.O. #91 03/04/94			30,000

Total Amount Authorized or Committed: \$105,000

Total Amount Expended to Date: \$ 94,922

Projected additional commitments
through 08/30/96 to be made by
staff pursuant to Expenditure
Authorization Procedures from
authorized Capital and O&M Budget \$ 25,000

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22. Next Meeting

The next Regular meeting of the Trustees will be held on **Tuesday, January 31, 1995, in the New York Office at 10:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

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Closing

Upon motion made and seconded, the meeting was closed at 1:20 p.m.

Anne Wagner-Findeisen
Corporate Secretary

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