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

October 30, 2001

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Minutes of the regular meeting of the Power Authority of the State of New York held at the White Plains Office at 11:00 a.m.

Present: Joseph J. Seymour, Chairman
Louis P. Ciminelli, Vice Chairman
Frank S. McCullough, Jr., Trustee
Timothy S. Carey, Trustee
Gerard D. DiMarco, Trustee

Eugene W. Zeltmann	President and Chief Operating Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President - Project Operations
Vincent C. Vesce	Executive Vice President – Corporate Services and Human Resources
H. Kenneth Haase	Senior Vice President – Transmission
Louise Morman	Senior Vice President – Marketing and Economic Development
Michael A Petralia	Senior Vice President – Public and Governmental Affairs
Robert L. Tscherne	Senior Vice President – Energy Services and Technology
Michael H. Urbach	Senior Vice President and Chief Financial Officer
Arnold M. Bellis	Vice President – Controller
Woodrow W. Crouch	Vice President – Project Management
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer
Anne Wagner-Findeisen	Vice President – Ethics and Regulatory Affairs and Deputy Corporate Secretary
James H. Yates	Vice President - Major Account Marketing & Economic Development
Steven Shoenholz	Deputy Vice President of Public Affairs
Dennis T. Eccleston	Chief Information Officer
Joseph J. Carline	Assistant General Counsel – Power and Transmission
Arthur T. Cambouris	Assistant General Counsel - Litigation
William Ernsthaft	Assistant General Counsel – Finance
William Helmer	Special Relicensing Counsel
Gary Paslow	Executive Director – Policy Development
George W. Collins	Treasurer
Peter A. Barden	Executive Director – Hydro Relicensing
John L. Osinski	Executive Director – Regulatory Affairs
Arthur M. Brennan	Director – Internal Audit
William Broderick	Director – Civil/Structural Engineering
Angelo S. Esposito	Director – Energy Services
John B. Hamor	Director – Intergovernmental Relations
John L. Murphy	Director – Public Relations
William V. Slade	Director – Environmental Programs
Joseph Leary	Senior Governmental Relations Specialist
Phil Sprio	Government Affairs Counsel
Paul F. Finnegan	Legislative Liaison
Sobeida Cruz	Community Relations Manager
Thomas R. Tatham	Manager - Licensing
Seth Leitman	Transportation Analyst
Wayne Gowen	LAN Administrator
Aileen P. Kern	Special Assistant to Chairman
Betty C. Fennell	Assistant Secretary
Angela D. Graves	Assistant Secretary - Legal Affairs
Andrew J. McLaughlin	Assistant Secretary – Legal Affairs

Alice F. Simon	Assistant Secretary - Ethics

Chairman Seymour presided over the meeting. Executive Vice President, Secretary and General Counsel Blabey kept the Minutes.

1. **Approval of the Minutes**

The minutes of the meeting of September 25, 2001 were unanimously adopted.

2. Financial Report for the Nine Months Ended September 30, 2001

Mr. Bellis provided the financial report. Responding to questions from Trustee McCullough, Mr. Bellis indicated that recent Independent System Operator ("ISO") re-billing activity has turned negative in the sense that the Authority has had to make significant additional payments to the ISO. Responding to a number of questions from Chairman Seymour, Mr. Bellis stated that the Authority was paying ancillary service and local reliability charges, as well as other charges, and that there have been approximately $43 million in ISO re-bills to date this year. Mr. Bellis noted that the re-billing process inevitably leads to a degree of uncertainty in the Authority's financial projections.

President Zeltmann observed that it is difficult currently to pinpoint the cause and effect of the ISO re-bills and that the Authority is progressing as expeditiously as possible under the circumstances to ensure financial reconciliation. Following comments and questions by Chairman Seymour and Vice Chairman Ciminelli regarding the similar effects that ISO re-billing processes are having on entities such as Con Edison and Orange & Rockland, President Zeltmann acknowledged that the Authority needs to sharpen its procedures to anticipate and complete reconciliation sooner than 18-20 months after the transaction.

Following questions by Chairman Seymour as to why transmission congestion charges are higher than budgeted, Mr. Haase explained that there are corrections ongoing in that area and that the congestion charges reflect local reliability charges. Mr. Bellis added that local reliability charges appear to be coming mitigated by factors such as the new combustion turbines. Chairman Seymour remarked that this is a no-win situation even if there is mitigation. Mr. Hiney expressed agreement with Mr. Haase's remarks and underscored that there is an ongoing learning curve, which has made the forecasting function far more complicated than previously.

Chairman Seymour asked whether the proposed 500 MW plant at the Poletti site will help alleviate the local reliability situation and Mr. Hiney explained that such an outcome is likely. Mr. Bellis stressed that the year 2000 had been a better year financially than forecasted and that the re-bills may reflect the fact that we received revenues we should not have for that year. President Zeltmann reiterated that the Authority needs to correct its forecasting and that it is difficult to run the Authority's business with bills coming in up to 24 months late. Mr. Hiney concluded by saying that the likelihood of large new re-bills is diminishing and that ISO procedural issues are being resolved.

3. Report from the President and Chief Operating Officer

President Zeltmann introduced Mr. Crouch, who presented a report on the operating status of the In-City Generation Project combustion turbines and noted that all the combustion turbines were running well and with good efficiency. Mr. Crouch also mentioned that a meeting was to be held with the project's general contractors to address the potential settlement of pending claims.

In response to questions from Chairman Seymour concerning whether the Harris firm's services are proving to be of use, Mr. Crouch responded affirmatively. Vice Chairman Ciminelli asked about the general utilization of the combustion turbines; Mr. Crouch responded that they were running as he had expected. Mr. Crouch underscored the good heat rates of the combustion turbines and that they had been in operation frequently throughout both September and October.

Chairman Seymour inquired as to the levels at which the Authority is bidding the combustion turbines into the ISO market. Mr. Hiney explained that the Authority's bids vary with the price of gas but that the turbines were generally priced at a margin above variable costs. He noted that the combustion turbines are unlikely to operate frequently when the price of natural gas rises above the price of oil.

President Zeltmann reiterated that the turbines had experienced heavy use and served as a reliable source of power during and in the aftermath of the September 11 attack on the World Trade Center.

Chairman Seymour inquired about the status of various project-related lawsuits, to which Mr. Blabey responded.

4. Allocation of Economic Development Power -
<u>Griffiss Local Development Corporation</u>

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve an allocation of 2,000 kW of Economic Development Power ('EDP') to the Griffiss Local Development Corporation ('GLDC').

BACKGROUND

"At its meeting of October 3, 2001, the Economic Development Power Allocation Board ('EDPAB') recommended to the Authority an allocation of 2,000 kW of EDP to the GLDC for business revitalization purposes. The power would be sold by the Authority to the Niagara Mohawk Power Corporation ('NIMO') for resale to the GLDC.

DISCUSSION

"Through aggressive economic development outreach, GLDC has been able to transform the Griffiss Air Force Base into an industrial park where private sector jobs represent the majority of employees. This number is growing. As of December 1, 2001, the Griffiss Business and Technology Park ('Park') has announced that two new firms will be moving into the park: TRW Aeronautical Systems and MGS Engineering Corporation. Together these companies represent 295 family supporting manufacturing jobs that will be secure in Oneida County and New York State due to the efforts of the GLDC. Overall, however, the park is home to over 1,124 private sector jobs. The GLDC application provides a unique circumstance in which start-up businesses can incubate until they can demonstrate their sustainability, and mature businesses can locate because of the many resources provided by GLDC.

"As the number of private tenants grows, so does the electricity needs of the Park. It is critical that the Park be able to offer low cost power as a way to further attract private sector employers.

"The allocation of 2,000 kW of EDP would retain 1,124 jobs at a total ratio of 562 jobs per megawatt. The company would save an estimated $250,000 annually over NIMO's standard rates. The proposed five-year allocation of business revitalization power is supported by the Oneida County Industrial Development Agency. Its stipulated that the use of EDP will be strictly limited to private sector businesses and cannot be used to serve Federal or local governmental loads located within the Park.

RECOMMENDATION

"The Manager – Business Power Allocations and Compliance and the Vice President – Major Account Marketing and Economic Development recommend that the Trustees approve the allocation of Economic Development Power to the Griffiss Local Development Corporation.

"The Senior Vice President – Marketing and Economic Development, the Senior Vice - President and Chief Financial Officer, the Executive Vice - President, Secretary and General Counsel, the Executive Vice - President – Project Operations, 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 an allocation of Economic Development Power to the Griffiss Local Development Corporation in the quantity as described therein;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby approves an allocation of 2,000 kW of Economic Development Power to the Griffiss Local Development Corporation, as set forth in the terms described in the foregoing report of the President; and be it further

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

5. Allocation of Industrial Power - New York City Public Utility Service - Ultra-Flex Packaging Corporation

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the allocation of 850 kW of Industrial Power to the New York City Public Utility Service ('NYCPUS') for resale to Ultra-Flex Packaging Corporation ('Ultra-Flex').

BACKGROUND

"The Authority has reserved a total of 94,460 kW of industrial power for sale to downstate municipal distribution agencies ('MDA's'), including NYCPUS, under Service Tariff 35. Of this amount, 61,300 kW is reserved for NYCPUS, and 60,450 kW of this reserved amount has previously been allocated. This power is resold to industrial consumers designated by the MDA's and approved by the Authority. NYCPUS has proposed the allocation of 850 kW to Ultra-Flex from this block of power.

DISCUSSION

"Ultra-Flex is a manufacturer of plastic packaging for consumer products. The company is one of the 15 largest employers in Brooklyn and is currently experiencing double-digit employment and growth rates. Ultra-Flex plans an expansion of its manufacturing capacity that will involve a capital investment of over $3 million. The company is in a highly competitive industry in which it is extremely difficult to differentiate its products on anything other than price. As a result, the company competes with out-of-state competitors that benefit from lower operating costs which has compelled Ultra Flex to evaluate its relocation alternatives. A reduction in energy costs would assist Ultra-Flex in its efforts to expand in Brooklyn. The proposed 10-year allocation of 850 kW would save the company approximately $130,000 annually over Con Edison's standard rates. In consideration for the allocation, Ultra Flex would commit to retain 294 jobs and create an additional 100 jobs.

"The proposed allocation has been reviewed in accordance with the applicable criteria set forth in Part 460 of the Authority's Rules and Regulations governing the allocation of Industrial Power (21 NYCRR Part 460 (1988)) and Enforcement of Contracts. The standard power service contract between a business and NYCPUS provides for reductions in the allocation in the event that employment or power usage levels are not maintained at specified levels. Reports regarding employment and affirmative action commitments will be submitted to the Authority by NYCPUS as provided by Part 460.4 of the Authority's Rules and Regulations and pursuant to the contract between the Authority and NYCPUS.

RECOMMENDATION

"The Manager - Business Power Allocations and Compliance and the Vice President – Major Account Marketing and Economic Development recommend that the Trustees approve the allocation of Industrial Power to the New York City Public Utility Service for resale to Ultra-Flex Packaging Corporation in the quantity specified herein.

"The Senior Vice President - Marketing and Economic Development, the Senior Vice President and Chief Financial Officer, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations and I concur in the recommendation."

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

RESOLVED, That the Authority hereby approves the allocation of 850 kW of Industrial Power to the New York City Public Utility Service for resale to Ultra-Flex Packaging Corporation as is described in the foregoing report of the President and substantially in accordance with the terms described in such memorandum; and be it further

RESOLVED, That the contract for the resale of Industrial Power between the New York City Public Utility Service and Ultra-Flex Packaging Corporation is subject to approval by the Senior Vice President - Marketing and Economic Development; and be it further

RESOLVED, That the Senior Vice President - Marketing and Economic Development, or her designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate the above allocations, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

6. St. Lawrence/FDR Power Project – Supervisory Control and Data Acquisition ("SCADA") Computer System Upgrade – Expenditure Authorization – GE-Harris Harmon Controls - Award

The Executive Vice President – Project Operations submitted the following report:

SUMMARY

"The Trustees are requested to approve capital expenditures of $3,318,000 for the upgrade of the hardware and software of the Supervisory Control and Data Acquisition ('SCADA') Computer System at the St. Lawrence/FDR Power Project ('St. Lawrence'). The upgrade will be performed over a multi-year period and will entail several phases of replacing/modifying the SCADA hardware and software.

"The Trustees are also requested to approve a sole-source award of up to $520,000 to GE-Harris Harmon Control and Information Systems, LLC ('GE-Harris') for software licenses and services provided during the initial phase of the implementation effort. Additional procurements and contracts will be subject to separate approvals during the course of the upgrade effort.

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 of non-personal services or equipment purchase contracts in excess of $3,000,000.

"The St. Lawrence operators utilize the SCADA System to monitor and control the Power Plant, the local 115/230 KV switchyard, and remotely operated Authority transmission system substations across northern New York. This area of operations encompasses 18 substations, two large and several minor interconnections to neighboring transmission systems. The SCADA is also required to monitor and maintain compliance with regulations regarding St. Lawrence River flow, and provide data to the Clark Energy Control Center ('ECC') for dispatch and operations.

DISCUSSION

Need for System Upgrade

"The St. Lawrence JC6000 SCADA System is an adequate and reliable operating tool. It has been fulfilling its critical role in the operation of the Authority's Northern Region Power System for the last seven years. Although it is 10 years since procurement, the system has not yet exhibited any serious problems related to obsolescence or age. Staff has been able to obtain and install Y2K fixes for all system software, and has been able to perform or contract for all needed routine system modifications.

"It should be noted, however, that 10 years is a long time to reliably operate and maintain any computer-based system: issues that have the potential for affecting system reliability include the following:

1. Most of the hardware (including all of the system processors) cannot be replaced with current new hardware due to system software limitations.
2. The hardware that communicates with remote substations is obsolete and is no longer supportable by the manufacturer. At the same time, most of the spare communications capability has been utilized.
3. The hardware used to transfer data to the ECC for further communication to the NYISO is no longer available new or used. (Adequate spares are on hand for now.)

4. Overall system performance has begun to degrade compared to performance at system delivery but is still acceptable.

"Therefore, prudence dictates that the Authority initiates this SCADA upgrade effort at this time.

System Upgrade Approach

"Analysis of the existing system architecture has led staff to recommend the implementation of a phased upgrade approach. This approach upgrades major system software components and replaces major SCADA hardware components in the near term. Later phases replace the major software components of the JC6000 over time to move the SCADA towards a current supportable system configuration.

"In the initial phase of this work, GE-Harris will be contracted to perform system modifications on existing Authority licensed SCADA software and integrate that software onto a new hardware platform. GE-Harris is the original supplier of the St. Lawrence JC6000 SCADA and the only vendor qualified to participate in an upgrade effort at this time. By utilizing this vendor, staff will be able to perform this upgrade in a timely and cost effective manner. It will also allow staff to preserve our investment in licenses and operating software.

"The total upgrade effort will cost $3,318,000. The initial phase of the upgrade will take two years and will commence immediately at a cost of $981,000. Of this amount, a maximum of $520,000 will be contracted with GE-Harris for software licenses and development on a sole-source basis. The remainder of the expenditures for the first phase of the work will involve hardware and construction services purchased under normal Authority procedures and guidelines, and Authority labor costs. Purchasing requirements for later phases will be finalized as those phases commence.

FISCAL INFORMATION

"Payment will be made from the Capital Fund.

RECOMMENDATION

"The Regional Manager – Northern New York, and the Vice President and Chief Engineer – Power Generation recommend that the Trustees authorize a capital expenditure of $3,318,000 for the upgrade of the hardware and software for the St. Lawrence/FDR Power Project Supervisory Control and Data Acquisition System. As part of this effort, the Trustees are requested to authorize a sole-source award not to exceed $520,000 to GE-Harris Harmon Control and Information Systems, LLC.

"The Senior Vice President and Chief Financial Officer, the Executive Vice President, Secretary and General Counsel, and I concur in the recommendation."

Mr. Lipsky presented the highlights of staff's recommendation to the Trustees. Vice Chairman Ciminelli expressed some concern that the sole-source contracting could potentially place the Authority in a difficult bargaining position in the future, and asked whether staff had tested the reasonableness of the contract pricing. Mr. Lipsky responded by explaining the basis for staff's initial determination that it would be most cost-effective to upgrade the existing system. He also stated that GE-Harris was the original supplier of the St. Lawrence JC6000 SCADA and that, as a result, it is the only company suited to perform the upgrade-related tasks. Mr. Lipsky further explained that the cost of a completely new system would approach the $4 million mark as compared to the $981,000 now being requested by staff for this approach to the upgrade issue.

In response to Chairman Seymour's questions as to the anticipated nature of the Authority's payments for this work, Mr. Crouch responded that the Authority would pay with cash.

The following resolution, as recommended by the Executive Vice President – Project Operations, was unanimously adopted.

RESOLVED, That capital expenditures are hereby approved to be committed in accordance with Section 2879 of the Public Authorities Law and the Authority's Expenditure Authorization Procedures for the St. Lawrence/FDR Power Project Supervisory Control and Data Acquisition Computer System Upgrade, in the amounts and for the purposes listed below:

Description	**Current Estimate**	**Current Request**
Engineering & Design	**$ 510,000**	**$ 510,000**
Procurement	**2,470,000**	**2,470,000**
Construction	**180,000**	**180,000**
Authority Direct/ Indirect	**158,000**	**158,000**
	$3,318,000	**$3,318,000**

AND BE IT FURTHER RESOLVED, That pursuant to the Authority's Guidelines for Procurement Contracts, the sole-source award of a contract to GE-Harris Harmon Controls and Information Systems, LLC, is approved as recommended in the foregoing report, for an amount not to exceed $520,000 for software licenses and development associated with the initial phases of the St. Lawrence/FDR Power Project Supervisory Control and Data Acquisition Computer System Upgrade.

7. St. Lawrence/FDR Power Project
Filing of License Application

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the filing of an Application for a New License ('Application') from the Federal Energy Regulatory Commission ('FERC') for the St. Lawrence/FDR Power Project ('Project').

BACKGROUND

"Section 1005 of the Public Authorities Law directs the New York Power Authority ('Authority') to 'apply to appropriate agencies and officials of the United States government, including the Federal Power Commission (now the Federal Energy Regulatory Commission, or 'FERC') for such licenses, permits or approval of its plans' necessary to develop the hydroelectric potential of the St. Lawrence River. On July 31, 1953 the Federal Power Commission issued the Authority a 50-year license for the Project. This license expires on October 31, 2003. Pursuant to the Federal Power Act ('FPA'), the Authority must apply for a new license for the Project no later than October 31, 2001.

DISCUSSION

"Commencing in 1993, the Trustees have approved a series of discrete expenditures in preparation for and in support of the instant submittal to FERC. An Executive Summary of such prior resolutions is attached hereto as Exhibit '7-A'.

"This Application was prepared in accordance with the regulations of the Commission at 18 CFR Sections 4.51 and 16.8, as well as specific authorization granted to the Authority by the FERC's Director of the Office of Hydropower Licensing. This authorization allowed the Authority to use an alternative licensing procedure. As part of this alternative procedure, a Preliminary Draft Environmental Impact Statement ('PDEIS'), prepared by an independent Third Party Contractor ('TPC'), will be submitted to FERC in lieu of the Environmental Report required by 18 CFR. Section 4.51(f), as permitted by the provisions of the Energy Policy Act of 1992 and the authorization granted to the Authority by the Director of the Office of Hydropower Licensing.

"This Application provides information pertinent to relicensing in the following exhibits:

- **Initial Statement:** Information on the identity of the applicant and applicable state laws and regulations.
- **Exhibit A (Project Description):** All of the physical characteristics of the principal Project structures and the impoundment
- **Exhibit B (Project Operation and Resource Utilization):** Information on the annual and daily operating cycles of the Project, together with energy production and flow data and hydraulic characteristics. Exhibit B also provides a discussion of the role of the International Joint Commission ('IJC') in determining the operating constraints that apply to the Project.
- **Exhibit C (Project Construction):** This section is not applicable to the Project.
- **Exhibit D (Statement of Costs and Financing):** This section provides information on Project economics
- **Exhibit E (Environmental Report):** As discussed above, a PDEIS has been prepared by an Independent Third Party Contractor in lieu of an Environmental Report and will be filed with this Application. The PDEIS contains a summary of the affected environment and measures being proposed by the Authority to maintain and enhance environmental and recreational resources for the duration of a new license
- **Exhibit F (General Design Information):** This section contains general design drawings of the principal Project structures and a discussion of the Project's design adequacy.
- **Exhibit G (Project Boundary Maps):** Maps showing the Project Boundary and nearby features are included in this section.

- **Exhibit H (ECPA Supplement):** This section contains information regarding the Authority's record as licensee and how power from the Project is utilized.

"In preparing this application, the Authority established a Cooperative Consultation Process ('CCP') to allow for participation of a broad range of agencies, groups, and the public. The CCP Team included individuals representing FERC, New York State Department of Environmental Conservation ('NYSDEC'), other federal and state resource agencies such as the U. S. Department of the Interior ('DOI') (including the U.S. Fish and Wildlife Service ('USFWS'), the National Park Service and the Bureau of Indian Affairs ('BIA')), the New York Department of State ('DOS'), the New York State Office of Parks, Recreation and Historic Preservation ('OPRHP'), the St. Regis Mohawk Tribe ('SRMT'), local governments, Project customers, non-governmental organizations, and interested members of the public. In addition, representatives of the Mohawk community at Akwesasne (including the Mohawk Council of Akwesasne and the Mohawk Nation Council of Chiefs), Ontario Power Generation, the Canadian Government, and the IJC have attended meetings.

"As part of the CCP process, the Authority conducted settlement negotiations with members of the CCP Team. The Authority is proposing a comprehensive set of measures as part of this Application addressing those settlement discussions. The proposed project is summarized below:

License Term

"The Authority requests that a new license for the Project be issued consistent with the terms of this proposal and for a period of 50 years.

Ecological Measures

"The Authority's proposed ecological measures provide improvements to habitats within Project lands and waters and establish a substantial research program. These measures include:

- Eleven proposed habitat improvement projects ('HIP') (and the future HIP fund)
- Enhancements to the Wilson Hill Wildlife Management Area ('WHWMA')
- The St. Lawrence River Research and Education Fund to provide financial support for environmental research and education
- The Fish Enhancement, Mitigation, and Research Fund will provide funding for additional studies and mitigation/enhancement measures that might be required by the DOI, capping the Authority's costs.
- The Authority will construct and operate an upstream passage facility for American eel. DOI will reserve its authority to prescribe other fishways under Section 18 of the FPA, and the Authority will reserve its right to challenge any such prescription.

Recreational Facilities

"The Authority proposes to design and construct new or rehabilitated recreational facilities in Coles Creek and Robert Moses State Parks, both administered by the OPRHP. In addition, informal recreational facilities will be developed on islands in the River (Galop Island State Park).

Local Enhancements

"The Authority has proposed a number of enhancements to benefit the local communities.

- Navigation hazards will be addressed by installing information kiosks and staff gages at eight boat launch locations.
- The Authority will provide financial support for the proposed St. Lawrence Aquarium and Ecological Center to be located at Robinson Bay; the aquarium/research center is not proposed as a Project facility, however, and will not be included in the new Project license.

- A Community Enhancement Fund[1] will be established for the benefit of the towns of Massena, Louisville, Waddington and Lisbon; the Villages of Massena and Waddington; the Massena, Madrid-Waddington, and Lisbon school districts; and St. Lawrence County. This Fund will provide funding to these entities for such things as infrastructure facilities, public recreation facilities, local beautification projects, tourism promotion, or other economic development projects.
- Eroding shorelines within the Project boundary will be stabilized.
- New or rehabilitated recreational facilities will be developed in each of the affected communities, although facilities in the Town of Lisbon will not be part of the Project.

Project Boundary

"The Authority proposes to remove the Town of Lisbon, and a small portion of the Town of Waddington from the FERC project boundary; approximately 250 acres of shoreline on the Mainland would be conveyed to the Towns or adjoining owners.

"In addition, downstream of Iroquois Dam the project boundary would generally be modified to a new location 25-foot inland from the high water mark; in ecologically sensitive areas, the new boundary would be 100 feet inland. Approximately 350 acres of land would be conveyed to adjoining owners or the towns if this change is approved by FERC.

"All lands currently associated with project structures, within parks, islands and the wildlife management area would remain in the project.

Mohawk Issues

"A number of measures had been proposed which would address Mohawk issues. Although the Authority is continuing its negotiations with the SRMT and the BIA on these and other issues, no agreement has been reached.

POWER ALLOCATION

"Allocation of power is not an issue that the Commission considers during the issuance of project licenses. The Authority is not proposing that the article in the current license that requires an out-of-state power allocation be carried forward into a new license.

Applications for Regulatory Approvals

"The regulatory approvals associated with relicensing of the Project are:

- A License issued by the FERC pursuant to the FPA
- A Section 401 Water Quality Certification under the Clean Water Act issued by the NYSDEC.
- Coastal Zone Management Certificate of Consistency, as administered by the DOS.

FISCAL INFORMATION

"The enhancement package identified above is estimated to cost approximately $150.4 million (2003 dollars), inclusive of capital and operations and maintenance costs associated with some, but not all, enhancements. Total Authority costs, including administrative costs associated with relicensing activities to date, are approximately $185.2 million.

[1] Tentative settlement was reached with the Local Governments on October 26; this fund is not included in the Application, and will be subject to separate agreement with the Local Government Task Force.

RECOMMENDATION

"The Executive Director - Hydro Relicensing recommends that the Trustees approve the submittal of an application to the Federal Energy Regulatory Commission, necessary to proceed with the relicensing of the St. Lawrence/FDR Power Project.

"The Senior Vice President - Public and Governmental Affairs, the Executive Vice President, Secretary and General Counsel, and the Executive Vice President – Project Operations and I concur in the recommendation."

Mr. Barden presented the highlights of staff's recommendation to the Trustees, and, at Chairman Seymour's request, a brief summary of the Authority's negotiations with the Department of the Interior.

Mr. Petralia noted that the Department of the Interior had agreed that money provided that agency would be targeted to businesses located in New York State.

Chairman Seymour emphasized that Mr. Barden and his staff are doing a great job and that interested parties seem happy with the ongoing re-licensing process and consider it fair and much-improved. Trustee McCullough expressed concurrence and extended the Trustees' thanks to Mr. Barden.

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

RESOLVED, That the Trustees authorize the filing of an application with the Federal Energy Regulatory Commission for a new license for the St. Lawrence/FDR Power Project pursuant to the Federal Power Act; and be it further

RESOLVED, That the Chairman and Chief Executive Officer, the President and Chief Operating Officer, and the Executive Vice President, Secretary, and General Counsel are, and each of them hereby is, authorized to sign on behalf of the Authority such applications, formal petitions and pleadings, amendments thereto, notices, reports, exhibits and other requests, submittals, statements or other documents as may be necessary or convenient to file with the Federal Energy Regulatory Commission, the New York State Department of Environmental Conservation, the New York Department of State, or other Federal or State regulatory approvals as may be necessary for licensing and operation of the St. Lawrence/FDR Power Project.

Exhibit "7-A"

Summary of Prior Trustee Authorizations
St. Lawrence/FDR Power Project Relicensing

- December 16, 1993: $1.8 million for licensing work in 1994 for performing studies and assessments and gathering information necessary to prepare an application for a new license for the St. Lawrence/FDR Power Project.
- April 30, 1996: $800,000 for the award of a multi-year procurement (services) contract to Environmental Resources Management, Inc. (ERM) in support of the St. Lawrence/FDR Power Project ('Project') relicensing effort. The contract provided for ERM to furnish services as an independent Third Party Contractor ('TPC') to assist the Federal Energy Regulatory Commission ('FERC') and the New York State Department of Environmental Conservation ('DEC') in their environmental reviews of the Authority's application for a new license and a Water Quality Certificate for the Project. The contract period was from May 1, 1996 through December 31, 2003.
- December 17, 1996: $150,000 for reimbursement of expenses for persons taking part in the Cooperative Consultation Process - St. Lawrence-F. D. Roosevelt Power Project relicensing effort.
- May 20, 1997: $8,400,000 to Kleinschmidt Associates ('KA') as a Relicensing Services Contractor for planning, procuring, managing, and coordinating services for various studies to be performed in support of the relicensing of the St. Lawrence/FDR Power Project ('Project'). The contract will include $2,400,000 for KA and $6,000,000 for studies to be conducted by subcontractors.
- October 27, 1998: $975,000 For Contractural Expenses, Environmental Resources Management, Inc. ('ERM'). In April, 1996, The Trustees Authorized $800,000 For The Overall Contract Period. The DEC's And FERC's Use Of ERM Has Exceeded The Original Projection, And An Additional $975,000 Will Be Needed To Complete The TPC's Work Under This Contract.
- January 26, 1999: $6.7 Million In Capital Expenditures For The Relicensing Of The St. Lawrence/FDR Power Project In 1999. Anticipated Tasks (1) Performing Studies And Assessments Necessary To Prepare An Application For A New License And An Environmental Impact Statement For The St. Lawrence/FDR Project; (2) Consultation And Settlement Negotiations With Agencies, Local Governments, And Other Parties; And (3) Third Party Contractor ('TPC') Support.
- January 2000: $6.5 million in capital expenditures for relicensing the St. Lawrence/FDR Power Project in the Year 2000. Anticipated tasks involve: (1) eel studies and any additional studies required by the FERC; (2) preparation of a draft license application and consultation with agencies, local governments, and other parties; and (3) third party contractor ('TPC') support

8. 500 MW Combined Cycle Project - Acquisition of Emission Reduction Credits – Wisvest Conneticut, LLC - Award

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve capital expenditures of $3,255,000 for the acquisition of nitrogen oxides ('NOx') Emission Reduction Credits ('ERCs') from Wisvest-Connecticut, LLC ('Wisvest'). These ERCs are required for the Authority's proposed 500 MW Combined Cycle ('500 MW') project to comply with the New Source Review Rules found in the New York State Department of Environmental Conservation ('DEC') regulations at 6 NYCRR Part 231. The Authority must acquire such ERCs before DEC can issue the required air permit and the Siting Board can issue the Certificate of Environmental Compatibility and Public Need for the facility.

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 or equipment purchase contracts in excess of $3,000,000, as well as personal services contracts in excess of $1,000,000 if low bidder, or $500,000 if sole source or non-low bidder, require Trustees' approval.

"Pursuant to the Clean Air Act amendments of 1990, the US Environmental Protection Agency ('EPA') and DEC have promulgated regulations for new emission sources in non-attainment areas that require each new source to acquire emission reduction credits. These credits must be acquired in a quantity somewhat greater than the amount of tons of NOx emissions emitted from a new facility during a year. The 500 MW project is subject to these regulations, and the Authority must acquire ERCs equivalent to 217 tons per year in order to license the 500 MW project, and begin work on construction of the project.

"Wisvest acquired the assets of United Illuminating during the past decade. Wisvest also acquired ERCs resulting from the repowering of the Bridgeport Harbor Station Unit 2. These ERCs are valid for use in the New York metropolitan area. Through the intervention of the Authority's emissions broker, Cantor Fitzgerald, the Authority has come to an agreement in principle with Wisvest to acquire 217 ERCs for $15,000 per ton.

DISCUSSION

"In the past, the demand for NOx ERCs in the metropolitan area has been extremely strong due to the number of power projects proposed for construction in this area. At the same time, the number of retrofit projects, which is a source of ERCs, undertaken in the area has been very small, as utilities have analyzed the impact of deregulation and the creation of the ISO on their overall financial plans. A recent transaction involving approximately 200 ERCs was completed at $25,000 per ton. The last most recent transaction, completed in late 2000, was closed at $7000. This rapid escalation in price highlights the strong demand for ERCs and the very limited supply for sale.

"Previously, Authority staff designated the Port Authority of NY & NJ ('Port Authority') as the source for the required NOx ERCs. However, due to the events of September 11, 2001, the Port Authority has had other priorities and the processing of transfer of the required ERCs to the Authority has been indefinitely delayed. Thus, it is necessary to obtain the Wisvest ERCs in order to conclude licensing of the 500 MW project in a timely manner.

"These ERCs may be sold at some point in the future should the Authority not be able to move forward with the 500 MW project. At present, the Authority and Wisvest have agreed to the wording of a purchase and sale agreement for the NOx ERCs. Because of the extremely strong demand for these ERCs, Wisvest has required that the transaction be closed before October 31, 2001.

FISCAL INFORMATION

"Payment will be made from the Capital Fund.

RECOMMENDATION

"The Director – Environmental Division, and the Director - Licensing recommend that the Trustees authorize a capital expenditure of $3,255,000 for the acquisition of 217 Emission Reduction Credits for the 500 MW Combined Cycle project.

"The Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation."

Following a summary by Mr. Slade of the recommended action, Trustee Carey inquired about the status of credits from prior efforts retrofitting coal-burning technology in New York City public schools. Trustee Carey stated that in his view such expenditures should be made by the Authority and that the acquired credits should be used towards Poletti. President Zeltmann, Mr. Slade and Mr. Tscherne responded that they would look into the matter and report back to the Trustees.

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

RESOLVED, That capital expenditures are hereby approved to be committed in accordance with Section 2879 of the Public Authorities Law and the Authority's Expenditure Authorization Procedures for the acquisition of 217 tons per year continuous emission reduction credits as described at 6 NYCRR Part 231; and be it further

RESOLVED, That pursuant to the Authority's Guidelines for Procurement Contracts, the sole-source purchase and sale agreement with Wisvest Connecticut, LLC is approved as recommended in the foregoing report of the President, for an amount not to exceed $3,255,000.

9. Authorization to Supplement the Series 2002 A Revenue Bond Preliminary Official Statement

The President submitted the following report:

SUMMARY

"The Trustees are requested (1) to authorize the distribution of the Preliminary Official Statement relating to the Series 2002 A Revenue Bonds (the '2002 A Bonds'), dated October 5, 2001 (the 'Preliminary Official Statement'), as supplemented by a Supplement dated October 30, 2001, in the form attached hereto as Exhibit '9-A' (as supplemented, the 'Supplemented Preliminary Official Statement'), and to authorize certain authorized officers to make such additional changes, insertions, deletions, amendments and supplements to or from the Supplemented Preliminary Official Statement as may be approved by any such officer; and (2) to authorize the execution and delivery of the final Official Statement in such form and substance as may be approved by the Chairman.

DISCUSSION

"At their meeting of September 25, 2001, the Trustees authorized the issuance and sale of the Series 2001 A Revenue Bonds and the 2002 A Bonds to the underwriters specified in the resolutions authorizing the transactions. In connection with the sale of the 2002 A Bonds, the Authority authorized and issued the Preliminary Official Statement.

"The September 25, 2001 authorizations required that if Part 2 of any preliminary official statement or the final Official Statement relating to the 2002 A Bonds differed materially from the draft Series 2001 A Bond Preliminary Official Statement presented to the Trustees at the September 25, 2001 meeting, then subsequent authorization by the Trustees of such preliminary official statement or final Official Statement would be required.

"The Staff, in consultation with bond and disclosure counsel, has determined that as a result of the invoices received from the New York Independent System Operator ('NYISO') in October 2001, amounting to substantial additional charges to the Authority, a supplement to the Series 2001 A Bonds final Official Statement and the Preliminary Official Statement is required. By virtue of the requirements of the September 25, 2001 authorizations, additional approval by the Trustees of the use of such supplement with respect to the Preliminary Official Statement is required.

"The authorizations requested herein permitting distributions of preliminary and final Official Statements relating to the 2002 A Bonds, upon the approval of certain authorized officers, are limited by the condition that such distributions would not be permitted after December 31, 2001 without the approval of the Trustees if the disclosure in such preliminary or final Official Statement materially differs from the disclosure in the Supplemented Preliminary Official Statement, provided, however, that such approval would not be required for any such preliminary or final Official Statement issued on or prior to December 31, 2001 notwithstanding any material change.

RECOMMENDATION

"The Treasurer recommends that the Trustees (1) authorize the distribution of the Supplemented Preliminary Official Statement, and authorize certain authorized officers to make such changes, insertions, deletions, amendments and supplements to or from the Supplemented Preliminary Official Statement as may be approved by any such officer, and (2) authorize the execution and delivery of the final Official Statement in such form and substance as may be approved by the Chairman.

"The Senior Vice President and Chief Financial Officer, the Executive Vice President, Secretary, and General Counsel, and I concur in the recommendation."

Mr. Collins presented the highlights of staff's recommendation to the Trustees and responded to questions from Chairman Seymour and Trustee McCullough regarding the financial challenges presented by deregulation and ISO re-billing charges.

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

RESOLVED, That the Chairman, President and Chief Operating Officer, Senior Vice President and Chief Financial Officer, Treasurer, and Deputy Treasurer be, and each of them hereby is, authorized to make such changes, insertions, deletions, amendments and supplements, to or from the Preliminary Official Statement dated October 5, 2001, as supplemented by a Supplement dated October 30, 2001, relating to the Series 2002 A Revenue Bonds (the "Series 2002 A Bonds"), a copy of which is set forth in Exhibit "9-A" hereto (the "Supplemented Preliminary Official Statement"), as may be approved by such officer, and upon the completion of any such modifications, such officer is authorized to execute such certificates as may be requested by the Series 2002 A Bond Underwriters to certify on behalf of the Authority that such preliminary official statement relating to the Series 2002 A Bonds is "deemed final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, subject to the omission of such information as is permitted by the Rule, and the distribution of any preliminary official statement relating to the Series 2002 A Bonds is hereby approved to all interested persons in connection with the sale of such Bonds; and be it further

RESOLVED, That the Chairman be, and hereby is, authorized to adopt and execute on behalf of the Authority a final Official Statement of the Authority relating to Series 2002 A Bonds, in such form and substance as the Chairman deems necessary or desirable, and the delivery of said Official Statement to the purchasers of said Series 2002 A Bonds is hereby authorized, and the Authority hereby authorizes said Official Statement and the information contained therein to be used in connection with the sale and delivery of the Authority's Series 2002 A Bonds; provided, however, in the event that the disclosure in a preliminary official statement or final Official Statement that is issued after December 31, 2001 and relating to the sale of the Series 2002 A Bonds, is materially different from the disclosure in the Supplemented Preliminary Official Statement that was presented at this meeting, the Authority shall not permit the distribution of such preliminary or final Official Statement relating to the Series 2002 A Bonds unless such distribution is authorized by a subsequent resolution of the Trustees; provided, further, however, that such authorization shall not be required for any such preliminary or final Official Statement that is issued on or prior December 31, 2001 notwithstanding any material changes.

POWER AUTHORITY OF THE STATE OF NEW YORK
SERIES 2002 A REVENUE BONDS

SUPPLEMENT DATED OCTOBER 30, 2001
TO PRELIMINARY OFFICIAL STATEMENT
DATED OCTOBER 5, 2001

MODIFICATIONS TO "PART 2-CERTAIN FINANCIAL AND OPERATING MATTERS"

The Authority hereby modifies the subsection captioned "Management's Discussion of Financial Results and Operations-June 30, 2001 Financial Results" by adding the following paragraph to the end of the subsection:

Since the inception of the NYISO, the Authority has received from the NYISO invoices reflecting adjustments to initial bills rendered by the NYISO, which include, among other things, adjustments relating to energy purchased from, and sold into, the NYISO markets by the Authority and charges for NYISO operating costs, congestion, losses, and ancillary services. NYISO procedures allow the NYISO a 24-month period for submitting multiple invoices reflecting adjustments to previously rendered bills. Through October 19, 2001, the Authority has received invoices reflecting adjusted bills for November and December 1999, for all of the months in 2000, and for the first five months in 2001. A portion of the additional charges to the Authority resulting from these adjusted bills have been reflected in the Authority's unaudited June 30, 2001 financial statements. The remaining additional charges, set forth in invoices received by the Authority in August, September, and October 2001, amount to approximately $30.6 million. The Authority may in the future receive additional invoices reflecting adjustments to bills rendered in the prior 24-month period. Although the Authority is reviewing the accuracy of such adjustments, the Authority is unable to predict the nature and magnitude of future adjustments which may be submitted by the NYISO. In the Authority's judgment, any such future adjustments would not impact the overall financial condition of the Authority or its ability to pay debt service on the Series 2002 A Revenue Bonds in a timely fashion.

MODIFICATIONS TO "PART 2-NEW YORK INDEPENDENT SYSTEM OPERATOR"

The Authority hereby modifies the subsection captioned "New York Independent System Operator Arrangement" by replacing the last paragraph in that subsection in its entirety with the following paragraphs:

Under the NYISO Open Access Transmission Tariff certain charges for ancillary services (which include NYISO operating costs), congestion, losses, and a portion of the Authority's transmission costs are assessed against the Authority and other entities responsible for serving ultimate customers. In the case of the Authority, such costs are significant. For the 9-month period ending September 30, 2001, ancillary services charges to the Authority have amounted to approximately $81.2 million, while revenues from the sale of ancillary services by the Authority in the NYISO markets have amounted to approximately $20.3 million, a deficiency of approximately $60.9 million. In addition, for such period, the Authority has been charged by the NYISO approximately $45.9 million in net congestion costs and marginal losses associated with serving certain Authority customers. The Authority expects that such deficiencies and congestion and marginal loss payments will continue in the future and may increase with increases in ancillary services charges to the Authority.

For the 9-month period ending September 30, 2001, this deficiency of $60.9 million and such congestion and marginal loss costs of $45.9 million were partially offset by $72.1 million in revenues derived by the Authority in selling energy in the NYISO markets, resulting in an overall net deficiency of approximately $34.7 million. However, the Authority can give no assurance that it will continue to receive significant offsetting revenues in the future. In addition, due to competitive and economic development considerations, it is uncertain at this time whether any such costs to the Authority not offset will be passed on to the customers of the Authority.

10. <u>NYPA Power for New York City Economic Recovery</u>

The President submitted the following report:

SUMMARY

"The New York Power Authority ('NYPA') had provided 80 megawatts ('MW') of electricity to the Port Authority of New York and New Jersey for the World Trade Center. On September 25, 2001 Governor George E. Pataki announced that NYPA would provide low-cost electricity to businesses dislocated as a result of the destruction of the World Trade Center as part of the State's comprehensive efforts to assist local businesses impacted by the September 11th attack.

"On October 24, 2001, both houses of the state legislature passed omnibus legislation containing an array of measures to address New York State's economic recovery in the wake of the terrorist attacks of September 11th. Among the provisions of the legislation is authorization for the NYPA to sell up to 80 megawatts to assist the economic recovery of New York City. The low-cost power is expected to save customers more than $6 million.

"The Trustees are requested, among other things, to authorize the Staff of the Authority to implement the 80 MW program under the supervision of the Chairman and/or President, consistent with the eligibility and other criteria set forth in the legislation.

BACKGROUND

"Under the provisions of the omnibus legislation (S.5828/A.9495), NYPA received broad authority to supply power and energy to its Southeastern New York ('SENY') public customers for resale to other public and private users. Further, as part of such authority, NYPA is authorized to determine:

- the terms and conditions of such resale,
- which business customers will receive an allocation,
- the size and duration of such allocation, and
- the resale rates.

"The legislation also requires any electric corporation engaged in the delivery of power and energy to such public corporations to use the same tariff and rates as would ordinarily apply to NYPA's public corporations customers within the City of New York.

"The legislation further provides for the sale of up to 80 MW of power for sale by NYPA to its SENY governmental customers for resale to business customers that require low-cost power as an incentive to relocate to or retain or create jobs in defined areas of lower Manhattan. This part of the legislation requires that in allocating the 80 MW, priority be given to the following customers:

1. Former tenants of the World Trade Center buildings one, two, four, five and six and other businesses that were displaced in the World Trade Center disaster of September 11, 2001 which have relocated in the Liberty Zone or the Resurgence Zone.

2. Former tenants of the World Trade Center buildings one, two, four, five and six and other businesses that were displaced in the World Trade Center disaster of September 11, 2001 which have relocated in the City of New York but have committed to move back to the Liberty Zone or the Resurgence Zone when redevelopment is completed.

3. Businesses located or intending to locate in the Liberty Zone or the Resurgence Zone and retain or create jobs in those areas.

"The Liberty Zone is essentially the area of Lower Manhattan south of Canal Street. The Resurgence Zone is generally the area between Canal and Houston Streets.

"Other criteria contained in the legislation include the requirements that power allocations shall be for a minimum term of three years and that up to fifteen megawatts be made available to small businesses (businesses with a peak electric demand of 400 kW or less).

DISCUSSION

"Since the destruction of the World Trade Center and the subsequent announcement by Governor Pataki directing NYPA to assist the economic recovery of New York, NYPA officers and staff have been actively engaged in discussions with the Port Authority, the Empire State Development Corporation, the City of New York, Consolidated Edison Company and others regarding the use of the 80 MW of NYPA power which was formerly used to serve the World Trade Center in economic recovery efforts.

"Under the part of the legislation dealing with the sale of 80 MW, NYPA will sell this power to its SENY governmental customers such as the Port Authority of New York and New Jersey or others and approve reallocations by these customers to qualifying businesses, as appropriate under the statutory priorities. The form of the resale contracts for such businesses will be approved by NYPA. Among other things, the resale contracts will prescribe resale rates, the terms of the allocations and include other matters required by the legislation.

"In light of the passage of the legislation and the urgent need to allocate the 80 MW of power to affected businesses, it is requested that the Trustees authorize the Chairman and/or President to implement the legislation and make decisions on allocations on a rolling 'rapid turnaround' basis, after consultation with appropriate state and local entities. Reports on implementation of the legislation, the form of applications and how they are received, the consultation and approval process for allocations and other aspects of program implementation will be provided regularly to the Trustees.

FISCAL INFORMATION

"Sales of power to SENY customers under the program outlined above will be at the rates that normally apply to SENY governmental sales and are not expected to produce additional net revenues or costs to the Authority.

RECOMMENDATION

"The President recommends that the Trustees authorize the Staff of the Authority, under the direction and supervision of the Chairman and/or President, implement the new legislation outlined above and that such implementation be consistent with the statutory eligibility and criteria. It is also recommended that monthly reports on allocations made and the development and progress of programs authorized by the legislation be provided to the Trustees at their regular meetings."

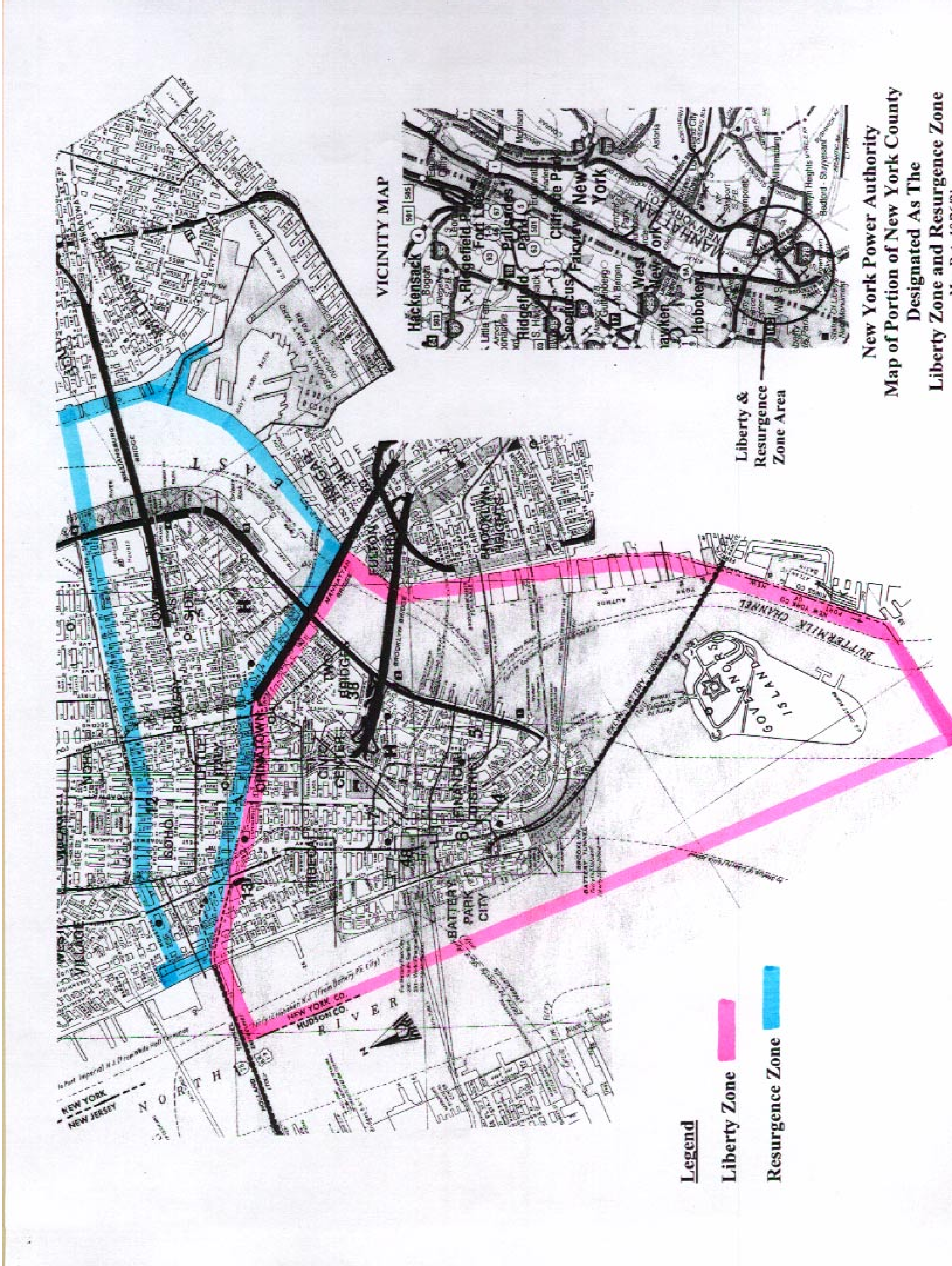
Mr. Hamor presented the highlights of staff's recommendation to the Trustees. Responding to questions from Chairman Seymour regarding whether the Port Authority can distribute its power anywhere in New York City, Mr. Hamor answered affirmatively.

The following resolution, as recommended by the President, was adopted by a vote of four in favor with Trustee Carey abstaining.

RESOLVED, That the staff of the Authority, under the direction and supervision of the Chairman and/or President, are hereby authorized to make such determinations and take such actions as are necessary to implement on behalf of the Power Authority the applicable parts of the omnibus legislation (S.5828/A.9495) enacted by a chapter law of 2001; and be it further

RESOLVED, That until further action by the Trustees, monthly reports on implementation of the legislation and any allocations relating to programs established by staff under such legislation, be provided to the Trustees at their regular meetings.

October 30, 2001



11. Proposed Schedule of Trustees' Meetings in 2002

The following schedule of regular meetings for the Authority for year 2002 is recommended by the Executive Vice President, Secretary and General Counsel:

Date	Location	Time
January 29, 2002 (Tuesday)	Albany	11:00 a.m.
February 26, 2002 (Tuesday)	WPO	11:00 a.m.
March 26, 2002 (Tuesday)	Albany	11:00 a.m.
April 30, 2002 (Tuesday) –Annual	WPO	11:00 a.m.
May 28, 2002 (Tuesday)	Albany	1:00 p.m.
June 25, 2002 (Tuesday)	WPO	11:00 a.m.
July 30, 2002 (Tuesday)	Albany	11:00 a.m.
No Meeting in August 2002		
September 24, 2002 (Tuesday)	WPO	11:00 a.m.
October 29, 2002 (Tuesday)	Albany	11:00 a.m.
November 26, 2002 (Tuesday)	NYC	11:00 a.m.
December 17, 2002 (Tuesday)	WPO	11:00 a.m.

RECOMMENDATION

"The President and Chief Operating Officer and I support the proposed schedule for the Authority's regular Trustees' Meetings for the year 2002 as set forth in the foregoing report.

"The following resolution, as recommended by the Executive Vice President, Secretary and General Counsel, was unanimously adopted."

RESOLVED, That the schedule of regular Trustees' Meetings for the year 2002, as set forth in the foregoing report of the Executive Vice President, Secretary and General Counsel, be, and hereby is, approved.

12. INFORMATIONAL ITEM -
<u>NYPA/TH!NK Clean Commute Station Car Program</u>

The President submitted the following report:

SUMMARY

"The Authority and the Ford Motor Company are working together to develop a station car program in the New York metropolitan area using the emission-free, battery-powered electric TH!NK City car. This program will demonstrate the feasibility of a grid-connected vehicle for use on short commutes in regional transportation hubs. Commuters will have the opportunity to lease the vehicles at very competitive rates, receive free charging at participating train stations, and free charging connections at their homes. One hundred vehicles will be available for lease. Planning is underway for a mid-October launch event. Governor George Pataki has been invited to attend this event. Direct marketing of the program to commuters will commence immediately after the event.

BACKGROUND

"The NYPA/TH!NK Clean Commute program is the next step in the Authority's station car demonstration initiative first unveiled in Westchester County at the North White Plains commuter station with IBM in 1995.

"The TH!NK City, an innovative battery-powered urban car, is currently available for sale or lease in Norway. It is a two-seat vehicle. Its body is constructed of recyclable thermoplastic over an aluminum frame, and it has an approximate driving range of 50 miles before requiring a recharge (4-6 hours). Ford, through its TH!NK Mobility subsidiary, plans a commercial introduction in North America in 2002.

DISCUSSION

"Program Scope: The one hundred electric TH!NK City cars will go into service in the metropolitan area, in Nassau (Hicksville), Putnam (Brewster North), Queens (Little Neck, Kew Gardens), Rockland (Nanuet), Suffolk (Huntington) and Westchester (White Plains, Chappaqua) counties. The Authority's principal partner is the Metropolitan Transportation Authority ('MTA'). Other partners include the New York State Energy Research and Development Authority ('NYSERDA'), the New York State Department of Transportation ('NYSDOT'), the Long Island Power Authority ('LIPA'), and the US Department of Energy ('DOE').

"The Authority and Ford will utilize a select number of dealerships to lease the vehicles and provide necessary maintenance services. Ford will equip the dealerships with all necessary resources, including a limited number of replacement vehicles, and has agreed to commit $226,000 to this effort.

"Vehicle Costs: The prototype vehicles cost approximately $28,000 per vehicle. The vehicles will be leased through the program for $199 per month, the lease price Ford has targeted for the vehicles' entry into the retail market in 2002. A New York State alternative-fuel vehicle tax credit (50% of the incremental cost up to $5,000) and a federal tax deduction (10% of manufacturer's suggested retail price up to $4,000) will cover roughly $7,800 of the incremental cost of these vehicles. Additional financing from the Authority and its municipal, state and federal partners will bring the cost down to the targeted price.

"Infrastructure: Public and residential charging stations and charging infrastructure present an additional project expense. Public charging station costs depend on the location of the grid connection and are estimated to be approximately $20,000 to $50,000 per train station. NYSERDA will cover equipment costs at all public charging stations. The Authority and its project partners will cover the cost of public and residential charging station installations and residential charging equipment.

"Power Costs and Marketing: The Authority will absorb the cost of electric vehicle charging and will be the primary marketer of the program. The Authority has designed a program billboard for use at participating train stations and a brochure for distribution to commuters. The MTA has indicated that it will provide billboard space at the train stations and will issue transit checks free of charge for participating commuters. Ford will also participate in the marketing efforts and will distribute marketing handouts at the train stations.

"Project Monitoring: The DOE will monitor the program for a period of three years and will collect data and issue quarterly reports on vehicle performance, including mileage, energy use, and maintenance, and environmental benefits such as emission reductions.

"This will be the largest electric vehicle station car program in the United States, and the first Ford/TH!NK effort in the Northeast. This is also the first program to substantively test the market for electric vehicles designed to be economically viable to the manufacturer in applications that represent significant market share.

"Attached is a table outlining the program budget (Exhibit '12-A') and specifications for the TH!NK City electric vehicle (Exhibit '12-B').

Mr. Leitman reported on the scope and parameters of the Program. After responding to questions from Chairman Seymour and Trustee McCullough, Mr. Leitman presented Chairman Seymour with a framed replica of a NYPA/TH!NK Clean Commute Station Car billboard.

Exhibit "12-A"

NYPA/TH!NK CLEAN COMMUTE STATION CAR PROGRAM BUDGET

Agency or Entity	Funding	Contribution -- Capital and In-kind
NYPA	$275,807	Vehicle lease incremental costs, charging station construction, home charging
		installation and site power costs
MTA	$71,400	Transit Checks, MTA-owned land at Kew Gardens, Brewster North, and
		commerical billboard space
LIPA	$300,000	Vehicle lease incremental costs, site power costs and home charging installation
NYSDOT	$50,000	Vehicle lease incremental costs for Westchester, Rockland and Putnam Counties
CMAQ*	$690,000	Vehicle lease incremental costs, charging station construction and home
		charging installation
NYSERDA	$256,470	Engineering services for construction bid and public charging station equipment
USDOE**	$150,000	Monitoring and reporting
City of White Plains	$60,000	Charging station construction at White Plains train station
Town of New Castle	$200,000	Vehicle lease incremental costs, charging station construction, home charging
		installation and contingency funds
Rockland	$96,000	Vehicle lease incremental costs and charging station installation
Ford/TH!NK Mobility	$376,000	Private marketing services, loaner cars, dealership equipment and service
Consumer	$676,600	Vehicle lease: $199 per month (does not include the cost of insurance)
Total	**$3,202,277**	

* Federal Highways Congestion Mitigation and Air Quality Improvement Program funds through the New York State Department of Transportation, the New York Metropolitan Transportation Council and regional Transportation Coordinating Committees.

** An electric vehicle grant through Idaho National Laboratories.

Exhibit "12-B"

The THI!NK city Electric Vehicle

Specifications

Seating capacity: 2 passengers
Size: (L)-9.8 feet
(W)-5.25 feet
(H)-5.1 feet
Curb weight: 2075 lbs.
Max weight: 2490 lbs.
Luggage Capacity: 12.4 cubic feet
High strength lower steel frame
Aluminum space frame
Thermoplastic body panels
ABS plastic roof

Performance

Front wheel drive
Three phase AC induction motor
Water-cooled
Max power output: 27 kW
NiCd Batteries (19 modules, 114V)
Top speed: 56 mph
Acceleration: 0-30 mph in 7 seconds
Range: 53 miles
Power storage: 11.5 kWh, 100 Ah
Charge time: 4-6 hours to 80%
Front disc, rear drum brakes

13. Motion to Conduct Executive Session

Mr. Chairman, I move that the Authority conduct an executive session to discuss matters affecting the public safety and matters relating to effective law enforcement.

On motion duly made and seconded, an Executive Session was held at 11:55 a.m. for the purpose of discussing matters affecting the public safety and matters relating to effective law enforcement.

14. Motion to Resume Meeting in Open Session

On motion duly made and seconded, the meeting resumed in open session at 12:50 p.m.

"Mr. Chairman, I move to resume the meeting in Open Session."

15. Next Meeting

"The regular meeting of the Trustees will be held on **Tuesday, November 27, 2001, at 11:00 a.m., at the New York Office, 501 Seventh Avenue – 9th floor,** unless otherwise designated by the Chairman with the concurrence of the Trustees."

16. Closing

On motion duly made and seconded, the meeting was adjourned at approximately 12:55 p.m.

David E. Blabey
Executive Vice President,
Secretary and General Counsel

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