



**NY Power  
Authority**

**Canal  
Corporation**

**PROPOSED AGENDA  
FINANCE AND RISK COMMITTEE MEETING  
Videoconference – March 18, 2021 at 10:00 A.M.**

- 1. Adoption of the March 18, 2021 Proposed Meeting Agenda**
- 2. Motion to Conduct an Executive Session**
- 3. Motion to Resume Meeting in Open Session**
- 4. DISCUSSION AGENDA:**
  - a. Financial Operations**
    - i. Chief Risk & Resilience Officer Report (Adrienne Lotto)
    - ii. Chief Financial Officer Report (Adam Barsky)
    - iii. Recommend Release of Funds in Support of the New York State Canal Corporation (Adam Barsky)
  - b. Utility Operations**
    - i. St. Lawrence-FDR Power Project Water Ball Replacement Project - Capital Expenditure Authorization Request and Contract Award (Patricia Lombardi)
    - ii. On-Call Transmission and Substation Engineering Master Services Agreement (Patricia Lombardi)
    - iii. Robert Moses Unit Substation Replacement Project - Capital Expenditure Authorization Request and Contract Award (Patricia Lombardi)
    - iv. Advanced Research Services – Contract Award (Adrienne Lotto)
  - c. Commercial Operations**
    - i. Product, Customer Experience and Marketing Services Agreement - Contract Award (Diane Levin)
  - d. NYPA Development**
    - i. Northern NY Priority Transmission Project (Philip Toia)
- 5. CONSENT AGENDA:**
  - a. Amendment and Restatement of Commercial Paper Authorization (Adam Barsky)
  - b. Approval of the Joint Meeting Minutes held on January 19, 2021
- 6. Next Meeting**

**March 18, 2021**

**Motion to Conduct an Executive Session**

I move that the Committee conduct an executive session to discuss the financial and credit history of a particular corporation (pursuant to §105 of the Public Officers Law).



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**March 18, 2021**

**Motion to Resume Meeting in Open Session**

I move to resume the meeting in Open Session.



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# **Chief Risk & Resilience Officer Report**

**Adrienne Lotto**

**Chief Risk & Resilience Officer**

**March 18, 2021**

# Risk and Resilience Creating a Stronger NYPA

## Enterprise Resilience

- An empowered enterprise-wide resilience function that coordinates management of existential threats and cross-cutting strategic risks
- Broadens view of typical and atypical emergent threats, risks, and consequences
- Establishes new ways of operating to prepare for a more distributed and uncertain operating environment

**Enhance capabilities to anticipate, prepare, respond, and adapt to disruptions**

## Together We Deliver

- Consult and collaborate with Business Units and Risk Owners to:
  - Manage and mitigate risk
  - Embed resilience in new and existing programs / processes
- Enhance and ensure preparedness and response capabilities
- Risks at entity and process level
  - Identify, Assess, Respond, Monitor, Report
- Promote a risk and resilient aware culture
- Drive informed, transparent, and actionable decision making

**Dynamic and iterative process to enhance actionable decision making**

## Risk Management

- Forward looking view of exposures and risk reward trade-offs
- Strategic risk-based decision-making
- Overarching risk framework and governance structure
- Enhanced board risk oversight
- Portfolio risk view
- Risk Appetite

# Risk Management and Resilience 2021 Goals

## VISION2030

01) Adoption of eGRC System for enterprise and operational risks

02) Installation of a Portfolio Credit Risk Program used for counterparty evaluation

03) Expansion of ECRM System to capture boarder market exposures and enhanced reporting

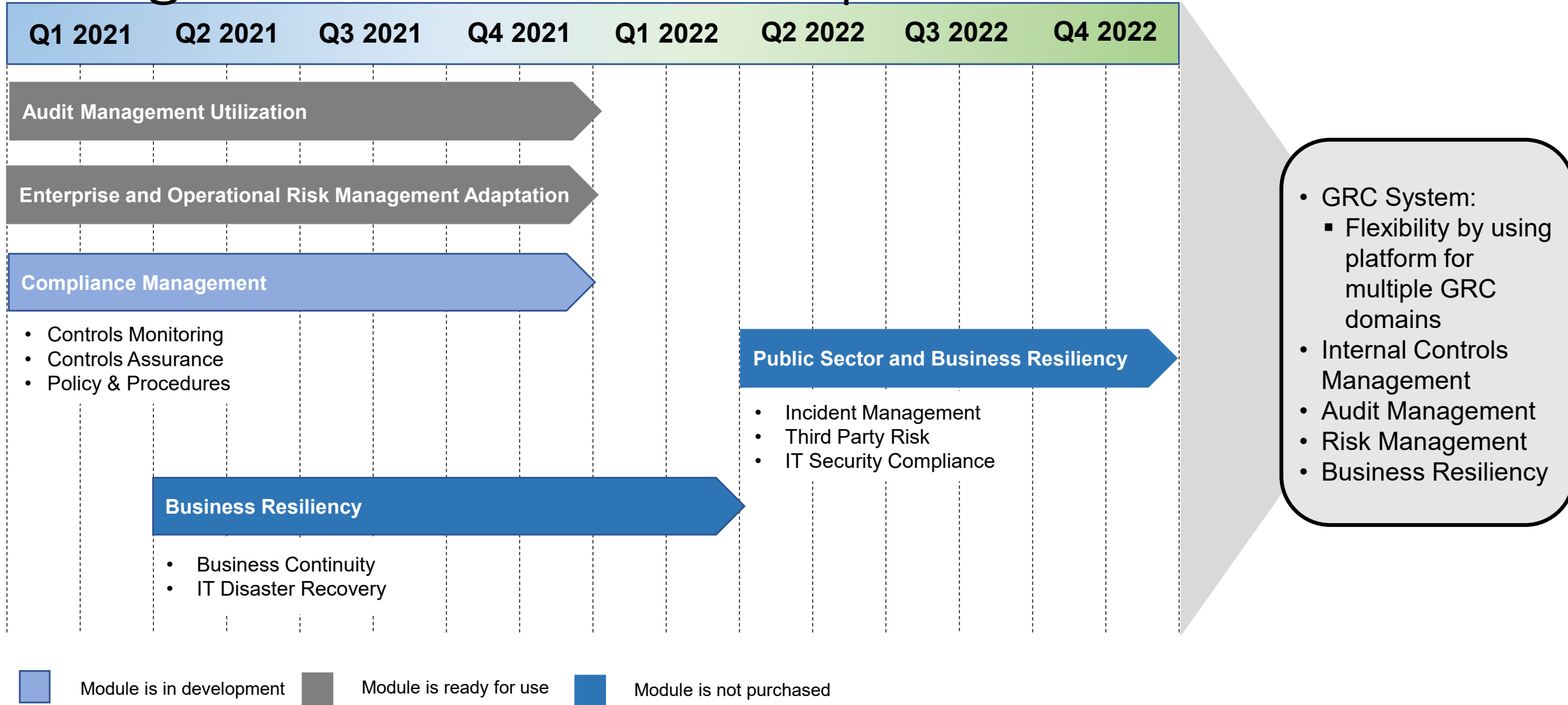
04) Enhance governance to fully integrate risk management and resilience

05) Align, complete, and maintain Business Continuity Plans and Business Impact Analysis

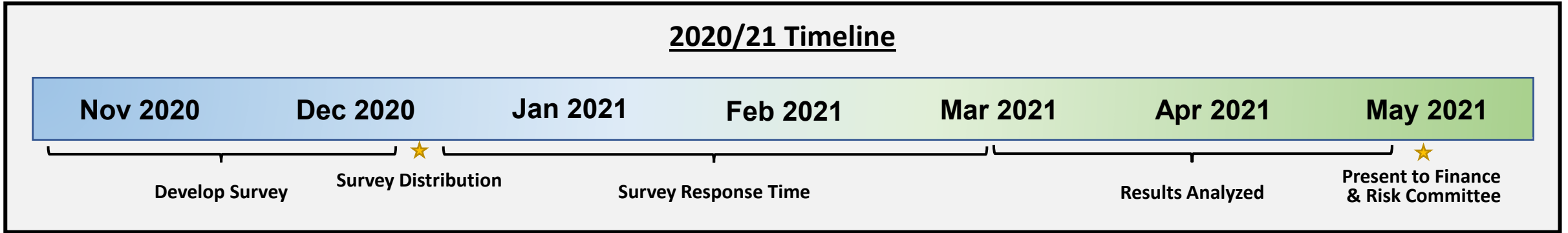
06) Provide awareness, training, and education on risk and resilience programs, processes, and practices

07) Formalize Risk Appetite Statement for approval by NYPA leadership and Board of Trustees

# High-Level eGRC Roadmap

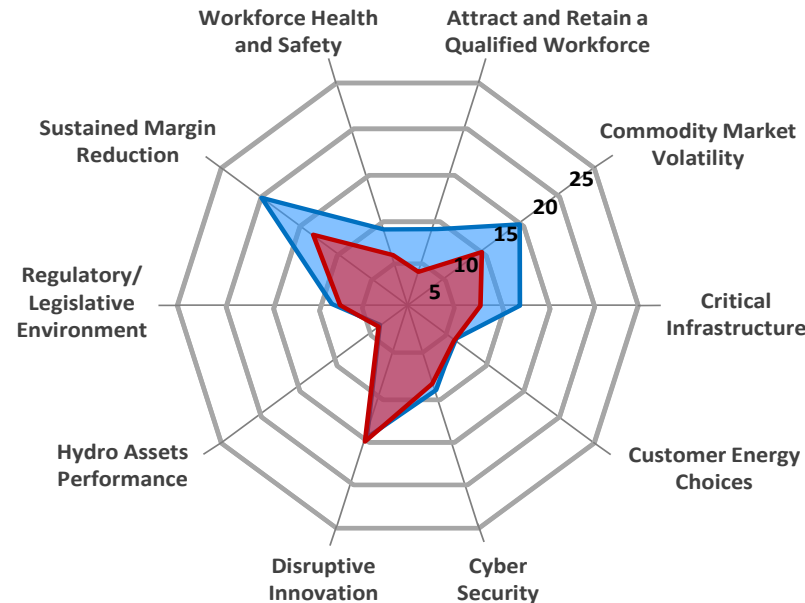


# NYPA Enterprise Risk Assessment



The Enterprise Risk Assessment **scope** includes:

- Validation or refinement of:
  - 175+ existing risks drivers
  - 225+ existing controls
  - 50+ future mitigation plans
- Identification and commenting on emerging or evolving risks



The Enterprise Risk Assessment **participants** include:

- 8 Business Units
- 28 Departments
- 80 Subject Matter Expert Participants





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# **Chief Financial Officer Report**

**Adam Barsky**

**EVP & Chief Financial Officer**

**March 18, 2021**

# YEAR-TO-DATE ACTUALS THROUGH FEBRUARY 28<sup>th</sup>

## YTD ACTUALS (JANUARY-FEBRUARY 2021)

In \$ Thousands	2021 Budget (\$)	2021 Current (\$)	Variance (\$)	
<b>Net Operating Income</b>				
Operating Revenue				
Customer Revenue	\$294,756	\$280,739	(\$14,016)	
Market-Based Power Sales	87,197	80,441	(6,756)	
Non Utility Revenue	3,228	3,381	153	
Ancillary Service Revenue	4,950	6,447	1,497	
NTAC and Other	42,605	43,232	627	
<b>Operating Revenue Total</b>	<b>432,735</b>	<b>414,240</b>	<b>(18,495)</b>	
Operating Expense				
Purchase Power	(119,113)	(105,338)	13,775	
Ancillary Service Expense	(10,344)	(8,278)	2,066	
Fuel Consumed	(34,616)	(32,402)	2,214	
Wheeling	(88,826)	(92,431)	(3,604)	
Operations & Maintenance	(94,222)	(82,281)	11,940	
Other Expense	(21,973)	(25,799)	(3,825)	
Allocation to Capital	10,284	5,528	(4,756)	
<b>Operating Expense Total</b>	<b>(358,810)</b>	<b>(341,000)</b>	<b>17,810</b>	
<b>EBIDA Total</b>	<b>73,925</b>	<b>73,240</b>	<b>(685)</b>	<b>(685)</b>
<i>EBIDA NYPA</i>	<i>87,098</i>	<i>85,562</i>	<i>(1,535)</i>	
<i>EBIDA Canals</i>	<i>(13,173)</i>	<i>(12,322)</i>	<i>850</i>	
<b>Non Operating</b>				
Interest and Other Expenses				
Interest & Other Expenses	(22,874)	(20,515)	2,359	
Investment and Other Income	3,203	1,628	(1,575)	
Mark to Market Adjustments	0	1,124	1,124	
Depreciation	(43,062)	(44,034)	(972)	
<b>Interest and Other Expenses Total</b>	<b>(62,733)</b>	<b>(61,797)</b>	<b>936</b>	
<b>NET INCOME</b>	<b>\$11,192</b>	<b>\$11,443</b>	<b>\$251</b>	<b>\$251</b>

EBIDA: Earnings Before Interest Depreciation & Amortization



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**Date:** March 18, 2021

**To:** THE FINANCE AND RISK COMMITTEE

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

**Subject:** Release of Funds in Support of the  
New York State Canal Corporation

### SUMMARY

The Trustees will be requested at their March 30, 2021 meeting to authorize the release of an additional up to \$22.9 million in funding to the New York State Canal Corporation ("Canal Corporation") to support the operations of the Canal Corporation in calendar year 2021. The amount requested is 25% of the Canal Corporation's 2021 O&M Budget.

The Finance and Risk Committee is requested to recommend to the Trustees the release of this additional funding.

### BACKGROUND

The Authority has been authorized to provide financial support for the Canal Corporation. See, e.g., Public Authorities Law § 1005-b(2). However, certain expenditures associated therewith do not constitute Capital Costs or Operating Expenses ('Operating Expenses') as defined in the Authority's General Resolution Authorizing Revenue Obligations dated February 24, 1998, as amended and supplemented ('Bond Resolution'). Expenditures for the Canal Corporation's operating purposes that do not constitute Capital Costs or Operating Expenses must satisfy the requirements of the Authority's Bond Resolution relating to the release of funds from the trust estate created by the Bond Resolution for lawful corporate purposes. In addition, as set forth in the Trustees' Policy Statement dated May 24, 2011, a debt service coverage ratio of 2.0 is to be used as a reference point in considering any such release of funds.

The Bond Resolution permits the Authority to withdraw monies 'free and clear of the lien and pledge created by the [Bond] Resolution' provided that (a) such withdrawals must be for a 'lawful corporate purpose as determined by the Authority,' and (b) the Authority must determine, taking into account among other considerations anticipated future receipt of revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for (i) payment of reasonable and necessary operating expenses, (ii) an Operating Fund reserve in amounts determined by the Authority to be adequate for working capital, emergency repairs or replacements, major renewals or for retirement from service, decommissioning or disposal of facilities, (iii) payment of, or accumulation of a reserve for payment of, interest and principal on senior debt or (iv) payment of interest and principal on subordinate debt.

Under the Bond Resolution, Capital Costs (which includes capital costs related to the Canal Corporation) may be paid without satisfying the provision described above.

## DISCUSSION

With this authorization, the Trustees will have authorized the release of a cumulative \$45.8 million, an amount equal to 50% of the Canal Corporation's 2021 O&M Budget. With regard to Canal Corporation's operating expenses in excess of \$91.6 million in calendar year 2021, staff is not requesting any action at this time, but will return to the Board to request additional releases as needed.

Staff has reviewed the effect of releasing up to an additional \$22.9 million in funding at this time on the Authority's expected financial position and reserve requirements. In accordance with the Board's Policy Statement adopted May 24, 2011, staff calculated the impact of this release, together with the last 12 months releases including (i) the release of \$30 million in Recharge New York Discounts for 2020, (ii) the release of up to \$91.0 million in Canal-related operating expenses for 2020, (iii) the release of up to \$2 million in Western NY Power Proceeds net earnings, and (iv) the release of up to \$1 million in Northern NY Power proceeds net earnings, on the Authority's debt service coverage and determined it would not fall below the 2.0 reference level. Based on the Authority's Four-Year Budget and Financial Plan, the 2.0 reference point level is forecasted to be met at each year-end of the forecast period 2021-2024. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to release such amounts from the trust estate created by the Bond Resolution consistent with the terms thereof.

## FISCAL INFORMATION

Staff has determined that sufficient funds are available in the Operating Fund to release an additional up to \$22.9 million in funding to support the operation of the Canal Corporation in calendar year 2021. Staff has further determined that the amounts presently held in reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution and that such Authority funds are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution.

The expenses associated with the operations of the Canal Corporation for calendar year 2021 were included in the Canal Corporation's 2021 O&M Budget and the Authority's 2021 Budget.

## RECOMMENDATION

The Chief Financial Officer and the Finance and Risk Committee recommend that the Trustees authorize the release of an additional up to \$22.9 million in funding to the Canal Corporation to support the operations of the Canal Corporation in calendar year 2021. The Chief Financial Officer further recommends that the Trustees affirm that such release is feasible and advisable, that the amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution, and that the amount of up to \$22.9 million is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution.

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

Gil C. Quiniones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, That the Finance and Risk Committee recommends that the Trustees authorize the release of an additional up to \$22.9 million in funding to the Canal Corporation to support operations of the Canal Corporation in calendar year 2021, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm the amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution, that the amount of up to \$22.9 million in funding as described in the foregoing report is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented, and that the release of such amount is feasible and advisable; and be it further

RESOLVED, That Finance and Risk Committee recommends that the Trustees affirm that as a condition to making the payments specified in the foregoing report, on the day of such payments, the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm that the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Corporate Secretary, the Treasurer and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents that they, or any of them, may deem necessary or advisable to effectuate the

foregoing resolution, subject to approval as to the form thereof by the Executive Vice President and General Counsel.





**Date:** March 18, 2021

**To:** THE FINANCE AND RISK COMMITTEE

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

**Subject:** St. Lawrence-FDR Power Project  
Water Ball Replacement Project  
Capital Expenditure Authorization Request and Contract Award

**SUMMARY**

The Trustees will be requested at their March 30, 2021 meeting to authorize capital expenditures in the amount of \$9,041,540, for the St. Lawrence-FDR Power Project ("STL") Water Ball Replacement Project ("Project").

Capital expenditures in the amount of \$2,377,792 were previously approved by the President and Chief Executive Officer bringing the total estimated Project cost to \$11,419,315.

The Trustees will also be requested to approve the award of a three-year construction services contract to Con Tech Building Systems, Inc. ("Con Tech") of Gouverneur, NY in the amount of \$4,908,292.60 for fabrication and installation of a new water tower.

The Finance and Risk Committee is requested to recommend to the Trustees to approve the aforementioned capital expenditures and contract award.

**BACKGROUND**

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require Trustee approval.

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

Additionally, in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts exceeding \$6 million requires Trustee approval.

The existing water ball is original to STL and was custom designed to fit the needs of the Authority at that time. The original purpose of the water ball was to provide head pressure for the fire protection systems for STL. The original design incorporated a heating system that included two fuel oil low-pressure boilers and equipment in an adjoining boiler house to prevent the water from freezing. The boilers were replaced several years ago as a separate project.

Since original construction, the intended use of the water ball has changed. Currently, the water ball not only supports the fire protection systems, but also acts as a contact chamber for the STL's potable water which is pumped from the intake at the dam to the water ball and circulated back to the dam and other areas. The boilers continue to be for freeze protection, however, based on recent inspections, are very inefficient, burning thousands of gallons of fuel oil per year, which require daily maintenance.

Boiler maintenance has continued to increase and the corrosion on the support structure at the top of the ball has continued to worsen. Based on several inspections and analyses looking at different options, the recommendation is to replace the existing water ball with a new water tower that will require significantly less maintenance in future years.

This Project will provide STL with a new water tower for fire protection and potable water. The scope of work under this contract is for the installation of a new glass-lined elevated water tower and ancillary equipment, demolition of the existing boiler house and water ball, new electric service, and site work. The excavation work has been reviewed and previously approved by the Federal Energy Regulatory Commission. This new tower will eliminate the need for a fuel oil boiler house that currently provides heating for the existing water ball.

## DISCUSSION

A Request for Proposal ("RFP"), Inquiry No. Q20-7075DKT, was issued through the Authority's Ariba system and was advertised in the NYS *Contract Reporter* on November 5, 2020. A total of eleven (11) firms were invited into the Ariba Event with fifty-six (56) firms having viewed the RFP on the Strategic Supply Management's website. Two (2) proposals were received through Ariba on January 7, 2021. Bidders and their corresponding initial unevaluated bid pricing are set forth below:

<b>Bidder</b>	<b>Location</b>	<b>Unevaluated Bid Amount</b>
Con Tech Building Systems, Inc.	Gouverneur, NY	\$4,908,292.60
Perras Excavating, Inc.	Massena, NY	\$6,542,532.00

Five (5) addenda were issued requesting additional, detailed information and addressing bidders' questions.

The Evaluation Committee, comprised of representatives from Strategic Supply Management, Engineering, Site Operations, Quality Assurance, Environmental, Health and Safety, Project Management, and Program Controls, reviewed and evaluated the proposals based on the evaluation criteria established in the RFP which included: best value, proposal completeness, technical capabilities, ability to meet the schedule, experience in performing similar work, and safety records.

The RFP event was also reviewed for compliance with the New York Buy American Act. The proposals are compliant with the New York Buy American Act and Minority and Women-Owned Business Enterprise requirements; however, Con Tech requested a waiver for the SDVOB goal requirement set forth in the contract documents.

Con Tech was determined to be the "best value" bidder. Their proposal included a complete project approach, demonstrated their knowledge of the scope of work and their capability of completing work in accordance with the required schedule. Con Tech and their team have more than 20 years' experience in water tower construction and demolition. Upon extensive review, interviews, and discussions with Con Tech and their subcontractors, Con Tech has demonstrated

the technical capability and manufacturing expertise that is required for this project. This best value proposal also provides the most competitive pricing for this application.

Capital expenditures in the amount of \$2,377,792 was previously approved in March 2018 for preliminary engineering and engineering/design. This capital expenditure request is comprised of the following:

Preliminary Engineering/Licensing	(\$218,406)
Engineering/Design	\$128,921
Procurement	\$0
Construction/Installation	\$6,598,825
Project Closeout	\$60,000
<u>Authority Direct and Indirect Expenses</u>	<u>\$2,472,200</u>
TOTAL	\$9,041,540

#### FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund.

#### RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve capital expenditures in the amount of \$9,041,540, and a three-year construction services contract in the amount of \$4,908,292.60 to Con Tech Building Systems, Inc. of Gouverneur, NY for the St. Lawrence-FDR Power Project Water Ball Replacement Project

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

Gil C. Quiniones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, That the Finance and Risk Committee recommends that the Trustees authorize capital expenditures in the amount of \$9,041,540 for the St. Lawrence-FDR Power Project – Water Ball Replacement Project in accordance with, and as recommended in, the foregoing memorandum of the President and Chief Executive Officer.

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the St. Lawrence-FDR Power Project – Water Ball Replacement Project.

<b><u>Capital</u></b>	<b><u>Expenditure Authorization</u></b>
St. Lawrence-FDR Power Project	\$9,041,540
Water Ball Replacement Project	

AND BE IT FURTHER RESOLVED, That the Finance and Risk Committee recommends that the Trustees, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, approval is hereby granted to award a three-year contract to Con Tech Building Systems, Inc. of Gouverneur, NY, in the amount of \$4,908,292.60 for construction services to complete the aforementioned project as recommended in the foregoing memorandum of the President and Chief Executive Officer;

<b><u>Contractor</u></b>	<b><u>Contract Approval</u></b>
Con Tech Building Systems, Inc. Gouverneur, NY (Q20-7075DKT)	<u>\$4,908,292.60</u>



**Date:** March 18, 2021

**To:** THE FINANCE AND RISK COMMITTEE

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

**Subject:** Transmission and Substation Engineering 2021-2031  
RFP Inquiry No.: Q20-7096CC  
Recommendation to Propose Award to Trustees

### SUMMARY

Your concurrence/approval is requested to award competitively bid contracts related to Q20-7096CC (Transmission and Substation Engineering) over a ten (10) year term. The proposed Contracts are to be awarded to the following firms AECOM Power E&C, Inc. dba United E&C, Inc of Piscataway, NJ; Black & Veatch Corporation of Overland Park, KS; Burns & McDonnell Consultants, PC of Kansas City, MO; ECI Engineering Services, PC of Billings, MT; Mott Macdonald NY of Iselin, NJ; and POWER Engineers Incorporated of Hailey, ID in the aggregate amount of \$100,000,000 (one hundred million dollars).

In accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures ("EAPs"), the award of personal services contracts in excess of \$2,000,000 and/or for a term in excess of one (1) year requires Trustee approval. Accordingly, approval of this contract award will be presented to the Trustees for their approval at the March 30, 2021, meeting.

In order to meet upcoming project schedules interim approval to issue a Request for Proposal was granted on March 9, 2021 and approved by the Chief Operating Officer.

### BACKGROUND

On-call contracts with a 5-year duration were put in place in 2016 to provide On-call Engineering services for transmission and substation assets in the aggregate amount of \$25M. These contracts are due to expire in August 2021.

This contract has been scoped such that it aligns with the goals of NYPA's VISION2030 to support Transmission Expansion as well as New York State's ambitions to be carbon-neutral by 2050. These large transmission projects often take in excess of 5-years to complete from planning to energization. Previous contracts of a similar nature have only been for a 5-year duration, leading to a loss of productivity and continuity for these types of projects as renewal of contracts can be necessary in the middle of the project. This contract will be awarded for ten (10) years to further VISION 2030, provide more cohesive project teams, and keep project efficiency high.

The Authority issued a Request for Proposal, No. Q20-7096CC, via Ariba e-sourcing which advertised in the New York State Contract Reporter on November 24, 2020. Twenty-nine (29) firms/entities submitted proposals. Evaluation of the proposals was performed by a multi-functional team (Evaluation Committee) comprised of Project Management (PM), Engineering and Strategic Supply Management (SSM).

## DISCUSSION

Consistent with the Authority's Procurement Guidelines and as specified in the RFP, the proposals were evaluated on the basis of relevant criteria, including capability; experience; scope conformity; safety; ability/availability; licenses/certifications; pricing; ability to meet diversity goals; references; and whether the bidder took exceptions to the Authority's contract terms and conditions. The proposals were given a score based on each of the criteria described above and then ranked. Based on experience with managing the previous on-call contracts, the Evaluation Committee decided on awarding to a minimum of four firms and a maximum of six firms.

Seven firms were invited to give presentations to the Evaluation Committee between February 8, 2021 and February 22, 2021. All firms were given the same format to be used for their presentations ahead of presenting in front of the committee, which included:

- Overview of Substation Experience – including relevant East Coast and NYPA projects
- Overview of Transmission Experience – including relevant East coast and NYPA projects
- NYISO, NPCC and IEC 61850 Experience
- Key staff members
- How can your company provide NYPA with exceptional service
- Availability to support NYPA, either through co-location at the Authority's White Plains Office or job sites (when safe to do so)

Of the seven presentations, six were selected by the evaluation committee based on a strong demonstration in each of the categories above. These were: AECOM Power E&C, Inc. dba United E&C, Inc, Black & Veatch Corporation, Burns & McDonnell Consultants, ECI Engineering Services, PC, Mott Macdonald NY, and POWER Engineers Incorporated.

## FISCAL INFORMATION

Funding will be allocated as projects are assigned based on each firms' performance and workload, subject to the Approval Limits for Execution of Commitments in the Authority's Expenditure Authorization procedures.

## RECOMMENDATION

Based on the foregoing, it is recommended that the Finance and Risk Committee recommend to the Trustees the award of on-call contracts, related to RFP Q20-7096CC, to each of the following firms: AECOM Power E&C, Inc. dba United E&C, Inc of Piscataway, NJ; Black & Veatch Corporation of Overland Park, KS; Burns & McDonnell Consultants, PC of Kansas City, MO; ECI Engineering Services, PC of Billings, MT; Mott Macdonald NY of Iselin, NJ; and POWER Engineers Incorporated of Hailey, ID. The award is recommended for an aggregate amount of \$100,000,000 over a term of ten (10) years.

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

Gil C. Quiniones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, That the Finance and Risk Committee recommends that the Trustees authorize the President and Chief Executive Officer, the Chief Operating Officer, and officers designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority, and the following firms:

- AECOM Power E&C, Inc. dba United E&C
- Black & Veatch Corporation
- Burns & McDonnell Consultants
- ECI Engineering Services
- Mott Macdonald NY
- POWER Engineers Incorporated

Such agreements having such terms and conditions as the executing officer may approve, subject to the approval of the form thereof by the Executive President and General Counsel, to facilitate the implementation of Transmission and Substation Engineering services in the support of the Authority's capital improvement programs.





**Date:** March 18, 2021

**To:** THE FINANCE AND RISK COMMITTEE

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

**Subject:** Robert Moses Unit Substation Replacement Project  
Capital Expenditure Authorization Request and Contract Award

### SUMMARY

The Trustees will be requested at their March 30, 2021 meeting to approve capital expenditures in the amount of \$19.1 million and approve the award of a five-year non-personal services contract in the amount of \$12.06 million to Eaton Corporation ("Eaton") of Warrendale, PA for the Robert Moses Unit Substation Replacement Project (the "Project"). Interim funding in the amount of \$200,000 was previously approved by the Chief Operating Officer in January 2021, to allow for project initiation and to maintain schedule.

Capital Expenditures in the amount of \$400,000 for preliminary engineering and planning were previously approved by the President and Chief Executive Officer in September 2020, bringing the total estimated Project cost to \$19.5 million.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of the aforementioned capital expenditures and contract award.

### BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts requires Trustee approval for procurement contracts involving services to be rendered for a period in excess of one year. Additionally, in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts exceeding \$6 million requires Trustee approval.

The Robert Moses Power Plant ("RMPP") is equipped with 13 unit substations that provide 480VAC power to the RMPP generating unit's auxiliary equipment. All of the auxiliary equipment for each generating unit is fed from one unit substation reserved for that unit which is critical to the generating unit's operation and reliability.

The existing unit substations are original to the plant and are at the end of their life cycle, and there are operational reliability issues with the breakers, which has caused unplanned outages. The original manufacturer no longer supports or provides replacement parts for this equipment. Over \$100,000 is being spent each year on Operations & Maintenance activities for unit upkeep. In addition, the current system is not arc flash compliant and poses a safety concern. The new switchgear design will improve safety for Niagara personnel operating the equipment by including an arc flash compliant design with proven arc flash mitigation strategies.

The scope of work under this contract includes design, procurement, fabrication, delivery, removal of existing, and installation of thirteen new unit substations. The Project is forecasted for completion by 2025.

## DISCUSSION

A Request for Proposal (“RFP”) Inquiry No. Q20-7031BS was issued through the Authority’s Ariba system and was advertised in the NYS *Contract Reporter* on September 11, 2020. A total of forty-three (43) firms were invited into the Ariba Event with one hundred fifty-two (152) firms having viewed the RFP on the Strategic Supply Management website. Five (5) proposals were received through Ariba on October 29, 2020. The list of Bidders and their corresponding bid pricing are as follows:

<b>Company</b>	<b>Location</b>	<b>Bid Amount</b>
<b>Burns &amp; McDonnell</b>	Kansas City, MO	\$13,149,228.24
<b>E-J Electric Installation Co.</b>	Long Island City, NY	\$12,079,770.00
<b>Eaton Corporation</b>	Warrendale, PA	\$11,915,879.86
<b>Mass Electric Construction Co.  (“Mass”)</b>	Woodcliff Lake, NJ	\$9,545,988.00
<b>O’Connell Electric Co. Inc.  (“O’Connell”)</b>	Victor, NY	\$8,883,348.72

The Evaluation Committee, comprised of representatives from Strategic Supply Management, Engineering, Control Room Operations, Electrical Maintenance, Instrument and Control, Quality Assurance, Environmental, Health and Safety, Project Management, and Program Controls, reviewed and evaluated the proposals based on the evaluation criteria established in the RFP, which includes: best value, proposal completeness, technical capabilities, ability to meet the schedule, experience in performing this type of work, and safety records.

The RFP specification required the new switchgear to fit within the existing unit space and required the use of existing conduits without structural modifications. The Evaluation Committee did not consider Mass and O’Connell’s proposals further due to safety concerns and inability to meet the switchgear size requirements.

Eaton was determined to be the best value based on their strength of experience, a well thought-out project execution plan, high quality arc flash mitigation strategies, ability to address the Authority’s requirements and expectations, and best value proposal.

Requirements for Minority and Women Business Enterprise (“MBE” and “WBE”) and Service-Disabled Veteran-Owned Business (“SDVOB”) were addressed and agreed upon, which are as follows:

- MBE: 3%
- WBE: 4%
- SDVOB: 3%

An additional lump sum amount of \$143,220 is included in the recommended award amount for spare parts anticipated over the term of the contract.

Capital expenditures in the amount of \$400,000 were previously approved in September 2020 for preliminary engineering. The remaining capital expenditure authorization request is comprised of the following:

Preliminary Eng./Licensing	\$0
Engineering/Design	\$787,500
Procurement	\$0
Construction/Installation	\$14,683,300
Project Closeout	\$300,000
<u>Authority Indirect and Direct Expenses</u>	<u>\$3,348,500</u>
TOTAL	\$19,119,300

#### FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund.

#### RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve capital expenditures in the amount of \$19.1 million and a five-year non-personal services contract in the amount of \$12,060,000 to Eaton Corporation of Warrendale, PA for the Robert Moses Unit Substation Replacement Project.

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

Gil C. Quiniones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, That the Finance and Risk Committee recommends that, pursuant to the Authority's Capital Planning and Budgeting Procedures, the Trustees approve capital expenditures in the amount of \$19.1 million for the Robert Moses Unit Substation Replacement Project in accordance with, and as recommended in, the forgoing memorandum of the President and Chief Executive Officer;

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Robert Moses Unit Substation Replacement Project;

<b><u>Capital</u></b>	<b><u>Expenditure Authorization</u></b>
Robert Moses Unit Substation Replacement Project	<u>\$19,119,300</u>

RESOLVED, That the Finance and Risk Committee recommends that the Trustees, pursuant to the Guidelines for Procurement adopted by the Authority and the Authority's Expenditure Authorization Procedures, approval is hereby granted to award a five-year non-personal services contract to Eaton Corporation in the amount of \$12,060,000 for the design, manufacture, delivery, and construction of the Robert Moses Unit Substation Replacement Project;

<b><u>Contractor</u></b>	<b><u>Contract Approval</u></b>
Eaton Corporation Warrendale, PA (RFP # Q20-7031BS)	<u>\$12,060,000</u>



**Date:** March 18, 2021  
**To:** THE FINANCE AND RISK COMMITTEE  
**From:** THE PRESIDENT and CHIEF EXECUTIVE OFFICER  
**Subject:** Advanced Research Services Contract Award

### SUMMARY

The Finance Committee is requested to recommend to the Trustees the award of six competitively bid personal services contracts for Advanced Research Services to UCHICAGO Argonne, LLC (Argonne National Laboratory) of Washington D.C, Brookhaven National Laboratory of Upton, New York, Idaho National Laboratory of Idaho Falls, Idaho, National Renewable Energy Laboratory of Golden, Colorado, Pacific Northwest National Laboratory of Richland, Washington and Sandia Laboratory of Albuquerque, New Mexico for a total authorization amount of \$10 million for a five-year term effective April 1, 2021 through March 31, 2026.

### BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustee approval of procurement contracts involving services to be rendered for a period in excess of one year. Also, in accordance with the Authority's Expenditure Authorization Procedures, the award of personal services contracts in excess of \$6 million require the Trustee approval.

The Authority is seeking to establish a group of qualified research partners ("Research Partners") to provide, on as needed basis, various technology, computing, policy, science, security, engineering and/or other advanced research services. The Authority and each of the Research Partners will agree on a master framework agreement ("Value Contract") under which any subsequent Request(s) for Proposal ("RFP"), scope(s) of work and/or Project would be contracted and awarded.

### DISCUSSION

#### Construction Contractor RFQ, RFP and Contract Awards

On October 26, 2020, the Authority published Request for Qualifications (RFQ) for Advanced Research Services in the NY State *Contract Reporter* and on its website, [nypa.gov](http://nypa.gov). Nine Statement of Qualification (SOQ) responses were received in response to this RFQ. The Evaluation Committee included members from Research & Development, Digital Transformation

Office, Business Resiliency, Agile Laboratory, Critical Secure Services and Strategic Supply Management.

Respondents were requested to satisfactorily demonstrate that they have the necessary technical experience, qualifications, facilities, capabilities, and resources to provide such technology, computing, policy, science, security, engineering, and other advanced research services.

The Respondents' statements of qualification (SOQ) were reviewed and evaluated against the following criteria:

- Capabilities & Qualifications: Respondent's background, industry accreditations, availability of resources, general scope of services and capabilities
- Project History, Experience & Expertise: Respondent's expertise and experience with successfully executing similar projects
- Work and Project Management Practices
- Responsiveness to the RFQ instructions and requirements

### FISCAL INFORMATION

Funding for the Authority's Advanced Research Services is from the Authority's operating and maintenance (O&M) funds.

### RECOMMENDATION

It is requested that the Finance Committee recommend to the Trustees the award of six personal services contracts for Advanced Research Services to UCHICAGO Argonne, LLC (Argonne National Laboratory) of Washington D.C, Brookhaven National Laboratory of Upton, New York, Idaho National Laboratory of Idaho Falls, Idaho, National Renewable Energy Laboratory of Golden, Colorado, Pacific Northwest National Laboratory of Richland, Washington and Sandia Laboratory of Albuquerque, New Mexico for a total authorization amount of \$10 million for a five-year term through March 31, 2026.

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

Gil C. Quinones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, That the Finance Committee recommends that the Trustees, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, award five-year contracts to UCHICAGO Argonne, LLC (Argonne National Laboratory) of Washington D.C, Brookhaven National Laboratory of Upton, New York, Idaho National Laboratory of Idaho Falls, Idaho, National Renewable Energy Laboratory of Golden, Colorado, Pacific Northwest National Laboratory of Richland, Washington and Sandia Laboratory of Albuquerque, New Mexico for a total authorization amount of \$10 million to provide Advanced Research Services for the Authority.

<u>Contractor</u>	<u>Contract Amount</u>
Argonne National Laboratory Washington D.C	\$10,000,000
Brookhaven National Laboratory Upton, New York	
Idaho National Laboratory Idaho Falls, Idaho	
National Renewable Energy Laboratory Golden, Colorado	
Pacific Northwest National Laboratory Richland, Washington	
Sandia National Laboratory Albuquerque, New Mexico	



**Date:** March 18, 2021

**To:** THE FINANCE AND RISK COMMITTEE

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

**Subject:** Product, Customer Experience and Marketing Services Agreement Contract Award

**SUMMARY**

The Trustees will be requested at their March 30, 2021 meeting to approve the award of competitively bid consulting contracts to the twenty-eight firms listed below, for a period of five years and in the aggregate of \$16 million. These will support the delivery of VISION2030. The selected firms, individually or as a group, will assist the Authority in expanding its product, customer experience, marketing, and corporate communications capabilities across multiple disciplines.

The Finance Committee is requested to recommend that the Trustees approve the selected firms for the stated purpose.

**BACKGROUND**

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustee approval for procurement contracts involving services to be rendered for a period in excess of one year. Additionally, in accordance with the Authority's Expenditure Authorization Procedures, the award of personal services contracts exceeding \$2 million requires Trustee approval.

To deliver VISION2030 quickly and flexibly, the Authority issued a Request for Proposals ("RFP") No. Q20-7005JW to solicit proposals from qualified firms interested in supporting the Authority's product, customer experience, marketing, and corporate communications needs. VISION2030 incorporates a strong focus on the customer. As the energy market becomes more complex, the Authority intends to be a leader in guiding its customers to 100% clean energy. The Authority is strengthening its customer experience, corporate communications, digital customer engagement, customer insights, corporate and product marketing, and product development capabilities. As such, the Authority is seeking firms who excel across, or in niche areas, these capabilities that will enable the Authority to launch projects and initiatives quickly and flexibly.



## DISCUSSION

The RFP for Product Customer Experience and Marketing Services was issued via Ariba and was advertised in the New York State Contract Reporter on November 12, 2020. One hundred ten (110) suppliers are listed as having viewed the event notice on the Authority's SSM website, of which five (5) suppliers were duplicates. Sixty-nine (69) suppliers were listed as having been invited to or requested to participate in the Ariba Event. Forty (40) "rates only" proposals were received electronically via Ariba and were evaluated.

The Authority seeks firms to support these efforts that will enable the organization to launch projects and initiatives quickly and flexibly. As such, expertise is sought in one or more of the following ten (10) Service Areas:

1. Customer Experience Strategy & Implementation
2. Market, Customer Strategy and Research
3. Analytics & Marketing Technology
4. Product Strategy / Product Management
5. Marketing / Brand Strategy / Creative Development
6. Digital and Websites
7. Social Media
8. Events & Conferences
9. Corporate Communications / Public Relations
10. Other Services

As part of their proposals, bidders were asked to submit a checklist indicating which of the ten (10) Services Areas they intended to be evaluated for.

The evaluation team included members from Marketing & Product Development, Corporate Communications, Business & Project Development, Community Affairs, E-mobility, and Strategic Supply Management. Any/all MWBE or related goals will be addressed in the scopes of work that will be assigned after contracts are awarded:

Authority staff reviewed each proposal, taking into consideration several criteria, including quality of submission, demonstration of qualifications, experience and expertise, demonstration of subject matter expertise or ability to apply expertise from other industries, quality and relevance of case studies and/or work samples, M/WBE status and pricing (rates). After individual evaluations were complete, scores were compiled and averaged. Firms were ranked and the top seven (7) scoring firms for each Service Area are recommended for award. When compiled, twenty-eight (28) firms are recommended for award based on the evaluation results. MBE and WBE commitments for suppliers are 10%. Eight (8) firms are MWBEs: Essence Partners Inc. Factory 360 Inc, Sinclair Social, Arch Street Communications Inc., BBG&G Marketing, Jodi Ackerman Frank, Marketsmith Inc., Stragility LLC.

After determining the recommendation list, members of the Evaluation Committee reviewed the proposed rates to ensure there was an acceptable range of rates to meet the anticipated needs for specific Service Areas. As a result of considerably lower proposed rates two (2)

additional firms are recommended for award. These are denoted by an asterisk (\*) in the recommendation table below. In total, twenty-eight firms (28) firms are recommended for award.

	Supplier	Location
1	Accenture LLP	Walnut Creek, CA
2	Arch Street Communications, Inc.	Tarrytown, NY
3	BBG&G Advertising, Inc.	Campbell Hall, NY
4	Cherissa Adams*	Austin, TX
5	Deloitte Consulting, LLP	Hermitage TN
6	Ernst & Young U.S. LLP	Sacaucas NJ
7	Essence Partners, Inc.	New York, NY
8	Factory 360, Inc.	Hollywood FL
9	FirstInLine Media LLC	Brooklyn, NY
10	Fuseideas, LLC	Winchester MA
11	Guidehouse, Inc.	Chicago, IL
12	ICF Resources, LLC	Fairfax, VA
13	Jodi Ackerman Frank	Argyle, NY
14	Kivvit, LLC	Chicago, IL
15	Lowe and Partners Worldwide, Inc. dba Campbell Ewald New York	Omaha, NE
16	Marketsmith, Inc.	Cedar Knolls, NJ
17	McKinsey and Company, Inc. Washington D.C.	Washington, D.C.
18	MWW Group, LLC	East Rutherford, NJ
19	Nexant, Inc.	San Francisco Ca
20	PA Consulting Group, Inc.	Boston, MA
21	Sapient Corporation d/b/a Publicis Sapient	Boston, MA

22	Sinclair Prints & Poseys, Inc.	Flushing, NY
23	Stragility, LLC	Slingerlands, NY
24	Strategy Muse, Inc.	Los Angeles, CA
25	Submersive Media, LLC*	New York, NY
26	The Cadmus Group LLC	Waltham, MA
27	The Visual Brand LLC	Westport, CT
28	West Monroe Partners, LLC	Chicago, IL

### FISCAL INFORMATION

There is no fiscal impact associated with this selection of a prequalified pool of firms. Any assignments will be subject to the Authority's Expenditure Authorization Procedures and consistent with the annual budget approvals.

### RECOMMENDATION

It is requested that the Finance Committee recommend to the Trustees to approve that five-year term value contracts be awarded to the to the following twenty-eight (28) firms for Product, Customer Experience and Marketing Services.

	Supplier	Location
1	Accenture LLP	Walnut Creek, CA
2	Arch Street Communications, Inc.	Tarrytown, NY
3	BBG&G Advertising, Inc.	Campbell Hall, NY
4	Cherissa Adams*	Austin, TX
5	Deloitte Consulting, LLP	Hermitage TN
6	Ernst & Young U.S. LLP	Sacaukas NJ
7	Essence Partners, Inc.	New York, NY
8	Factory 360, Inc.	Hollywood FL
9	FirstInLine Media LLC	Brooklyn, NY
10	Fuseideas, LLC	Winchester MA

11	Guidehouse, Inc.	Chicago, IL
12	ICF Resources, LLC	Fairfax, VA
13	Jodi Ackerman Frank	Argyle, NY
14	Kivvit, LLC	Chicago, IL
15	Lowe and Partners Worldwide, Inc. dba Campbell Ewald New York	Omaha, NE
16	Marketsmith, Inc.	Cedar Knolls, NJ
17	McKinsey and Company, Inc. Washington D.C.	Washington, D.C.
18	MWW Group, LLC	East Rutherford, NJ
19	Nexant, Inc.	San Francisco Ca
20	PA Consulting Group, Inc.	Boston, MA
21	Sapient Corporation d/b/a Publicis Sapient	Boston, MA
22	Sinclair Prints & Poseys, Inc.	Flushing, NY
23	Stragility, LLC	Slingerlands, NY
24	Strategy Muse, Inc.	Los Angeles, CA
25	Submersive Media, LLC*	New York, NY
26	The Cadmus Group LLC	Waltham, MA
27	The Visual Brand LLC	Westport, CT
28	West Monroe Partners, LLC	Chicago, IL

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

Gil C. Quiniones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, That the Finance Committee recommends that the Trustees, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, award contracts in the aggregate not-to-exceed amount of \$16 million for up a term of up to five years to the following firms for Product, Customer Experience and Marketing Services.

	Supplier	Location
1	Accenture LLP	Walnut Creek, CA
2	Arch Street Communications, Inc.	Tarrytown, NY
3	BBG&G Advertising, Inc.	Campbell Hall, NY
4	Cherissa Adams*	Austin, TX
5	Deloitte Consulting, LLP	Hermitage TN
6	Ernst & Young U.S. LLP	Sacaucas NJ
7	Essence Partners, Inc.	New York, NY
8	Factory 360, Inc.	Hollywood FL
9	FirstInLine Media LLC	Brooklyn, NY
10	Fuseideas, LLC	Winchester MA
11	Guidehouse, Inc.	Chicago, IL
12	ICF Resources, LLC	Fairfax, VA
13	Jodi Ackerman Frank	Argyle, NY
14	Kivvit, LLC	Chicago, IL
15	Lowe and Partners Worldwide, Inc. dba Campbell Ewald New York	Omaha, NE
16	Marketsmith, Inc.	Cedar Knolls, NJ

17	McKinsey and Company, Inc. Washington D.C.	Washington, D.C.
18	MWW Group, LLC	East Rutherford, NJ
19	Nexant, Inc.	San Francisco Ca
20	PA Consulting Group, Inc.	Boston, MA
21	Sapient Corporation d/b/a Publicis Sapient	Boston, MA
22	Sinclair Prints & Poseys, Inc.	Flushing, NY
23	Stragility, LLC	Slingerlands, NY
24	Strategy Muse, Inc.	Los Angeles, CA
25	Submersive Media, LLC*	New York, NY
26	The Cadmus Group LLC	Waltham, MA
27	The Visual Brand LLC	Westport, CT
28	West Monroe Partners, LLC	Chicago, IL



**Date:** March 18, 2021

**To:** THE FINANCE AND RISK COMMITTEE

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

**Subject:** Northern NY Priority Transmission Project

**SUMMARY**

The Finance and Risk Committee is requested to recommend to the Trustees at their March 30, 2021 meeting that they take the following actions:

1. authorize the Authority to accept, develop and operate the Northern NY Priority Transmission Project ("NNYPTP" or "Project") as a priority transmission project under the Accelerated Renewable Energy Growth and Community Benefit Act (the "Act"); and
2. authorize the selection of Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid") as a co-participant in the development of the NNYPTP based on the Solicitation of Interest process the Authority conducted in accordance with the Act, subject to the Authority and National Grid reaching agreement on proposed terms and conditions for co-development of the NNYPTP.

**BACKGROUND**

1. Accelerated Renewable Energy Growth and Community Benefit Act

The Accelerated Renewable Energy Growth and Community Benefit Act signed into law by Governor Andrew M. Cuomo on April 3, 2020, calls for the "timely and cost-effective construction of new, expanded and upgraded distribution and transmission infrastructure as may be needed to access and deliver renewable energy resources" to achieve clean energy and environmental targets established in the Climate Leadership and Community Protection Act ("CLCPA").

The New York State Legislature found and determined in the Act that timely development of the bulk transmission investments identified as part of an overall state bulk transmission investment plan is in the public interest of the people of the State of New York. The Legislature also found and determined that the Authority owns and operates backbone electric transmission assets in New York, has rights-of-way that can support in whole or in part bulk transmission investment projects, and has the financial stability, access to capital, technical expertise and experience to effectuate expeditious development of bulk transmission investments needed to help the state meet the CLCPA targets, and thus it is appropriate for the Authority as deemed "feasible and advisable" by its trustees, by itself or in collaboration with other parties as it determines to be appropriate, to develop those bulk transmission investments found by the New York State Public Service Commission ("PSC") to be needed expeditiously to achieve CLCPA targets (hereinafter a "Priority Transmission Project" or "PTP").

The Act authorizes the Authority, through a public process, to solicit interest from potential co-participants in each PTP it seeks to develop and assess whether joint development would provide for significant additional benefits in achieving the CLCPA targets. The Authority may thereafter determine to undertake the development of the PTP on its own or undertake the PTP jointly with one or more other parties on such terms and conditions as the Authority finds to be appropriate and, notwithstanding any other law to the contrary, enter into such agreements and take such other actions the Authority determines to be necessary to undertake and complete timely development of the PTP.

## 2. Northern NY Priority Transmission Project

On July 2, 2020, the Authority and the Department of Public Service jointly filed with the PSC in Case No. 20-E-0197 a Petition “Requesting Adoption of Criteria for Guiding Evaluation of Whether a Bulk Transmission Investment Should Be Designated as a Priority Transmission Project, and for Designation of Certain Transmission Investments in Northern New York as a Priority Transmission Project” (the “Petition”).

In the Petition, the Authority requested the PSC to designate the proposed NNYPTP for designation as a Priority Transmission Project under the Act because, among other things, the Project is necessary to timely facilitate State compliance with the CLCPA targets, will result in significant production cost savings, and relieve existing congestion and curtailment of existing renewable generation in Northern New York while accommodating an additional 1,000 megawatts (“MW”) of firm transfer capability for future renewable generation growth.

The Petition indicated the NNYPTP would upgrade over 200 circuit miles of existing 230 kilovolts (“kV”) transmission infrastructure almost entirely comprising of wooden H-frames which have been in service for more than 50 years, with a combination of higher transfer capacity 230 and 345 kV infrastructure built out of tubular steel poles. More than 10 substations, most of which the Authority owns, would be modified, retired, and/or rebuilt to make system improvements to accept the revised voltage upgrades across the system. Additionally, the NNYPTP builds off the Authority’s Moses-Adirondack Smart Path Reliability Project and the Marcy to New Scotland Project to create a reinforced 345 kV transmission backbone.

The Petition contained an estimated total investment at approximately \$905 million in 2019 dollars (this estimate does not include escalation or all anticipated overheads). The Authority’s estimated investment is expected to be approximately 55% of the total project costs. The NNYPTP’s benefits will include approximately 7.5 terawatt-hours of avoided renewable curtailments annually, starting in 2025, and production cost savings of approximately \$99 million per year, resulting in a project net present value of approximately \$1.05 billion over a twenty-year period. Counting only production cost savings, the NNYPTP is expected to have a positive benefit/cost ratio.

The NNYPTP’s expected environmental and congestion relief benefits are even more substantial than the production cost savings with over 1.16 million tons of CO<sub>2</sub> emissions avoided annually on a statewide basis, and an annual reduction of approximately 160 tons of NO<sub>x</sub> emissions from downstate emissions sources, providing a significant air quality benefit to New York City-area residents. Finally, the Authority estimates the Project would result in over \$447 million in annual congestion savings in northern New York by eliminating the need to dispatch higher cost electrical generation when transmission is constrained.

By an order issued October 15, 2020, the PSC adopted criteria for determining future PTPs and approved the NNYPTP as a Priority Transmission Project under the Act. In the Order, the PSC also determined, among other things, that the State’s investments in renewable



generation in the northern region of the State are not being fully realized due to transmission limitations, a significant amount of existing renewable generation is subject to curtailment because of such limitations, and that there is a reasonable expectation that additional renewables already planned for the northern region will be benefitted by the Project, adding to the Project's overall benefits and supporting progress towards CLCPA targets.

### 3. Solicitation of Interest and Evaluation

On October 30, 2020, the Authority issued a public Solicitation of Interest ("SOI") to solicit interest from potential co-participants for possible co-development of the NNYPTP. The SOI invited interested parties, with the ability to bring tangible benefits to the NNYPTP and facilitate its expeditious development and completion, to respond. Tangible benefits could include without limitation:

- Entities who possess ownership or control of real property and/or transmission facilities that can be used to advance the NNYPTP.
- Entities who have a demonstrable track record relating to development, maintenance or operation of major transmission projects.
- Entities who have access to innovative technologies that can support the NNYPTP.

The SOI was conducted as a two-step process in which interested entities were first requested to submit a Notice of Intent to Respond ("NIR") by November 13, 2020, indicating the proposed role and benefits from their co-participation. The Authority received eight NIRs and determined that six were responsive to the SOI. Entities with responsive NIRs were found eligible to submit a full proposal in response to the SOI.

All six entities (deemed "Eligible Parties") submitted proposals on December 21, 2020. These proposals were evaluated to determine the extent to which interested parties could as a co-participant provide significant additional benefits to the development of the NNYPTP. Evaluation guidelines included:

- The proposed role would help the Authority expedite the completion of the Project.
- The proposed role presents tangible financial benefits.
- The proposed role is realistic and based on sound assumptions.
- The proposed role has a reasonable probability of success.
- The perspective co-participant's experience is in line with the scope and role proposed by the perspective co-participant.

The Authority's evaluation team consisted of representatives from Commercial Operations, Strategic Supply Management, Legal, Finance and Utility Operations ("Staff"). Based on an evaluation of the respective submissions, Staff determined that National Grid's submission proposed the most beneficial solution to achieve the objectives of the SOI and evaluation guidelines and would best support the expeditious development of the NNYPTP in a manner consistent with the Act. For example:

- National Grid has extensive experience planning, developing, constructing, managing and operating transmission projects similar in type and scale to the NNYPTP. National Grid has over 120 years of operating experience of electric transmission and distribution facilities in upstate New York. National Grid is well versed in regulatory coordination and permitting processes such as Article VII, having completed 47 projects with Article VII in the last 50 years.

- National Grid owns virtually all rights of way (“ROWS”) that are needed for the Project (other than ROWs the Authority controls). Grid’s ownership of ROW’s is beneficial because this property is readily available, Grid is familiar with this asset, and Grid’s ownership stands to avoid (1) delays that would result from the need of other candidates to engage in actions needed to acquire ROW rights, and (2) added costs.
- National Grid owns and operates transmission facilities, including three substations whose upgrades will be incorporated into and support the NNYPTP.
- The foregoing considerations will support expeditious development of the NNYPTP.
- The evaluation team determined that other respondent submittals were not in full alignment with the Authority’s intended approach to the Project, including the use of NYPA’s internal capabilities in such areas as project development/engineering, permitting/regulatory compliance, and services delivery; and/or proposed undesirable/unnecessary linkages to other transmission initiatives.

## FISCAL INFORMATION

The requested authorizations will not have a significant fiscal impact on the Authority. A preliminary funding request was previously authorized for preliminary project development including the SOI, conceptual engineering and assessments, and preparation of Article VII documents.

Assuming the Authority and National Grid reach agreement on terms and conditions for co-development of the NNYPTP, Staff will return to the Finance and Risk Committee and Trustees at a later date to request additional authorizations regarding development of the NNYPTP, including authorization to execute agreements providing for the co-development of the NNYPTP, any other authorizations necessary to support development of the Project, and for additional spending authority, including Capital Expenditure Authorization Requests.

## RECOMMENDATION

The President of NYPA Development recommends that the Finance and Risk Committee recommend to the Trustees at their March 30, 2021 meeting that they take the following actions:

1. authorize the Authority to accept, develop and operate the NNYPTP as a Priority Transmission Project under the Accelerated Renewable Energy Growth and Community Benefit Act; and
2. authorize the selection of Niagara Mohawk Power Corporation d/b/a National Grid as a co-participant in the development of the NNYPTP based on the Solicitation of Interest process the Authority conducted in accordance with the Act, subject to the Authority and National Grid reaching agreement on a joint development agreement for the NNYPTP.

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

Gil C. Quiniones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, that the Finance and Risk Committee recommends that the Trustees authorize the Power Authority of the State of New York (the “Authority”) to accept, develop and operate, the Northern New York Priority Transmission Project (“NNYPTP”) as a priority transmission project pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, for the reasons summarized in the foregoing memorandum of the President and Chief Executive Officer (“Memorandum”); and be it further

RESOLVED, the Finance and Risk Committee recommend that the Trustees approve and authorize the selection of Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”) as a co-participant in the development of the NNYPTP for the reasons summarized in the Memorandum, subject to the Authority and National Grid reaching agreement on terms and conditions for co-development of the NNYPTP.



**Date:** March 18, 2021

**To:** THE FINANCE AND RISK COMMITTEE

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

**Subject:** Amendment and Restatement of Commercial Paper Authorization

### SUMMARY

The Trustees will be requested at their March 30, 2021 meeting to adopt a resolution amending and restating the Authority's existing commercial paper notes authorization to (a) consolidate the various changes to the maximum principal amount and permitted uses of proceeds which have been previously approved over the years in the form of individual Board of Trustee resolutions and supplemental resolutions, (b) move determinations of the number of series and subseries and the size of each such series or subseries from the Board of Trustees level to the Authority's officers, subject to existing limitations approved by the Board of Trustees, (c) move determinations of the allocation of taxable and tax-exempt commercial paper notes from the Board of Trustees level to the Authority's officers, (d) modernize the Authority's tax covenants and (e) modernize various references to exist resolutions and prior bond series.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of the aforementioned.

### BACKGROUND

The Authority is authorized to issue bonds for the purpose of financing any authorized project and to issue notes in the same manner as bonds. See, e.g., Public Authorities Law § 1010 and § 1009-a. The Authority's commercial paper notes authorization was first adopted in 1994, amended and restated in 1997, supplemented in 1998, further supplemented twice in 1999, further supplemented in 2002, further supplemented in 2006 and most recently supplemented in 2020. Each such amendment or supplement revised, or provided additional authorization to the Authority to administer, various components of its commercial paper program. The purpose of today's request is to consolidate all existing authority into a single authorization, along with the other purposes identified above.

### DISCUSSION

With this authorization, the Trustees will have authorized the amendment and restatement of the Authority's Commercial Paper Resolution. This amendment and restatement will provide the Authority's officers with the necessary tools to support the commercial paper program for both tax-exempt and taxable issuances in accordance with our current requirements.

## FISCAL INFORMATION

Total authorized Commercial Paper outstanding at any time may not exceed \$1,420,000,000. At present the Commercial Paper Notes are supported by a 2019 Revolving Credit Facility for an amount of up to \$700,000,000 and a 2020 Revolving Credit facility for an amount of up to \$250,000,000. As at Feb 24, 2021, outstandings under the Commercial Paper program totaled \$482,175,000 consisting of \$5,000,000 of EMCP, \$65,604,000 of taxable issuances supporting the defeasance of our 2011A Revenue Bonds, \$9,399,000 of taxable Commercial Paper supporting Energy Efficiency loans and the remaining \$402,172,000 supporting Tax-Exempt Energy Efficiency loans.

## RECOMMENDATION

The Executive Vice President and Chief Financial Officer requests that the Finance and Risk Committee recommend that the Trustees adopt the Second Amended and Restated Resolution Authorizing Commercial Paper Notes.

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

Gil C. Quiniones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, that the Finance and Risk Committee recommends that the Trustees adopt the Second Amended and Restated Resolution Authorizing Commercial Paper Notes (the "Second Amended CP Resolution") attached hereto and as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, that the Finance and Risk Committee recommends that the Trustees affirm that the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Corporate Secretary, the Treasurer and all other officers of the Authority be authorized and directed, for and in the name and on behalf of the Authority, to deliver the Second Amended CP Resolution to the Issuing and Paying Agent (as defined in the Second Amended CP Resolution), with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the Chairman or the President and Chief Executive Officer, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted by the Authority and to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents and amendments thereto that they, or any of them, may deem necessary or advisable to effectuate the foregoing resolution, subject to approval as to the form thereof by the Executive Vice President and General Counsel.



**MINUTES OF THE JOINT MEETING  
OF THE FINANCE and RISK COMMITTEE  
January 19, 2021**

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Minutes of the joint meeting of the New York Power Authority and Canal Corporation's Finance and Risk Committee held via videoconference at approximately 9:00 a.m.

**Members of the Finance Committee present were:**

Tracy B. McKibben - Chair  
John R. Koelmel  
Eugene Nicandri  
Dennis Trainor  
Michael Balboni

Anthony Picente, Jr. – Excused

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**Also in attendance were:**

Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Adam Barsky	Executive Vice President and Chief Financial Officer
Joseph Kessler	Executive Vice President and Chief Operations Officer
Kristine Pizzo	Executive Vice President and Chief Human Resources & Administrative Officer
Sarah Salati	Executive Vice President and Chief Commercial Officer
Keith Hayes	Senior Vice President – Clean Energy solutions
Yves Noel	Senior Vice President – Strategy and Corporate Development
Soubhagya Parija	Senior Vice President and Chief Risk Officer
Robert Piascik	Senior Vice President and Chief Information Officer
Phil Toia	Senior Vice President – Power Supply
Karen Delince	Vice President and Corporate Secretary
Daniella Piper	Vice President – Digital Transformation / Chief of Staff
John Canale	Vice President – Strategic Supply Management
Patricia Lombardi	Vice President – Project Management
Anne Reasoner	Vice President Budgets and Business Controls
Saul Rojas	Vice President – Enterprise Resilience
Scott Tetenman	Vice President – Finance
Christina Reynolds	Treasurer
Thakur Sundeep	Controller
Andrienne Lotto	Senior Director – Energy Security & Resilience Programs
Thomas Spencer	Senior Director – Enterprise Risk & Corporate Insurance
Mary Cahill	Manager – Executive Office
Richard Goldsmith	Finance Project Manager
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Michele Stockwell	Project Coordinator – Executive Office

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Chairperson Tracy McKibben presided over the meeting. Corporate Secretary Delince kept the Minutes.

**Introduction**

*Chairperson Tracy McKibben welcomed committee members and the Authority's senior staff to the meeting. She said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Finance Committee Charter.*

1. **Adoption of the January 19, 2021 Proposed Meeting Agenda**

On motion made by member Dennis Trainor and seconded by member John Koelmel, the agenda for the meeting was adopted.

**Conflicts of Interest**

*Chairperson McKibben and members Koelmel, Nicandri, Balboni and Trainor declared no conflicts of interest based on the list of entities previously provided for their review.*

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

***Mr. Chairman, I move that the Committee conduct an executive session to discuss the financial and credit history of a particular corporation and matters regarding public safety and security pursuant to Section 105 of the Public Officers Law.*** On motion made by member Dennis Trainor and seconded by member Michael Balboni, the members conducted an executive session.

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

***I move that the meeting resume in open session.*** On motion made by member Michael Balboni and seconded by member John Koelmel, the meeting resumed in open session.

Chairperson McKibben said no votes were taken during the executive session.

#### **4. DISCUSSION AGENDA**

##### **a. Financial Operations**

##### **i. Risk Update – Enterprise Resilience**

Mr. Thomas Spencer, Senior Director of Enterprise Risk and Corporate Insurance, and Ms. Adrienne Lotto, Senior Director of Energy, Security and Resilience Programs, provided highlights of the Enterprise Risks and Key Resilience Activities, respectively, to the committee (Exhibit “4a i-A”).

##### **NYPA’s Enterprise Resilience Program**

In 2017, the Risk Management Team developed an enterprise-wide resiliency framework that leveraged the strong foundational elements of NYPA's existing Resiliency programs which included Business Continuity, Cyber and Physical Security, Disaster Recovery and Energy Management.

In addition to harmonizing those efforts, the Risk Management Team was able to establish an Enterprise Resiliency framework that broadened the scope of the traditional resiliency program to include items such as insider threat and supply chain resiliency. Once NYPA was able to establish the framework and program, the program was transferred from Risk Management to Utility Operations and the Enterprise Resiliency Team.

Since that time, the key areas of accomplishments include the successful build-out and hiring of appropriate subject matter expertises. This was a challenge, given the industry expansion and the view around the concept of resiliency and the demand for top talent.

The second area of accomplishment was the development of policies and procedures that formed a concrete governance structure for the escalation of resiliency risk. By building on the existing Executive Risk Management committee governance structure, the Team was able to ensure that leadership had visibility into the Resiliency Program and resiliency-related risks.

These efforts by the Risk and Enterprise Resiliency Teams have allowed NYPA to enhance, and continue to advance, its capabilities to anticipate and respond to disruption-related risks.

##### **Key Resilience Activities**

Resiliency is an Important Area of Focus for NYPA and its Strategy.

In 2020, events such as civil unrest, change in legislation, and the impact of Covid-19 highlighted the importance of why resilience is important. NYPA must be prepared to respond and bounce forward.

First, NYPA has a traditional Service Catalog which includes Business Continuity Planning and Disaster Recovery. NYPA is now going beyond the Traditional Resilience Program to an Expanded Service Catalog which includes Insider Threat and Supply Chain Security.

Secondly, each of these areas incorporate a cross-functional team and cross-business unit approach throughout the Authority to leverage skill sets and breakdown silos of communication.

Thirdly, each of these areas has a roadmap, both short-term and long-term, to reach a more mature resilience level at NYPA.

## 2021 Key Deliverables

- Partnering with IT, the Team will be testing NYPA's Business Continuity Plan, combined with a Disaster Recovery Drill, later this year.
- The Team will be advancing the Resilience Pillar in NYPA's VISION2030 Strategy. To that end an RFQ was released for the Advance Climate Impact Study.
- The Team will develop Mature Resilience Metrics throughout the organization.
- The Team is advancing and finalizing an Insider Threat program in partnership with EPRI.

The key to accomplishing this is leveraging both NYPA's internal and external partners.

Internally, as a Pillar in VISION2030, the Team have incorporated resilience into the Mission Statement and Corporate Values, and made both financial and human capital investments.

To raise awareness throughout the Authority, an "Always Resilient Campaign" was launched, partnering with the Communications, and each of the Business Units, to advance resilience throughout the entire organization.

Externally, the Team will continue with industry partnerships. The team have existing relationships with trade organizations such as American Public Power ("APPA"), or the Large Public Power Council ("LPPC"), and NATF.

The Team is also working with the private sector. As it relates to strategic partnerships with government and suppliers, last year the Authority announced the Center of Excellence with Siemens; work on that effort is continuing.

As it relates to Customer Resilience, the Authority have started to bring resilience into the forefront for its customers.

ii. **Transfer of Canal OPEB Liabilities into the NYPA Trust**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

The Trustees will be requested at their January 26, 2021 meeting to approve the addition of Canal Corporation's Other Post-Employment Benefits ('OPEB') Liabilities into the NYPA OPEB Trust effective January 1, 2021. Such an action will provide considerable benefit to NYPA largely by removing a significant liability from the NYPA Balance Sheet and providing more borrowing capacity to fund NYPA's strategic investments consistent with Vision2030.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of the aforementioned.

**BACKGROUND**

Other Post-Employment Benefits refers to the provision of health care coverage and other benefits by government agencies to retired employees and often to their spouses and other dependents. Aside from these benefits being provided to currently retired employees and their dependents, the government agencies also carry an obligation to provide benefits to currently active employees upon their future retirement, subject to certain eligibility rules defined by the government agency. In many cases, these benefits are reflected in collective bargaining agreements and are therefore contractual obligations.

The future obligation to provide post-employment benefits to both active and retired employees creates a liability of the agency. These obligations represent a multi-year stream of future benefits payments for retiree health care. NYPA adopted GASB 75 in 2017 which required reporting of future stream of any unfunded liabilities on its Balance Sheet.

Because the OPEB liabilities represent a multi-year stream of future benefits payments for retirees, spouses and dependents, the determination of the liabilities is provided through an actuarial assessment. The actuarial assessment is based upon an estimate of future benefits obligations that is discounted to the present value. The present value of the future obligations, when unfunded, is reported as an OPEB liability on the agency Balance Sheet.

To mitigate the potential impacts to NYPA's financial standing and credit ratings resulting from unfunded OPEB liabilities, in 2007 NYPA created the Power Authority of the State of New York Other Post-Employment Benefits Trust Agreement ('Trust Agreement'). The Board approved the initial funding of the Trust with \$100 million out of the Operating Fund and up to \$125 million of funding obtained through proceeds from the Authority's Commercial Paper Series 3 Notes. One Hundred million dollars (\$100M) was deposited into the Trust in 2007 and \$125 million was added in 2008.

**DISCUSSION**

NYPA assumed ownership of the NY State Canal Corporation in January 2017. The Canal Corporation has accrued OPEB liabilities for its current and future retired employees and beneficiaries. However, the Canal OPEB liability was never funded. Therefore, the full Canal Corporation OPEB liability appears on the NYPA consolidated Balance Sheet. The 2021 projected OPEB liability for the Canal Corporation is \$342 million. As is the case with NYPA, the Canal Corporation OPEB liability is determined based upon an actuarial analysis considering employee and retiree demographics, the retirement benefits provided to Canal Corporation retirees, projections of future healthcare costs and other relevant factors.



As the actuarial analysis is based upon a projection of multi-year healthcare benefits payments, these costs are present valued to the current year for reporting of the OPEB liability on the Balance Sheet. According to GASB 75, the present value rate used to discount the future projected benefit payments is based on the AA-rated Municipal Bond 20-Year Index rate (currently about 1.68 percent).

GASB 75 allows the use of a higher present value rate for Qualified Trusts. The discount rate used for the NYPA OPEB Trust is about 7 percent. At the much higher discount rate, OPEB liabilities have a much smaller present value. Therefore, less funds are required to be accrued in the Trust to pay for the OPEB liabilities. Canal Corporation's OPEB liabilities, because they are converted to present value at a much lower discount rate, are considerably higher than they would be if pre-funded through a Qualifying Trust. Therefore, the impact to NYPA is twofold. First, the unfunded OPEB liabilities are reported on the NYPA Balance Sheet. Second, they are also larger in magnitude because of the lower discount rate used to compute the liabilities.

### FISCAL INFORMATION

Since 2007, NYPA has contributed \$340 million to its OPEB Trust. The Trust has performed well with a projected value by 2021 of \$732 million. NYPA OPEB liabilities are projected to be about \$537 million in 2021, leaving an estimated surplus of \$195 million. Because the NYPA OPEB liabilities are fully funded, there are no OPEB liabilities for NYPA's core business appearing on the NYPA Balance Sheet, providing an enhancement to NYPA's financial position, and borrowing capacity.

The Canal OPEB liabilities on the NYPA Balance Sheet limit NYPA's borrowing capacity. Without the OPEB liability on the NYPA Balance Sheet, there would be more capacity to borrow additional funds without impacting the target debt to equity ratio consistent with the Transmission rate cases. Removal from the Balance Sheet of the 2021 projected OPEB Liability of \$342 million could increase borrowing capacity by an equivalent amount and increase NYPA's investment capacity by up to \$684M, which could be used to fund NYPA's strategic programs under Vision2030.

The combination of the existing surplus in the NYPA OPEB Trust, along with the negative impact of the unfunded Canal OPEB liabilities on NYPA's borrowing capacity, suggest a reasonable solution to move the OPEB liabilities into the NYPA Trust Fund. There are significant benefits of including Canal Corporation in the OPEB Trust including lower expense on income statement (\$20M/year over 5.6 years), lower liability on Balance Sheet (liability goes to zero from \$342M), the flexibility to optimize Trust surplus and improved capital capacity (\$684M).

The decision to transfer the OPEB liabilities into the NYPA Trust is not irrevocable and NYPA could later choose to reverse the decision if other factors change.

### RECOMMENDATION

The Executive Vice President and Chief Financial Officer request that the Finance and Risk Committee recommends that the Trustees approve the transfer of the Canal Corporation's Other Post-Employment Benefits ('OPEB') liabilities into the New York Power Authority's ('NYPA') OPEB Trust by approval of an amendment to the OPEB Trust Agreement to include payment of benefits to retirees of NYPA and its subsidiaries.

While other options have been examined, no other near-term options exist that can provide as much long-term advantage to NYPA as the one that has been recommended. NYPA will continue to pursue efforts to reduce the costs for providing retiree benefits. However, such efforts will provide benefits to NYPA regardless of the decision to transfer Canal Corporation's OPEB liabilities to the NYPA Trust.

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

*Mr. Adam Barsky, Senior Vice President and Chief Financial Officer, provided highlights of the recommendation to the committee. He said, Other Post-Employment Benefits (“OPEB”), which are primarily retiree health care costs, are reported on the Balance Sheet as liabilities, unless the company has a funded Trust to handle those liabilities. NYPA has a funded Trust in place for its employees; however, it does not have such a mechanism in place for Canals’ employees, and this has resulted in an ever-growing liability on the Authority’s Balance Sheet. After exploring several options, and considering the pros and cons, it is recommended that the Authority transfer the Canal OPEB liability to the NYPA OPEB Trust. An amendment would be made to the Trust Agreement to include NYPA employees and its subsidiaries.*

*The NYPA Trust was created before the Canal Corporation became a subsidiary of NYPA. After reviewing the activities over the last few years, staff believes this action would be beneficial for the Authority in protecting its Balance Sheet and helping its capital capacity, while making sure it appropriately address the OPEB liabilities for both NYPA and Canals.*

*He continued that, as previously mentioned, the Authority did consider a number of different options and found this to be the best alternative. The Authority will continue its work in this area and will come back to the Trustees with various other options and recommendations at a later time. In the interim, this is the recommended course to take, going forward, to be able to strengthen NYPA ’s Balance Sheet and address the liabilities issue.*

*In the event Canal employees went elsewhere from NYPA or any other factor, this decision is reversible.*

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

**RESOLVED, That the Executive Vice President and Chief Financial Officer be, and hereby is, authorized to enter into that certain First Amendment to Power Authority of the State of New York Other Post-Employment Benefits Trust Agreement to amend that certain Other Post-Employment Benefits Trust Agreement dated November 21, 2007 (the “OPEB Trust Agreement”) for the purpose of expressly including service providers of the Authority’s subsidiaries thereunder and otherwise updating the OPEB Trust Agreement, subject to the approval of such amendment by the Executive Vice President and General Counsel or his designee; and be it further**

**RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve that the Executive Vice President and Chief Financial Officer is hereby authorized to execute and deliver any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel.**

**b. Utility Operations**

**i. Marcy-New Scotland Transmission Upgrade Project  
Capital Expenditure Authorization Request**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

The Trustees will be requested at their January 26, 2021 meeting to authorize capital expenditures in the amount of \$208,320,800 for the Marcy to New Scotland Transmission Upgrade Project ('Project'), formerly referred to as the AC Transmission Project. This funding will support final engineering, property acquisition, procurement and construction of the transmission line upgrades, upgrades at the Marcy substation, and the remaining system upgrades to the connecting Transmission Owners.

NYPA filed, and the Federal Energy Regulatory Commission ('FERC') approved a Project cost of \$280.9 million or 37.5% of the total Project cost of \$750M. LS Power Grid New York Corporation I ('LS') has submitted and received FERC's approval for the balance of the Project. To date, the Trustees have approved capital expenditures in the amount of \$31.1 million for the Project. At this time, the total Project cost estimate is expected to be \$239.4 million, but the costs will continue to be assessed as the design and construction progresses. If additional funds are required, a future request will be made to the Finance and Risk Committee and Trustees. The Finance and Risk Committee, at its January 19, 2021, meeting, adopted a resolution recommending that the Trustees approve capital expenditures for continued implementation of the Project. Project staff does not anticipate this need prior to 2023.

**BACKGROUND**

In 2016, the Authority, together with North America Transmission ('NAT'), started Project development and subsequently submitted responses to the New York Independent System Operator ('NYISO') issued AC Transmission Public Policy Transmission Needs Project Solicitation. A Participation Agreement ('PA') was entered into by the Authority and NAT on June 7, 2018. The PA was signed by NAT which changed its name to LS Power Grid New York LLC ('LS LLC'). In January 2020, LS LLC assigned its rights in the Project and the PA to LS Power Grid New York Corporation I.

On April 8, 2019, the NYISO Board of Directors selected the Project as the winning proposal for segment A of the Transmission Need. In consideration of maintaining its purchase option under the PA, the Authority continued to fund 33% of Project development costs until July 28, 2020 when the Authority exercised its ownership option. Upon exercising its option, the Authority is responsible for 37.5% of the total Project costs. A reconciliation process for the change in responsibility of percentage of costs is currently ongoing.

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require Trustee approval.

**DISCUSSION**

The Project will benefit New York State's electric consumers by enabling the delivery of environmentally desirable power required to meet state energy goals, relieving uneconomic congestion, and replacing aging infrastructure while enhancing New York state's already high standard of system reliability.

The Project is anticipated to be in-service by December 2023 and consists of the following:

- Replacement of approximately twelve (12) miles of conductor on existing Authority-owned 345kV structures;
- Removal of approximately eighty (80) miles of existing National Grid-owned circuits (115kV, 230kV and 345kV);
- Installation of approximately eighty (80) miles of new double- or two new single-circuit 345kV circuits;
- Installation of a new 345kV switchyard at Princeton;
- Removal of the existing National Grid-owned 230kV Rotterdam substation; and
- Installation of a new 345kV substation at Rotterdam.

The Project also includes the upgrade of substation facilities, as determined during the system impact and facility studies. These costs are not included in the \$750 million estimate but are the responsibility of LS and the Authority.

The Finance and Risk Committee is requested to recommend approval of capital expenditures of \$208.3 million. This funding will be utilized for:

Engineering/Licensing/Proposal	\$ 1,125,600
Property Rights Acquisition	\$ 22,318,900
Procurement	\$ 46,185,600
Construction	\$137,102,800
Authority Direct and Indirect Expenses	<u>\$ 1,587,900</u>
TOTAL	<u>\$ 208,320,800</u>

#### FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund and will be eligible for cost recovery as approved by FERC. The proposed spending has been included in the approved 2021 Capital Budget and Four-Year Capital Plan.

#### RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees authorize capital expenditures in the amount of \$208,320,800 to support final engineering, property acquisition, procurement and construction of the transmission line upgrades, upgrades at the Marcy substation, and the remaining system upgrades to the connecting Transmission Owners for the Marcy to New Scotland Transmission Upgrade Project.

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

*Ms. Patricia Lombardi, Vice President of Project Management, provided highlights of staff's recommendation to the committee.*

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

**RESOLVED, That the Finance and Risk Committee recommends that the Trustees, in accordance with the Authority's Capital Planning and Budgeting Procedures, approve capital expenditures in the amount of \$208,320,800 for the Marcy to New Scotland Transmission Upgrade Project.**

<u>Capital</u>	<u>Expenditure Authorization</u>
Marcy to New Scotland Transmission Upgrade Project	<u>\$208,320,800</u>

ii. **Smart Generation & Transmission Initiative  
Communications Backbone Program –  
Capital Expenditure Authorization Request**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their January 26, 2021 meeting to approve additional capital expenditures in the amount of \$24,752,178 for the Communications Backbone Program ('Program'). The increased funding would be in addition to the \$153 million currently authorized by the Trustees, bringing the total Program cost to \$177,782,358.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of additional capital expenditures in the amount of \$24,752,178 for continued implementation of the Program.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require Trustee approval.

The Program was initially identified as a foundational element of the Authority's Smart Generation & Transmission ('Smart G&T') Strategic Initiative. The goal of the Program is to establish a dedicated, redundant communications network that builds on the Authority's existing infrastructure and is integrated into the long-term asset strategy while leveraging available infrastructure from independent dark-fiber service providers to reduce dependency on commercial telecommunication providers. With VISION2030, the Program continues to be a key enabler to achieving NYPA's strategic priorities, including the development of new products and services.

Once completed, the Authority will have a dedicated, robust, secure, and scalable communications network that supports:

- Replacement of legacy point-to-point circuits that will inevitably need to be retired;
- Increased data flow from a host of intelligent end-point devices deployed throughout the Authority's generation and transmission assets;
- Enabling capabilities of key components of the Strategic Vision including the Integrated Smart Operating Center ('iSOC') and the Emergency Energy Control Center; and
- Improved analytics to promote improved business and operational decisions.

At the onset of the Program, the Authority evaluated three options when considering a solution for an improved communications system. The first option was to continue with a total leased solution. Second, a total-owned solution, in which the Authority would deploy fiber optical ground wire ('OPGW') along all its transmission lines. Last, a hybrid solution utilizing a mix of OPGW, digital microwave networks, and dark fiber leasing.

The hybrid solution offers the Authority the best value, including many of the controls and security benefits of a fully-owned solution while reducing implementation costs and resource needs. The scope of the hybrid solution is to install OPGW, microwave communications, and utilize capitalized leases for dark fiber in the Authority's regions. The redundant network will leverage existing infrastructure and new installations including fiber OPGW which will be installed on the Authority's existing transmission towers. A new redundant microwave system will be installed in Northern NY and a new system will be installed in the Southeast NY region, leveraging existing Authority infrastructure as well as tower leasing sites for

optimum communication and stability. Leasing of dark fiber provides a secondary fiber path to all major sites in each region.

## DISCUSSION

Capital expenditures in the amount of \$153,030,180 were previously approved by the Trustees for implementation of the Program as follows:

- \$19.78 million - March 2017,
- \$77.5 million - October 2018, and
- \$52.72 million - December 2019

OPGW has been installed on the following NYPA transmission lines: NR2, CCDA, DART44, GF5, GNS1, MMS, PS1 and PV20 which totals completing installation of OPGW for approximately 210 miles out of 530 miles. Furthermore, the engineering for all OPGW work has been completed except the MSU section that has been descoped. Also, fiber electronics Phase 1 has been installed, and all equipment for Phases 2 and 3 have been purchased. A lease fiber connection from CEC to Plattsburgh has been completed. Lastly, a lease connection from Dolson Avenue to White Plains has been commissioned.

After the spring 2020 outage work was canceled and contracts were paused due to the COVID-19 pandemic, the Program cost and scope were re-evaluated, and the Estimate at Completion has increased to \$177,782,358 due to the following changes:

- Increased cost:
  1. OPGW installation cost increase:
    - a. Fall 2019 & Spring 2020 outage cancellations
    - b. Additional constraints required per regulatory permits
    - c. Addition of aviation subject-matter experts
    - d. Contingencies required for installation during the summer peak period, with potential 72-hour recalls
    - e. OPGW third party tie-in implementation re-evaluation
  2. Increase in the cost of the Northern New York microwave installation
    - a. Unplanned, unforeseen station upgrades
    - b. Temporary migration to and from the DANC dark fiber to commission the project
  3. New fiber lease connection between Plattsburgh and Albany was added as a secondary path out of Northern New York to increase network resiliency. This was not an option at the onset of the Program but was added since MSU was descoped.
  4. The original estimate of 3% for project direct cost has been increased to 6% based.
  5. Capital indirect costs increased from 5% to 12%, due to the Authority's policy change in July 2020.
- Decreased cost:
  1. OPGW installation on MSU1, MW1, and WPN1 transmission lines have been removed from the project scope.

FISCAL INFORMATION

Payment associated with this Program will be made from the Authority's Capital Fund and 65% of the cost will be recovered under the Authority's FERC approved formula rate. The proposed spending has been included in the approved 2021 Capital Budget and Four-Year Capital Plan.

RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve additional capital expenditures in the amount of \$24,752,178 to continue implementation of the Communications Backbone Program.

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

*Ms. Patricia Lombardi, Vice President of Project Management, provided highlights of the recommendation to the committee.*

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

**RESOLVED, That the Finance and Risk Committee recommendation that the Trustees authorize capital expenditures in the amount of \$24,752,178 are hereby authorized in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer; and be it further**

**RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt to finance the costs of the Smart Generation & Transmission Initiative Communications Backbone Program.**

<u>Capital</u>	<u>Expenditure Authorization</u>
Smart Generation & Transmission Initiative Communications Backbone Program	<u>\$24,752,178</u>



iii. **Transmission Life Extension & Modernization Program  
Niagara Switchyard Life Extension & Modernization Project –  
Capital Expenditure Authorization Request**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

The Trustees will be requested at their January 26, 2021 meeting to approve capital expenditures in the amount of \$121 million for the continued implementation and completion of the Transmission Life Extension and Modernization ('TLEM') Program – Niagara Switchyard Life Extension & Modernization Project ('Project').

The total estimated Project cost is \$276 million. The Trustees approved \$154.7 million at their May 22, 2014 meeting. This request will release the final balance of the capital expenditures for the Project.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of capital expenditures in the amount of \$121 million, to continue implementation and complete the Project.

**BACKGROUND**

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require Trustee approval.

The TLEM Program is a multiyear program that will upgrade the Authority's existing transmission system to maintain availability, increase reliability and ensure regulatory compliance. The TLEM Program encompasses transmission assets in the Central, Northern, and Western regions and has been divided into several projects at an estimated cost of \$726 million.

The Niagara Switchyard is a critical component of the Authority's transmission system. The existing equipment at the Niagara Switchyard are at, or near the end-of-life and require replacement. The Project, which commenced in 2014, is structured to prioritize the replacement of poor performing systems and sequenced in conjunction with planned equipment outages, internal resource availability and external utility upgrades.

**DISCUSSION**

The Niagara Switchyard Life Extension & Modernization Project is a multiyear project within the TLEM Program and includes replacement or upgrades to the 115kV and 230kV Switchyard equipment, including:

1. Oil Circuit Breakers (115kV & 230kV)
2. 13.8kV Switchgear
3. Autotransformers
4. Disconnect Switches and Motorized Disconnect Switches
5. Grounding (Sections)
6. Measurement Transformers
7. Insulators
8. Conductors

The Project is structured to align with the Niagara Relay Replacement Project. Through 2020, two Autotransformers, sixteen (16) 115kv Circuit Breakers, nine (9) 230kv Circuit Breakers, the 115kV Bus, disconnects switches and other ancillary equipment have been replaced. Beginning in 2021, the remaining project activities will replace two (2) Autotransformers, five (5) 115kv Circuit Breakers, twenty-one (21) 230kv Circuit Breakers, the 13.8kV Switchgear, motor and manually operated disconnect switches and other ancillary equipment. Completion is targeted in 2025, subject to approved outages.

Capital expenditures in the amount of \$154.7 million were previously authorized, of which \$105,610,052 has been spent through November 2020. The current request of \$121 million includes the remaining balance of capital funds needed to complete the Project, scheduled through 2025, and is comprised as follows:

Engineering/Design	\$ 10,650,000
Procurement	\$ 39,720,000
Construction/Installation	\$ 43,080,000
Authority Direct and Indirect Expenses	<u>\$ 27,550,000</u>
<b>TOTAL</b>	<b>\$ 121,000,000</b>

The estimated cost to continue and complete execution of the project is \$121 million, of which \$266.9 million was previously presented to the Trustees in May 2014. The higher estimate to complete the Project is due to the increase in indirect costs as a result of the Authority's Policy Change adopted in July 2020, which increased the indirect capital allocation from 5% to 12%, retroactive to January 2020.

#### FISCAL INFORMATION

Payments associated with this Project will be made from the Authority's Capital Fund and will be recovered under the Authority's FERC approved formula rate.

The proposed spending has been included in the approved 2021 Capital Budget and Four-Year Capital Plan.

#### RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve capital expenditures in the amount of \$121 million for the continued implementation and completion of the Transmission Life Extension and Modernization Program – Niagara Switchyard Life Extension & Modernization Project.

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

*Ms. Patricia Lombardi, Vice President of Project Management, provided highlights of the recommendation to the committee.*

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

**RESOLVED, That the Finance and Risk Committee recommends that the Trustees, pursuant to the Authority's Capital Planning and Budgeting Procedures, approve capital expenditures in the amount of \$121,000,000 for the continued implementation and completion of the Transmission Life Extension and Modernization Program – Niagara Switchyard Life Extension & Modernization Project, in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer; and be it further**

**RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs for the aforementioned project.**

<u>Capital</u>	<u>Expenditure Authorization</u>
TLEM – Niagara Switchyard LEM	<u>\$121,000,000</u>

iv. **Transmission Life Extension & Modernization Program  
Niagara Protective Relay Replacement Project –  
Capital Expenditure Authorization Request**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their January 26, 2021 meeting to approve capital expenditures in the amount of \$18.3 million for the continued implementation and completion of the Transmission Life Extension and Modernization Program – Niagara Protective Relay Replacement Project ('Project').

The total estimated Project cost is \$44.2 million. The Trustees approved \$25.9 million in 2012. This request will release the final balance of the capital expenditures for the Project.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of capital expenditures in the amount of \$18.3 million to continue implementation and complete the Project.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require Trustee approval.

The Transmission Life Extension and Modernization ('TLEM') Program is a multiyear program that will upgrade the Authority's existing transmission system to maintain availability, increase reliability and ensure regulatory compliance. The TLEM Program encompasses transmission assets in the Central, Northern, and Western regions and has been divided into several projects at an estimated cost of \$726 million.

The Authority is facing a growing need to replace existing protective relaying systems at its facilities. This is due to many factors including unavailability of spare parts, lack of original equipment manufacturer support and poor reliability. This Project will continue to replace the existing protective relay systems at the Niagara Switchyard.

DISCUSSION

The Niagara Protective Relay Replacement Project is a multiyear project within the TLEM Program and includes protective relay upgrades to the 115kV and 230kV switchyard equipment. The protective relay system is a critical component of the power system and ensures its reliable and safe operation. The protective relay systems at the Niagara Switchyard are at, or near their end-of-life and require replacement. The Project, which commenced in 2012, is structured to prioritize the replacement of poor performing relay systems and sequenced in conjunction with planned equipment outages, internal resource availability and utility upgrades.

This Project was initiated in 2012, and through 2020 protective relays have been upgraded in Bays 11, 12, 13, 15, 16, 17, 19, 20, 23 and the 115kV Bus sections. The remaining project activities include replacement of protective relays for Bays 10, 14, 18, 22 through 26 and the 230kV Bus sections. Completion is targeted in 2025, subject to approved outages.

Capital expenditures in the amount of \$25.9 million were previously authorized, of which \$23,236,620 has been spent through November 2020. The current request of \$18.3 million includes the remaining balance of capital funds needed to complete the Project, scheduled through 2025, and is comprised as follows:

Engineering/Design	\$ 2,220,000
Procurement	\$ 2,460,000
Construction/Installation	\$ 4,980,000
Authority Direct and Indirect Expenses	<u>\$ 8,640,000</u>
TOTAL	\$ 18,300,000

The estimated cost to continue implementation and complete the Project is \$18.3 million. A total estimate of \$52.2 million was previously presented to the Trustees in October 2012. Through lessons learned and efficiencies gained, the new Project total estimate is \$44.2 million, which represents a decrease of \$8 million from the previous estimate.

#### FISCAL INFORMATION

Payments associated with this Project will be made from the Authority's Capital Fund and will be recovered under the Authority's FERC approved formula rate.

The proposed spending has been included in the approved 2021 Capital Budget and Four-Year Capital Plan.

#### RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve capital expenditures in the amount of \$18.3 million for the continued implementation and completion of the Transmission Life Extension and Modernization Program – Niagara Protective Relay Replacement Project.

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

*Ms. Patricia Lombardi, Vice President of Project Management, provided highlights of the recommendation to the committee.*

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

**RESOLVED, That the Finance and Risk Committee recommends that the Trustees, pursuant to the Authority's Capital Planning and Budgeting Procedures, approve capital expenditures in the amount of \$18,300,000 for the continued implementation and completion of the Transmission Life Extension and Modernization Program – Niagara Protective Relay Replacement Project, in accordance with, as recommended in, the foregoing report of the President and Chief Executive Officer; and be it further**

**RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs for the aforementioned project.**

<b><u>Capital</u></b>	<b><u>Expenditure Authorization</u></b>
<b>TLEM – Niagara Protective Relay Replacement Project</b>	<b><u>\$18,300,000</u></b>

v. **Blenheim-Gilboa Power Project  
Circuit Breaker Replacement Project –  
Capital Expenditure Authorization  
Request and Contract Award**

The President and Chief Executive Officer submitted the following report:

**“SUMMARY**

The Trustees will be requested at their January 26, 2021 meeting to approve capital expenditures in the amount of \$10,544,000 and approve the award of a four-year contract to ABB Enterprise Software Inc., of Cary, NC, ('ABB') in the amount of \$1,458,135 to complete design, fabrication, testing, delivery, and installation of ISO Phase Bus work associated with three indoor SF6 generator/motor protection circuit breakers at the Blenheim-Gilboa ("B-G") Power Project (the 'Project').

Capital Expenditures in the amount of \$250,000, for preliminary engineering and planning, were previously approved by the President and Chief Executive Officer, bringing the total estimated Project cost to \$10.8 million. Also, interim funding for the contract award to ABB, in the amount of \$200,000, was approved by the Executive Vice President and Chief Operating Officer in December 2020.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of capital expenditures in the amount of \$10,544,000 and approve a four-year contract to ABB in the amount of \$1,458,135 for engineering, procurement, and construction services, for the implementation of the Project.

**BACKGROUND**

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require Trustee approval.

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

B-G Unit-1 breaker was replaced in May 2019 due to a catastrophic, sudden failure in September 2018. Following a root cause analysis and to mitigate the risk of another failure, the breakers for B-G Units 2-4 will be replaced with newly designed breakers. Consequently, the ISO Phase Bus will be modified to accommodate the new breaker design and a maintenance link will be added to facilitate maintenance, as was done for Unit-1.

**DISCUSSION**

The scope of this project includes design, fabrication, testing, site delivery, removal of existing, and installation of three, new indoor SF6 generator/motor protection circuit breakers (plus one spare breaker), its associated ISO Phase Bus work and maintenance disconnect links, at the B-G Project. ABB will design and furnish the three breakers under a separate equipment contract. B-G operations and maintenance crew and resources will remove the existing and install the new breakers. ABB will also design, furnish and install the ISO Phase Bus work and maintenance disconnect links associated with breakers as part of the Request for Proposal ('RFP') described below. One breaker and associated ISO Phase bus work installation per year is planned with anticipated project closeout to occur by December 2024.

The Authority issued RFP, No. Q20-7040MH, which was advertised in the *NYS Contract Reporter* on September 24, 2020. The Discovery tool of the ARIBA event was activated for this RFP. Thirteen

potential bidders were invited/requested to participate to this RFP. On October 28, 2020, two proposals were received as summarized in the table below.

<b><u>Bidder</u></b>	<b><u>Location</u></b>
ABB Enterprise Software Inc. (ABB)	Cary, NC
Haugland Energy Group LLC (Haugland)	Plainview, NY

Proposals were reviewed by an Evaluation Committee comprised of representatives from Engineering, Quality Assurance, Strategic Supply Management, B-G Operations, and Project Management. The proposals were evaluated based upon proposal completeness, experience, schedule, price, responsiveness to the requirements of the RFP, proposed team, and technical and commercial exceptions taken to the RFP.

Since the breakers are critical assets to the Bulk Electric System ("BES"), replacement must be procured from suppliers that are compliant with NERC CIP-013 requirements and qualified as BES equipment suppliers to the Authority. NERC-CIP13 review was completed and approved by the Authority's cross functional team. The review consisted of questionnaire related to Network Security Risk, Platform and Data Security Risk, Technology Risk, Cyber Threat, and Manufacturing and Development Risk. The RFP event was also reviewed for compliance with the Executive Order ("EO") 13920 "Securing the United States Bulk Power System." After reviewing the EO, it was considered not applicable to this Contract. Minority/Women-Owned Business Enterprise ('M/WBE') and Service-Disabled Veteran-Owned ('SDVOB') participation goals were waived on the RFP.

The committee concluded that ABB submitted the lowest-priced and technically acceptable bid. ABB has extensive experience in construction of this magnitude, has performed well on previous Authority projects, has demonstrated knowledge of the scope-of-work and is capable of completing this project in accordance with the schedule.

Preliminary funding in the amount of \$250,000 was approved to start this Project. The total capital expenditure authorization request is comprised of the following:

Preliminary Engineering	\$ 50,000
Detailed Engineering	\$ 262,500
Equipment Procurement / Fabrication	\$ 5,500,000
Construction/ Installation	\$ 1,935,000
Authority Direct and Indirect Expense	\$ 3,046,500
<b>Total</b>	<b>\$ <u>10,794,000</u></b>

#### **FISCAL INFORMATION**

Payments associated with this project will be made from the Authority's Capital Fund.



RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve capital expenditures in the amount of \$10,544,000 and approve a four-year contract to ABB Enterprise Software Inc., in the amount of \$1,458,135, for engineering, procurement, and construction services, for implementation of the Blenheim-Gilboa Power Project Circuit Breaker Replacement Project.

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

*Ms. Patricia Lombardi, Vice President of Project Management, provided highlights of the recommendation to the committee.*

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

**RESOLVED, That the Finance and Risk Committee recommends that, pursuant to the Authority's Capital Planning and Budgeting Procedures, the Trustees approve capital expenditures in the amount of \$10,544,000 for the replacement of breakers for BG Units 2-4 in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer; and be it further**

**RESOLVED, That the Authority will use capital funds, which may include proceeds of debt, to finance the costs of the BG Units 2-4 Breaker Replacement Project.**

<u>Capital</u>	<u>Expenditure Authorization</u>
Blenheim-Gilboa Power Project Replace BG 2-4 Unit Breakers	<u>\$10,544,000</u>

**AND BE IT FURTHER RESOLVED, That the Finance and Risk Committee recommends that, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, the Trustees approve a four-year contract award in the amount of \$1,458,135, for the aforementioned project;**

<u>Contractor</u>	<u>Contract Approval</u>
ABB Enterprise Software Inc. (ABB) (Q20-7040MH)	<u>\$1,458,135</u>

vi. **St. Lawrence-FDR Power Project  
Long Sault Dam Positive Restraint Barrier Project –  
Capital Expenditure Authorization Request and Contract Award**

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees will be requested at their January 26, 2021 meeting to approve capital expenditures in the amount of \$11,831,700 and the award of a two-year contract to HOHL Industrial Inc., of Buffalo, NY, in the amount of \$8.1 million for engineering, procurement, and construction services required to install a Positive Restraint Barrier upstream of the Long Sault Dam ('LSD') at the St. Lawrence-FDR Power Project (the 'Project'). Interim funding in the amount of \$1,000,000 was previously approved by the Chief Operating Officer, to initiate the design and engineering of the barrier system and begin the geotechnical planning.

Capital Expenditures in the amount of \$1,000,000, for preliminary engineering and planning, were previously approved by the President and Chief Executive Officer, bringing the total estimated Project cost to \$12.8 million.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of capital expenditures in the amount of \$11,831,700 and the approval of a two-year contract to HOHL Industrial Inc., in the amount of \$8.1 million for engineering, procurement, and construction services, for the implementation of the Project.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require Trustee approval.

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

The LSD is a 2,960-foot-long curved concrete gravity structure with 30 gated spillway bays. At the south end of the spillways are three non-overflow blocks and an earth embankment. At the north end of the spillways are 16 non-overflow blocks, four of which contain service and equipment rooms.

The present operation of the LSD is to serve power generation, via operation of the spillway gates. The gates function to spill excess flows from the St. Lawrence River, when necessary, in the operation of the Robert Moses/Robert H. Saunders Power Dam. LSD spillway gates have been operated more frequently in recent years due to higher than normal river flows and to account for economic conditions as Zone D has a high concentration of wind generation. Power Dam operations must still meet river flow requirements by spilling at LSD when these situations arise.

To ensure safety and minimize access by unauthorized persons, the Authority, at the direction of the Federal Energy Regulatory Commission ('FERC') was tasked with installing a positive-restraint barrier system, upstream of the LSD. The Authority was required to submit a schedule for design to FERC for review by December 31, 2020 and complete construction by October of 2021. To meet this aggressive schedule, it is critical to award and start design immediately.

The scope of this Project includes engineering, design, fabrication, and installation of an approximately 4,500-ft boat denial barrier, upstream of the LSD. To support the installation and future

maintenance of the barrier, design, engineering, and installation of a boat launch is also required as part of the scope of work.

## DISCUSSION

The Authority issued Request for Proposal Q20-7073NF ('RFP') through the Ariba system, which was advertised in the New York State *Contract Reporter* on October 26, 2020. Twenty (20) firms were invited into the Ariba Event and eighty-two (82) firms viewed the RFP on the Authority's Strategic Supply Management ('SSM') website. A bid walk was held November 4, 2020, with eight (8) firms in attendance. One addendum was issued on November 13, 2020. Two proposals were received on December 1, 2020.

Bidder	Location
HOHL Industrial Services	Buffalo, NY
JF Brennan Company	La Crosse, WI

Proposals were reviewed by an Evaluation Committee comprised of representatives from Engineering, Strategic Supply Management, St. Lawrence Maintenance, Program Controls, and Project Management. The proposals were evaluated based upon proposal completeness, experience, schedule, price, responsiveness to the requirements of the RFP, proposed team, and technical and commercial exceptions taken to the RFP.

HOHL's proposal was found to be compliant with the requirements of the bid documents. Additionally, HOHL provided quality control, environmental, and safety plans. HOHL can meet the schedule and has demonstrated execution of similar work for another customer.

Preliminary funding in the amount of \$ 1,000,000 was recently approved to start engineering and required geotechnical plans and surveys. The total capital expenditure authorization request is comprised of the following:

Preliminary Engineering	\$	450,000
Detailed Engineering	\$	1,086,100
Procurement	\$	2,125,800
Construction/ Installation	\$	6,526,100
Authority Direct and Indirect Expense	\$	2,643,700
Total	\$	12,831,700

## FISCAL INFORMATION

Payments associated with this project will be made from the Authority's Capital Fund.

## RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve capital expenditures in the amount of \$11,831,700 and approve a two-year contract to HOHL Industrial Inc., in the amount of \$8.1 million for engineering, procurement, and construction services, for the implementation of the Long Sault Dam Positive Restraint Barrier Project.

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

*Ms. Patricia Lombardi, Vice President of Project Management, provided highlights of the recommendation to the committee.*

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

**RESOLVED, That the Finance and Risk Committee recommends that, pursuant to the Authority’s Capital Planning and Budgeting Procedures, the Trustees approve capital expenditures in the amount of \$11,831,700 for the installation of the Positive Restraint Barrier to be located upstream of the Long Sault Dam at the St. Lawrence-FDR Power Project, in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer; and be it further**

**RESOLVED, That the Authority will use capital funds, which may include proceeds of debt, to finance the costs for the Long Sault Dam Positive Restraint Barrier Project.**

<u>Capital</u>	<u>Expenditure Authorization</u>
St. Lawrence-FDR Power Project Long Sault Dam Positive Restraint Barrier	<u>\$11,831,700</u>

**AND BE IT FURTHER RESOLVED, That the Finance and Risk Committee recommends that, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, the Trustees approve a two-year contract award in the amount of \$8.1 million, for the aforementioned project;**

<u>Contractor</u>	<u>Contract Approval</u>
HOHL Industrial Inc. Buffalo, NY  (Q20-7073NF)	<u>\$8,100,000</u>

vii. **Niagara Power Project  
Next Generation Niagara Program –  
Mechanical and Electrical Upgrades Project –  
Shaft Procurement – Contract Award**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

The Trustees will be requested at their January 26, 2021 meeting to approve the award of a 15-year design, manufacture, and delivery contract to GE Renewables US LLC ('GE') of Greenwood Village, CO in the amount of \$18.1 million. This award includes \$3.2 million in escalation over the life of the contract for the Next Generation Niagara ('NGN') – Mechanical and Electrical Upgrades Project – Shaft Procurement. In addition, the Trustees are requested to waive the New York Buy America Act requirements regarding the purchase of steel components.

The Finance Committee is requested to recommend to the Trustees the approval of the aforementioned contract.

**BACKGROUND**

Section 2879 of the Public Authorities Law and in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts in excess of \$6 million require the Trustees' approval.

NGN is comprised of four main projects: (1) controls upgrade, (2) mechanical and electrical upgrades, (3) 630-ton gantry crane replacement, and (4) penstock platform and inspections. This contract is for the design, manufacture, and delivery of the shafts required to support the Mechanical and Electrical Upgrades project. The Mechanical and Electrical Upgrades project will have future, separate contract(s) for procurement of other major material and to perform the remaining work.

The scope-of-work under this contract is for design, manufacture, and delivery of thirteen (13) shafts and one (1) thrust runner. The shafts will be received and installed by Authority craft in support of the NGN Mechanical and Electrical Upgrades.

It is anticipated that the next contract to be submitted for Trustee approval will be for unit overhauls starting in 2023, which is tentatively scheduled to be presented to the Trustees at the May 2021 meeting. The overall Program is estimated for completion by 2034.

**DISCUSSION**

A Request for Proposal ('RFP'), Inquiry No. Q20-6925HM, was issued through the Authority's Ariba system and was advertised in the NYS *Contract Reporter* on March 24, 2020. A total of twelve (12) firms were invited into the Ariba Event with forty-five (45) firms having viewed the RFP on the Strategic Supply Management website. Seven (7) proposals were received through Ariba on June 12, 2020. The list of Bidders is below:

<b>Company</b>	<b>Location</b>
<b>GE Renewables US LLC</b>	<b>Greenwood Village, CO</b>
<b>Andritz Hydro Corp</b>	<b>Charlotte, NC</b>
<b>Voith Hydro, Inc.</b>	<b>York, PA</b>
<b>Gracon LLC</b>	<b>Lafayette, CO</b>

<b>American Hydro</b>	<b>Buffalo, NY</b>
<b>Hydro Tech USA Inc.</b>	<b>Sault Ste Marie, ON, CA</b>
<b>Toshiba America Energy Systems</b>	<b>Charlotte, NC</b>

The Evaluation Committee, comprised of representatives from Strategic Supply Management, Mechanical Engineering, Project Delivery, Control Room Operations, Mechanical Maintenance, Quality Assurance, Environmental, Health and Safety, Project Management, and Program Controls, reviewed and evaluated the proposals based on the evaluation criteria established in the RFP which included: best value, proposal completeness, technical capabilities, ability to meet the schedule, experience in performing this type of work, and safety records.

The RFP event was also reviewed for compliance with the Executive Order ('EO') 13920 'Securing the United States Bulk Power System.' After reviewing the EO, it was considered not applicable to this Contract. The proposals were also reviewed for compliance with the New York Buy American Act. After review, it was recommended that this requirement be waived based on the cost savings of 50% that would be realized to the Authority. Requirements for Minority and Women-Owned Business Enterprise and Service-Disabled Veteran-Owned Business were waived on this contract.

The current RM shafts are original to the plant and have been in service for 60 years. As such, it is not likely that the existing shafts will provide the Authority's Robert Moses Niagara Power Plant with another 60+ years of reliable service. At the Authority's adjacent Lewiston Pump Storage Plant ('LPGP'), replacement of the shafts was not included in the base scope of the ongoing LPGP LEM Program, but the option to replace the shafts was immediately exercised when circumferential cracking was discovered upon the first unit disassembly. With this lesson learned and the Authority's collaboration with hydropower technical leads from domestic and international plants from CEATI's Hydraulic Plant Life Interest Group, it is in the Authority's best interest to replace all the shafts.

GE was determined to be the best value based on its strength of experience, ongoing support throughout the life of the project, a well, thought-out project execution plan, high quality manufacturing processes, ability to address the Authority's requirements and expectations, and best value proposal. This best value proposal also provides the competitive pricing that allows for the replacement of all 13 shafts and streamlining manufacturing and the schedule over the course of this project.

The proposed spending for this contract is in alignment with the original program estimates for this work, which were approved by the Trustees at their July 2019 meeting and has been included in the approved Four-Year capital plan.

#### FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund. Funding in the amount of \$224 million has been authorized, to date, for the Next Generation Niagara Program, which is estimated at \$1.1 billion, to complete preliminary engineering, conduct engineering and design, material procurement, implement limited construction, and Authority direct/indirect costs. The balance, to be authorized at future Trustee meeting(s), is estimated at \$876 million for the remaining work associated with this program.

#### RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve a 15-year contract in the amount of \$18.1 million, which includes \$3.2 million in escalation over the life of the contract, to GE Renewables US LLC of Greenwood Village, CO for design, manufacture, and delivery of the shafts in support of the Next Generation Niagara Program – Mechanical and Electrical Upgrades

Project. In addition, it is requested that the Finance and Risk Committee recommend that the Trustees waive the New York Buy America Act requirements regarding the purchase of steel components.

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

*Ms. Patricia Lombardi, Vice President of Project Management, provided highlights of the recommendation to the committee.*

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

**RESOLVED, That the Finance and Risk Committee recommends that the Trustees, pursuant to the Guidelines for Procurement adopted by the Authority and the Authority’s Expenditure Authorization Procedures, approve the award of a 15-year contract to GE Renewables US LLC in the amount of \$18,100,000 for the design, manufacture, and delivery of the shafts in support of the Next Generation Niagara Program - Mechanical and Electrical Upgrades Project; and be it further**

**RESOLVED, That the Finance and Risk Committee recommends that the Trustees waive the requirements of the New York Buy America Act for this contract award; and be it further**

**RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Next Generation Niagara – Mechanical and Electrical Upgrades Project – Shafts Procurement;**

<u>Contractor</u>	<u>Contract Approval</u>
GE Renewables US LLC Greenwood Village, CO	<u>\$18.1 million</u>
RFP # Q20-6925HM	

**5. CONSENT AGENDA:**

**a. Approval of the Minutes of the Joint Meeting held on November 17, 2020**

On motion made by member Dennis Tranor and seconded by member John Koelmel, the Minutes of the Joint Meeting held on November 17, 2020 were approved.



**6. Next Meeting**

Chairperson Tracy McKibben said that the next regular meeting of the Finance Committee is scheduled for March 18, 2021.

**Closing**

On motion made by member Dennis Trainor and seconded by member John Koelmel, the meeting was adjourned by Chairperson McKibben at approximately 11:07 a.m.

*Karen Delince*

Karen Delince  
Corporate Secretary

# **EXHIBITS**

## **For**

### **January 19, 2021**

### **Meeting Minutes**

# **Risk Update - Enterprise Resilience**

**Thomas Spencer**

**Sr. Director, Enterprise Risk**

**Adrienne Lotto**

**Sr. Director, Energy Security & Resilience Programs**

**January 19, 2021**

## In 2017, Enterprise Risk Management Established an Enhanced Approach to Resiliency



**Enhanced our capabilities to anticipate and respond to disruption-related risks**

- Established a broad-based Enterprise Resilience framework
- Harmonized existing programs leveraging the strong foundational elements already in place at NYPA
- Clearly defined governance structure
- Framework operationalized through Utility Operations and the Enterprise Resiliency Team

## Why is resiliency an important area of focus for NYPA and our strategy?

NYPA must accelerate its adoption of a resilience strategy to prepare for a more distributed and uncertain operating environment that will create a constant evolution of threats. Vigilance to anticipate and mitigate those threats is the very essence of resilience.

### All-Hazards

Extreme Weather

Kinetic Attacks

### Nation State Adversaries

Physical Threat

Advanced Persistent Threat

### Legislation

CLCPA

AREGCBA

### Digitization

Interconnected Ecosystem

New / Expanding Attack Vectors

### Societal Changes

COVID-19

New Operating Models

### NYPA's Mission

Thought Leader and Innovator Expectations

Reputational Pressures

## Where We Are Going: Key Resilience Activities



## Several Key Deliverables in 2021....



Completion of Business Continuity Plans for HQ and Sites together with Disaster Recovery Drill



Advance Climate Impact Study



Mature Resilience Metrics



Finalize Insider Threat partnership with EPRI



## How will we get there?





**NY Power  
Authority**

**Canal  
Corporation**



**NY Power  
Authority**

**Canal  
Corporation**

**March 18, 2021**

**Next Meeting**

The next regular meeting of the Joint Finance & Risk Committee is scheduled to be held on May 12, 2021 via videoconference.