5.21.14 – First Notes from Doc Review started 5.20.14 – Special Collection1219 - Boxes 489, 490, 491

Copies of many of these records* are also held in collection 342, Finance & Business, currently closed due to a "litigation hold." http://www.libraries.psu.edu/findingaids/342.htm#ref15179

Collection 1219 (Physical Plant)

Preliminary Mid-1990s Players List

- Gary C. Schultz – PSU Vice President for Finance & Treasurer
- James M. Wagner – PSU Vice President for Business & Operations
- Norman H. Bedell – PSU Assistant Vice President for Physical Plant
- Dan Sieminski –
- Doug A. Donovan – Office of Physical Plant
- Lloyd Niemann – Office of Physical Plant Engineer
- Rob Cooper – Office of Physical Plant
- Ralph Roberson – Wiley & Wilson Consultant
- Ken Hagstrom – Deloitte & Touche Consultant
- Elliot S. Davis – McQuaid Blasko Attorney
- Peter H Beaman – McQuaid Blasko Attorney

Other Physical Plant boxes to request

- Energy – 1980-1985 (Box 613)
- Nittany Energy Project 1986 – 1996 (Box 55)
- Central Energy Plant (Box 25)
- Central Energy Plant Task Force – 1991 (Box 87)
- Nittany Energy Project Site – Utlities Projects Estimate – 1994 (Box 75)
- Nittany Energy Project Site – Steam Delivery Requirements (Box 75)
- Steam Generation Options – Wiley & Wilson – 1994 (Box 75)
- Nittany Energy Project – PSU Options – 1994 (Box 75)
- Nittany Energy Project – 1994 (Box 87)
- Nittany Energy Project – Energy Services Agreement – 1995 (Box 75)
- University Park – Central Energy Production & Recovery Facility (Box 40)
- Energy Economic & Environmental Consultants Utility System Opportunity Assessment – 1998 – 2000 (Box 47)
- Energy Systems Opportunity Assessment – 1999 (Box 48)
- Kattner/FUB 04-80119 (Box 417)

March 1987 - Penn State Utilities Master Plan by Wiley & Wilson

June 1992 - Westmoreland Energy Inc. Proposal to Metropolitan Edison for Penn State University Cogeneration Project.

Plan for 123 MW (megawatt) coal-fired cogeneration plant, to be sited 500 yards south of Atherton Street and 200 yards west of College Avenue (roughly where White Course Drive is now).

April 9, 1993 – Wiley & Wilson Proposal

Proposal to update the Utilities Master Plan (1987) for a new Steam System Master Plan, at a cost of $30,500 plus $7,100 for expenses. Proposal includes a detailed list of the planned contents of the master plan. [Note to self: copy that list/debunk Stryker's false claim that OPP has already released relevant data to public.]

May 12, 1993 – Letter of Intent to Collaborate on Nittany Energy Project Development

Signed by James Wagner. Originally in effect through August 1, 1994, later extended to December 31, 1994.

April 7, 1994 – Wiley & Wilson Letter

Engineering consultants agree to conduct evaluations of WCSP and ECSP with a goal of upgrading one or both to create 600,000 pph capacity, to maintain steam generation until 2020

Engineering consultants also agree to evaluate the West Penn Power Energy Services Agreement (ESA) after it's drafted.

April 14, 1994 – First draft Memorandum of Understanding between Penn State and West Penn Power.

April 15, 1994 – West Penn Power Integrated Resource Plan

Projecting "new peak demand loads" over multiple decades.

August 16, 1994 – Deloitte & Touche Financial Modeling Report

Accounting consultants provide a detailed report on financial costs for five alternatives analyzed for achieving the 600,000 pph goal, including fuel cost projections – "coal escalation rates, natural gas escalation rates" etc. [Note to self – what time period does the report cover?]

September 16, 1994 – Doug Donovan and Lloyd Niemann memo to James Wagner

Donovan and Niemann report to Wagner that they've reviewed the Deloitte & Touche report, forward their comments on the financial projections.

October 3, 1994 – Emails and Meeting Notes

Planners identify key advantages of project: Combine PSU's tax exempt capital and state allocated funds with West Penn Power's operating experience and lower fuel purchase costs…the project "marries PSU borrowing with WPP Co. operating efficiency." [Explicit acknowledgement of public-private straddling.]

October 7, 1994 – McQuaid Blasko Federal Tax Law Memo

Authored by Elliot Davis, with cover letter by Peter Beaman, regarding proposed coal-fired "University Cogeneration Project" with West Penn Power.

"…The bulk of the electric power produced by the facility will be sold pursuant to a long-term power purchase agreement to a public utility…" Steam and the remaining electric power would be sold to Penn State.

"…Penn State is treated as a state governmental unit for purposes of issuing bonds…" subject to restrictions on private business use of infrastructure built using funds raised by the bonds.

Potential to use "wheeling," procedure involving a nongovernmental person as a conduit of exchange.

November 25, 1994 – Email from Norman Bedell to Doug Donovan

Bedell reports James Wagner reports Board of Trustee "chairs" agreed to Nittany Energy Project, and that the University will sign the Memorandum of Understanding with West Penn Power.

December 6, 1994 – Final Draft Memorandum of Understanding between Penn State and West Penn Power, approved by McQuaid Blasko attorney and signed by Gary Schultz on behalf of the University. Goal to draft an Energy Services Agreement (ESA) by March 15, 1995.

"The University and West Penn Power mutually agree not to make the Project public…"

February 1, 1995 – Nittany Energy Project Site Selection Committee Meeting

Five sites evaluated. Map included. Rob Cooper (current OPP Director of Energy & Engineering) was a committee member.

August 17, 1995 & September 12, 1995 – Two Nittany Energy Project Briefing Packages

Overview of project. Wiley & Wilson Utilities Master Plan (1987) max capacity steam generation 480,000 pph…WCSP capacity 80,000 pph, permitted capacity 350,000 pph….ECSP capacity 180,000 pph…max steam demand in 1994 444,000 pph.

Alternatives analysis prepared by Wiley & Wilson (engineering), Deloitte & Touche (finance), PSU Office of Physical Plant (engineering) and PSU Finance & Business (finance).

Five options considered, including various expansions and upgrades to WCSP and ECSP, and Option E: third party operation of a new power plant.

Recommendation to "pursue third party option." Proposed site for new cogeneration plant: 33.8 acres east of Fox Hollow Road, north of Park Ave. Construction timeline through 2000. Cost projections through 2030.

February 1, 1996 - Engineering Survey

Sweetland Engineering firm survey of Fox Hollow Road site.

February 21, 1996 – Phone call

Dan Sieminksi phone call with Pete Daily at Allegheny Power re: need to rework the plan to respond to changes in the energy and finance landscape.

March 8, 1996 – Meeting

Meeting Re: NITGENCO (Nittany Generation Company). Project cost estimated at $100,000,000 in 1996 dollars. Meeting notes include a chart outlining planned campus expansion through 2006 and beyond.

March 25, 1996 – Meeting between PSU Reps and Allegheny Power reps.

Report by Dan Sieminski. Co-generation plan no longer feasible because of deregulation and excess electric generation capacity in the grid, which has decreased the utilities' ability to secure long-term electric sales contracts. Nittany Energy Project should now be a steam-only project, not cogeneration. Also, coal fuel will be replaced by natural gas. As a result, sites other than the Fox Hollow Road site may now be feasible, due to smaller footprint.

April 29, 1996 – Meeting Re: Nittany Energy Project

Allegheny Power has created a new subsidiary company – AYP Capital Inc. – "to pursue unregulated power generation opportunities." Meeting notes include a pro-forma of cash flow projections – through 2019 – for an AYP-owned plant sited on land leased from Penn State.

File also included *District Energy Now*, the newsletter of the International District Energy Association, Vol. 11, No. 7, with a report on deregulation and whether regulators believe utilities financial health should be protected, i.e., stranded cost recovery for utilities whose new competition makes costly plants lose money.

Analysis

Reality Therapy – What do you want, and is what you're doing getting you what you want?
What does Penn State OPP want? 600,000 pph capacity or equivalent energy and space heating capacity.

Penn State demonstrates pattern of interest in and skill at leveraging public status for cost cutting.
Penn State demonstrates pattern of seeking to avoid regulatory exposure

Penn State demonstrates pattern of interest in and skill at alternatives analysis including systematic site evaluations and multi-decade fuel cost projections.
Penn State demonstrates a pattern of interest in and skill at secret-keeping. OPP, Finance and corporate partners and consultants make plans and *explicitly* exclude public information and participation.
Penn State demonstrates pattern of disinterest in and poor skills at community engagement.

Institutional Penn State has no genuine interest in community engagement – small solar outreach projects notwithstanding. The first sign of a culture change on that front will be full public release of the current Energy System Master Plan, followed by community members as community members sitting in the backroom planning meetings with OPP, Finance & Business, Deloitte & Touche, Wiley & Wilson, McQuaid Blasko and the rest.

There is an opportunity here to turn the Borough of State College into a public utility – negotiate solar panel installation on Borough homes and businesses to feed into the local grid for purchase by Penn State, meeting Penn State's interest in outsourcing energy services and the Borough's interest in increasing local energy security.

But projections about campus growth, student population growth, and fuel cost growth are essential to University *and* community planning. Those projections are included in the mid-90s documents but not in the documents released to the public during the West Campus Steam Plant Project. (Link to Stryker letter re: relevant info provided to public: false.)

If Penn State either has or shortly will peak in size, and not grow further, then it can either hold steady or decline. And in a steady-state or contracting scenario, energy decisions will be very, very different from what Penn State appears to be interested in pursuing…It will be the mirror image of debt-financed "peak energy demand planning:" trough energy demand planning, in a pay-as-you-go financial landscape driven by systemic economic contraction. In concrete terms: Penn State will be a smaller, leaner university, with fewer occupied buildings, fewer students, faculty and staff, colder rooms in winter and hotter rooms in summer.

Link between peak energy demand and debt-financed economic expansion (energy-economy nexus) Tverberg - http://ourfiniteworld.com/2012/08/29/the-long-term-tie-between-energy-supply-population-and-the-economy/ - Heinberg - http://www.amazon.com/The-End-Growth-Adapting-Economic/dp/0865716951

Nittany Energy Project, Collection 342 (Finance & Business)	
Action Items, 1995,	Record Carton 6
Correspondence,, 1994-1995,	Record Carton 1
Deloitte and Touche,, 1995,	Record Carton 6
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Financial Models,, 1996-1997,	Record Carton 96
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