

MEAGHER, TOM

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A \$30 million power project at the Rahway Valley Sewerage Authority may be completely abandoned after engineers, lawyers and consultants advised the authority that finishing the project may not make financial sense.

An accountant working for the authority said this spring that taxpayers will lose between \$25 and \$35 million depending on the outcome of litigation, and on whether any part of the project can be salvaged.

"We're trying to make a determination based on what we have today in relationship to fuel costs and other costs associated with the project to see if it's economically feasible to run this facility today," said acting executive director Bob Materna on Tuesday.

Construction on the authority's power generation facility began in 2000 after a state judge ordered the authority to have a backup source of power.

Instead of installing diesel power generators, the authority opted to pursue a much more expensive solution: building a cogeneration facility that could burn methane produced at the sewerage authority, along with natural gas.

The authority's commissioners approved the project after two companies, Keyspan Business Solutions and Paulus, Sokolowski & Sartor, predicted that the project could be up and running by 2005, and would save the authority more than \$1 million a year, according to Materna.

But a decade later, the project's costs are at \$30 million, and the deadline for completion has been pushed back numerous times, most recently to April 1 of this year, under the authority's budget for the year.

In a statement released this May 10, the authority predicts the cogeneration plant won't open this year, and may never be worth the cost of completion.

"Unless economic viability of the cogeneration facility can be established, the additional expenditure of money to transform it to an operational state may not be justified," the release said.

Barring successful completion of the generation plant, Materna said the authority would try to recover taxpayer money by suing contractors and consultants that advised it on the project.

"We have a significant investment that we made on behalf of the member municipalities," Materna said. "If you explore all the opportunities, and we can't find any potential operational alternatives, our last resort would be to seek legal remedies to try to recover our investment in the cogeneration facility."