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

October 24, 2006

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the Blenheim-Gilboa Visitors' Center, Gilboa, New York, at 11:00 a.m.

Present:	Frank S. McCullough, Jr., Chairman
	Michael J. Townsend, Vice Chairman
	Robert E. Moses, Trustee
	Thomas W. Scozzafava, Trustee
	Leonard N. Spano, Trustee
	Elise M. Cusack, Trustee – Excused
	Joseph J. Seymour, Trustee – Excused

Timothy S. Carey	President and Chief Executive Officer
Joseph Del Sindaco	Executive Vice President and Chief Financial Officer
Thomas J. Kelly	Executive Vice President and General Counsel
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
Robert J. Deasy	Senior Vice President – Energy Resource Management
Steven J. DeCarlo	Senior Vice President – Transmission
William J. Nadeau	Senior Vice President – Energy Resource Management and Strategic Planning
Brian Vattimo	Senior Vice President – Public and Governmental Affairs
Edward A. Welz	Senior Vice President and Chief Engineer – Power Generation
Anne B. Cahill	Corporate Secretary
Arnold M. Bellis	Vice President – Controller
John M. Hoff	Vice President – Procurement and Real Estate
Donald A. Russak	Vice President – Finance
Tom H. Warmath	Vice President and Chief Risk Officer
James H. Yates	Vice President – Major Account Marketing and Economic Development
Angela D. Graves	Deputy Corporate Secretary
Frederick E. Chase	Executive Director – Hydro Relicensing
Paul F. Finnegan	Executive Director – Public and Governmental Affairs
John J. Suloway	Executive Director – Licensing, Implementation and Compliance
Thomas A. Davis	Director – Financial Planning
James F. Pasquale	Director – Business Power Allocations, Regulations and Billing
Keith G. Silliman	Director – Niagara Relicensing
Daniel Wiese	Inspector General and Director – Corporate Security
Allen Schriver	Regional Manager – Central New York
Stephen M. Ramsey	Manager – Community Relations – Blenheim-Gilboa Power Project
Mary Jean Frank	Associate Corporate Secretary
Lorna M. Johnson	Assistant Corporate Secretary
Jeffrey Carey	Special Assistant to President and Chief Executive Officer
William Helmer	Special Licensing Counsel

Chairman McCullough presided over the meeting. Secretary Cahill kept the Minutes.

Special Note from Chairman Frank S. McCullough, Jr.

Chairman McCullough welcomed the other Trustees and staff to Blenheim-Gilboa ("B-G"). He said that this was a wonderful facility and thanked all of the staff at B-G for the hospitality they had displayed yesterday and today. Chairman McCullough extended greetings from Trustee Cusack, who is still coping with the aftermath of the snowstorm in Buffalo, and Trustee Seymour, who is traveling.

1. Approval of the Minutes

The Minutes of the Regular Meeting of September 26, 2006 were unanimously adopted.

2. **Financial Reports for the Nine Months Ending September 30, 2006**

Mr. Bellis presented an overview of the reports to the Trustees.

3. <u>Report from the President and Chief Executive Officer</u>

President Carey said that the Governor's Office had called on the Authority to assist with cleanup from the Buffalo storm. He said that Mr. DeCarlo had assembled a team of Authority employees from the St. Lawrence, B-G, Clark Energy Center and Niagara facilities who had expertise in brush cutting to help out in the Buffalo region. President Carey said that Mr. DeCarlo's team had done such a terrific job that Assemblyman Hoyt had called to thank the Authority. The team will continue to assist with the cleanup for another week. He thanked Mr. DeCarlo for the exemplary job he had done in representing the Authority with local officials and the media and asked everyone to join with him in giving Mr. DeCarlo a hand.

4. **Power for Jobs Program – Extended Benefits**

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve extended benefits for 68 Power for Jobs ('PFJ') customers as listed in Exhibit '4-A.' These customers have been recommended to receive such extended benefits by the Economic Development Power Allocation Board ('EDPAB').

BACKGROUND

"In July 1997, the New York State Legislature and Governor George E. Pataki approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants receive three-year contracts for PFJ electricity.

"The PFJ program originally made 400 megawatts ('MW') of power available. The program was to be phased in over three years, with approximately 133 MW made available each year. In July 1998, as a result of the initial success of the program, the Legislature and Governor Pataki amended the PFJ statute to accelerate the distribution of the power, making a total of 267 MW available in Year One. The 1998 amendments also increased the size of the program to 450 MW, with 50 MW to become available in Year Three.

"In May 2000, legislation was enacted that authorized another 300 MW of power to be allocated under the PFJ program. The additional MW were described in the statute as 'phase four' of the program. Customers that received allocations in Year One were authorized to apply for reallocations; more than 95% reapplied. The balance of the power was awarded to new applicants.

"In July 2002, legislation was signed into law by Governor Pataki that authorized another 183 MW of power to be allocated under the program. The additional MW were described in the statute as 'phase five' of the program. Customers that received allocations in Year Two or Year Three were given priority to reapply for the program. Any remaining power was made available to new applicants.

"Chapter 59 of the Laws of 2004 extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an 'electricity savings reimbursement' rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

"PFJ customers whose contracts expired on or prior to November 30, 2004 were eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005. As an alternative, such customers could choose to receive a rebate to the extent funded by the Authority from the date their contract expired as a bridge to a new contract extension, with the contract extension commencing December 1, 2004. The new contract would be in effect from a period no earlier than December 1, 2004 through the end of the PFJ program on December 31, 2005.

"PFJ customers whose contracts expired after November 30, 2004 were eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expired through December 31, 2005.

"Approved contract extensions entitled customers to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer's local utility. Separate allocation contracts between customers and the Authority contained job commitments enforceable by the Authority.

"In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006. In 2006, a new law (Chapter 645 of the Laws of 2006) included provisions extending program benefits until June 30, 2007.

"Section 189 of the New York State Economic Development Law, which was amended by Chapter 59 of the Laws of 2004, provided the statutory authorization for the extended benefits that could be provided to PFJ customers. The statute stated that an applicant could receive extended benefits '*only if it is in compliance with and agrees to continue to meet the job retention and creation commitments set forth in its prior power for jobs contract.'*

"Chapter 313 of the Laws of 2005 amended the above language to allow EDPAB to consider continuation of benefits on such terms as it deems reasonable. The statutory language now reads as follows:

> *An applicant shall be eligible for such reimbursements and/or extensions only if it is in compliance with and agrees to continue to meet the job retention and creation commitments set forth in its prior power for jobs contract**, or such other commitments as the board deems reasonable**.* (emphasis supplied)

"At its meeting of October 18, 2005, EDPAB approved criteria under which applicants whose extended benefits EDPAB had reduced for non-compliance with their job commitments could apply to have their PFJ benefits reinstated in whole or in part. EDPAB authorized staff to create a short-form application, notify customers of the process, send customers the application and evaluate reconsideration requests based on the approved criteria. To date, staff has mailed 200 applications, received 109 and completed review of 108.

DISCUSSION

"At its meeting on October 23, 2006, EDPAB recommended that the Authority's Trustees approve electricity savings reimbursement rebates to the 68 businesses listed in Exhibit '4-A.' Collectively, these organizations have agreed to retain more than 68,000 jobs in New York State in exchange for rebates. The rebate program will be in effect until June 30, 2007, the program's sunset.

"The Trustees are requested to approve the payment and funding of rebates for the companies listed in Exhibit '4-A' in a total amount currently not expected to exceed $5,000,000. Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of such amount, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. Staff expects to present the Trustees with requests for additional funding for rebates to the companies listed in the Exhibits in the future.

FISCAL INFORMATION

"Funding of rebates for the companies listed on Exhibit '4-A' is not expected to exceed $5,000,000. Payments will be made from the Operating Fund. To date, the Trustees have approved $53.3 million in rebates.

RECOMMENDATION

"The Executive Vice President and Chief Financial Officer and the Director – Business Power Allocations and Regulation recommend that the Trustees approve the payment of electricity savings reimbursements to the Power for Jobs customers listed in Exhibit '4-A.'

"The Executive Vice President and General Counsel, the Senior Vice President – Marketing and Economic Development, the Vice President – Major Account Marketing and Economic Development, the Senior Vice President – Public and Governmental Affairs and I concur in the recommendation."

Mr. Pasquale presented the highlights of staff's recommendations to the Trustees. Chairman McCullough added that the extended benefits had been approved by the Economic Development Power Allocation Board.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve electricity savings reimbursements to the Power for Jobs customers listed in Exhibit "4-A";

NOW THEREFORE BE IT RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves the payment of electricity savings reimbursements to the companies listed in Exhibit "4-A," and that the Authority finds that such payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the Power for Jobs program and in the public interest; and be it further

RESOLVED, That based on staff's recommendation, it is hereby authorized that payments be made for electricity savings reimbursements as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to $5 million, and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further

RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Vice President – Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503 (1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

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

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized 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 to effectuate the foregoing resolutions, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

New York Power Authority
Power for Jobs Extended Benefits
Recommendation for Electricity Savings Reimbursements

Exhibit "4-A"
October 24, 2006

Line	Company	City	County	IOU	KW	Job Committed	Jobs in Application	Over (under)	% Over (under)	Compliance	Recommended KW	Jobs/MW	Type	Service
1	American Cancer Society	New York	New York	Con Ed	100	114	88	-26	-23%	No	80	1,100	NFP	Social Services Provider
2	AT&T	White Plains	Westchester	Con Ed	650	600	515	-85	-14%	No	560	920	Large	Telecommunications
3	Charmer Industries, Inc.	Astoria	Queens	Con Ed	750	732	810	78	11%	Yes	750	1,080	Large	Distributors of wines and spirits
4	Greater Jamaica Development Corp.	Jamaica	Queens	Con Ed	375	121	136	15	12%	Yes	375	363	NFP	Urban & Community Development
5	Lincoln Center for the Performing Arts	New York	New York	Con Ed	3,000	2,312	2,328	16	1%	Yes	3,000	776	NFP	Performing Arts Center
6	Long Island Jewish Medical Center	Manhasset	Nassau	Con Ed	2,000	6,143	6,009	-134	-2%	Yes	2,000	3,005	NFP	Healthcare Center
7	Manhattan School of Music	New York	New York	Con Ed	200	176	343	167	95%	Yes	200	1,715	NFP	International conservatory of music
8	Marymount College	Tarrytown	Westchester	Con Ed	400	187	279	92	49%	Yes	400	698	NFP	Independent liberal arts college
9	Mount Sinai Medical Center	New York	New York	Con Ed	2,000	10,787	11,261	474	4%	Yes	2,000	5,631	NFP	Medical Center
10	New York Presbyterian Hospital	New York	New York	Con Ed	5,000	6,958	7,765	807	12%	Yes	5,000	1,553	NFP	Medical care
11	Norampac New York City, Inc.	Maspeth	Queens	Con Ed	600	267	195	-72	-27%	No	600	325	Large	Manufacturers' of corrugated paper packaging
12	North General Hospital	New York	New York	Con Ed	400	943	1,250	307	33%	Yes	400	3,125	NFP	Hospital
13	Pepsi Cola Bottling Company	College Point	Queens	Con Ed	2,200	1,030	990	-40	-4%	Yes	2,200	450	Large	Manufactures & distributes of soft drinks
14	S. R. Guggenheim Museum	New York	New York	Con Ed	475	356	358	2	1%	Yes	475	754	NFP	Art Museum
15	The Museum of Modern Art	New York	New York	Con Ed	1,000	741	757	16	2%	Yes	1,000	757	NFP	Museum
16	Verizon	New York	New York	Con Ed	5,000	2,061	4,829	2,768	134%	Yes	5,000	966	Large	Local and wireless phone service provider
	Total Con Ed		**Subtotal**	**16**	**24,150**	**33,528**	**37,913**				**24,040**			
17	American Technical Ceramics	Huntington Station	Suffolk	LIPA	200	331	406	75	23%	Yes	200	2,030	Small	Ceramic Capacitor
18	Augros, Inc.	Ronkonkoma	Suffolk	LIPA	500	150	132	-18	-12%	No	440	300	Large	Manufacturer of molded plastic caps
19	Good Samaritan Hospital	West Islip	Suffolk	LIPA	800	2,651	2,914	263	10%	Yes	800	3,642	NFP	Healthcare Center
20	John T. Mather Memorial Hospital	Port Jefferson	Suffolk	LIPA	400	1,069	1,360	291	27%	Yes	400	3,400	NFP	Community Hospital
21	JP Morgan Chase - Uniondale	Uniondale	Nassau	LIPA	740	600	1,062	462	77%	Yes	740	1,435	Large	Banking
22	North Shore Health System	Manhasset	Nassau	LIPA	2,600	5,840	6,444	604	10%	Yes	2,600	2,478	NFP	Medical Services
	Total LIPA		**Subtotal**	**6**	**5,240**	**10,641**	**12,318**				**5,180**			
23	Albany Molecular Research, Inc.	Albany	Albany	Nat Grid	600	143	348	205	143%	Yes	600	580	Large	Pharmaceutical & research & manufacturer
24	Applied Energy Solutions (CEN Electronics)	Caledonia	Livingston	Nat Grid	300	121	64	-57	-47%	No	300	213	Small	Electronics
25	Borg Warner Morse Tech Corp	Cortland	Cortland	Nat Grid	1,500	266	242	-24	-9%	Yes	1,500	161	Large	Manufacturer of Auto Components
26	Brodock Press	Utica	Oneida	Nat Grid	400	113	107	-6	-5%	Yes	400	268	Large	Commercial Printing
27	Canton Potsdam Hospital	Potsdam	St.Lawrence	Nat Grid	150	450	505	55	12%	Yes	450	1,122	NFP	Hospital Services/ Healthcare
28	Cascades Tissue Group	Waterford	Saratoga	Nat Grid	600	110	159	49	45%	Yes	600	265	Large	Large Industrial towel manufacturer
29	Corning, Inc. (Canton)	Canton	St. Lawrence	Nat Grid	1,500	272	260	-12	-4%	Yes	1,500	173	Large	Manuact. of optical fiber, glass/ceramic products
30	CWM Chemical Services, LLC	Model City	Niagara	Nat Grid	400	100	83	-17	-17%	No	330	252	Small	Treatment-storage-disposal of Industrial Waste
31	Dielectric Laboratories, Inc.	Cazenovia	Madison	Nat Grid	400	248	174	-74	-30%	No	400	435	Large	Ceramic capacitors and ceramic packaging
32	Dodge-Graphic Press Inc	Utica	Herkimer	Nat Grid	300	100	66	-34	-34%	No	300	220	Small	Printing Company
33	Edward John Noble Hospital	Gouverneur	St. Lawrence	Nat Grid	100	252	258	6	2%	Yes	100	2,580	NFP	Healthcare center
34	Fiber Glass Industries Inc.	Amsterdam	Montgomery	Nat Grid	700	142	137	-5	-4%	Yes	700	196	Large	Produces high strength woven fabrics
35	Fitzpatrick & Weller, Inc.	Ellicottville	Cattaraugus	Nat Grid	1,000	230	107	-123	-53%	No	1,000	107	Large	Lumber & wood components
36	General Electric Plastics	Selkirk	Albany	Nat Grid	5,000	545	515	-30	-6%	Yes	5,000	103	Large	Plastic materials & resins
37	International Fiber Corp.	lorth Tonawand	Niagara	Nat Grid	400	82	110	28	34%	Yes	400	275	Large	Produces powdered cellulose and fibers
38	Kilian Manufacturing Corporation	Syracuse	Onondaga	Nat Grid	400	345	214	-131	-38%	No	400	535	Large	Mfr. ball bearings
39	Lewis County General Hospital	Lowville	Lewis	Nat Grid	200	382	389	7	2%	Yes	200	1,945	NFP	Medical Center
40	Little Falls Hospital	Little Falls	Herkimer	Nat Grid	200	365	343	-22	-6%	Yes	200	1,717	NFP	Medical Center
41	Lydall Manning	Green Island	Albany	Nat Grid	1,200	133	111	-22	-17%	No	1,100	101	Large	Specialty Paper Manufacturer
42	McLane Eastern	Baldwinsville	Onondaga	Nat Grid	1,000	1,040	783	-257	-25%	No	875	895	Large	Wholesale grocery distributor
43	Mohawk Paper Mills	Cohoes	Albany	Nat Grid	2,250	389	426	37	10%	Yes	2,250	189	Large	Manufacturer of text and cover papers
44	Natrium Products, Inc.	Cortland	Cortland	Nat Grid	90	20	20	0	0%	Yes	90	222	Small	Manufacturer of sodium bicarbonate
45	Oldcastle Precast Inc (Spancrete Northeast)	South Bethlehem	Albany	Nat Grid	350	113	53	-60	-53%	No	160	331	Small	Precast products and installation
46	Oneida Healthcare Center	Oneida	Madison	Nat Grid	400	705	737	32	5%	Yes	400	1,843	NFP	General Hospital
47	Organichem, Inc.	Rennselear	Rensselaer	Nat Grid	1,000	183	330	147	80%	Yes	1,000	330	Large	Manufacturing pharmaceutical ingredients
48	Queensboro Farm Products, Inc. - Canasto	Canastota	Madison	Nat Grid	500	79	81	2	3%	Yes	500	162	Large	Milk manufacturing and processing plant
49	Revere Copper Products	Rome	Oneida	Nat Grid	2,000	452	425	-27	-6%	Yes	2,000	213	Large	Copper & brass products
50	Robison & Smith, Inc.	Gloversville	Fulton	Nat Grid	384	176	190	14	8%	Yes	384	495	Small	Linen & Laundry Supply
51	Sorrento Lactalis, Inc.	Buffalo	Erie	Nat Grid	1,500	358	464	106	30%	Yes	1,500	309	Large	Produces cheese as well as whey products
52	Specialized Packaging Radisson, Inc	Baldwinsville	Onondaga	Nat Grid	200	190	148	-42	-22%	No	180	822	Small	Produces printed folding cartons
53	Standard Manufacturing Co., Inc.	Troy	Rensselaer	Nat Grid	160	152	30	-122	-80%	No	30	1,000	Small	Apparel

New York Power Authority
Power for Jobs Extended Benefits
Recommendation for Electricity Savings Reimbursements

Exhibit "4-A"
October 24, 2006

Line	Company	City	County	IOU	KW	Job Committed	Jobs in Application	Over (under)	% Over (under)	Compliance	Recommended KW	Jobs/MW	Type	Service
54	Syracuse Plastics, Inc.	Liverpool	Onondaga	Nat Grid	400	123	57	-66	-54%	No	400	143	Large	Maker of plastic parts and components
55	Syracuse University	Syracuse	Onondaga	Nat Grid	2,000	4,360	4,592	232	5%	Yes	2,000	2,296	NFP	Institution of Higher Education
56	Syroco, Inc. - A Subsidiary of Vassallo Indu	Baldwinsville	Onondaga	Nat Grid	550	427	183	-244	-57%	No	550	333	Large	Plastic injection molding manufacturer
57	Turbine Components Technologies (Utica Corp)	Whitesboro	Oneida	Nat Grid	1,200	395	225	-170	-43%	No	1,200	188	Large	Precision forging plant
58	Welch Allyn Data Collection Inc.	Skaneateles Falls	Onondaga	Nat Grid	2,000	1,294	1,257	-37	-3%	Yes	2,000	629	Large	Medical and dental equipment manufacturer
	Total Nat Grid	**36**	**Subtotal**		**31,334**	**14,855**	**14,193**				**30,999**			
59	A. T. Reynolds & Sons, Inc.	Kiamesha Lake	Sullivan	NYSEG	500	116	59	-57	-49%	No	250	236	Small	Spring water and Ice Mfr.
60	Agri-Mark, Inc	Chateaugay	Franklin	NYSEG	500	106	116	10	9%	Yes	500	232	Large	Cheese Manufacturer
61	Borg Warner Automotive Morse TE	Ithaca	Tompkins	NYSEG	4,000	1,360	1,416	56	4%	Yes	4,000	354	Large	Manufacture of automotive components
62	Candlelight Cabinetry, Inc.	Lockport	Niagara	NYSEG	400	200	185	-15	-8%	Yes	400	463	Large	Manufacturer custom cabinets
63	Merritt Plywood Machinery, Inc.	Lockport	Niagara	NYSEG	75	19	19	0	0%	Yes	75	253	Small	Makes machinery for hardwood/veneer/plywood
64	Vail Ballou Press, Inc.	Binghamton	Broome	NYSEG	1,800	500	426	-74	-15%	No	1,800	237	Large	Book printer and distributor
	Total NYSEG	**6**	**Subtotal**		**7,275**	**2,301**	**2,221**				**7,025**			
65	International Business Machines - Sterling	Poughkeepsie,	Orange	O&R	1,350	1,087	566	-521	-48%	No	700	809	Large	Computer Manufacturer
	Total O&R	**1**	**Subtotal**		**1,350**	**1,087**	**566**				**700**			
66	Flower City Printing, Inc.	Rochester	Monroe	RGE	500	245	257	12	5%	Yes	500	514	Large	Commercial printer
67	International Business Machines - Rochest	Rochester	Monroe	RGE	2,800	1,495	610	-885	-59%	No	1,150	530	Large	Computer Manufacturer
68	Jada Precision Plastics Co.	Rochester	Monroe	RGE	375	91	56	-35	-38%	No	300	187	Small	Custom injection molder
	Total RG&E	**3**	**Subtotal**		**3,675**	**1,831**	**923**				**1,950**			
			Total	**68**	**73,024**	**64,243**	**68,134**				**69,894**	**975**		

Note: Some of the companies listed above have had part or all of their allocation restored though the reconsideration process.

5. **Power for Jobs Program – Extended Benefits – 2007**

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve extended benefits for 121 Power for Jobs ('PFJ') customers as listed in Exhibits '5-A' and '5-B' until June 30, 2007 to reflect recently enacted changes in law. These customers have been recommended to receive such extended benefits by the Economic Development Power Allocation Board ('EDPAB').

BACKGROUND

"In July 1997, the New York State Legislature and Governor George E. Pataki approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants receive three-year contracts for PFJ electricity.

"The PFJ program originally made 400 megawatts ('MW') of power available. The program was to be phased in over three years, with approximately 133 MW made available each year. In July 1998, as a result of the initial success of the program, the Legislature and Governor Pataki amended the PFJ statute to accelerate the distribution of the power, making a total of 267 MW available in Year One. The 1998 amendments also increased the size of the program to 450 MW, with 50 MW to become available in Year Three.

"In May 2000, legislation was enacted that authorized another 300 MW of power to be allocated under the PFJ program. The additional MW were described in the statute as 'phase four' of the program. Customers that received allocations in Year One were authorized to apply for reallocations; more than 95% reapplied. The balance of the power was awarded to new applicants.

"In July 2002, legislation was signed into law by Governor Pataki that authorized another 183 MW of power to be allocated under the program. The additional MW were described in the statute as 'phase five' of the program. Customers that received allocations in Year Two or Year Three were given priority to reapply for the program. Any remaining power was made available to new applicants.

"Chapter 59 of the Laws of 2004 extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an 'electricity savings reimbursement' rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

"PFJ customers whose contracts expired on or prior to November 30, 2004 were eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005. As an alternative, such customers could choose to receive a rebate to the extent funded by the Authority from the date their contract expired as a bridge to a new contract extension, with the contract extension commencing December 1, 2004. The new contract would be in effect from a period no earlier than December 1, 2004 through the end of the PFJ program on December 31, 2005.

"PFJ customers whose contracts expired after November 30, 2004 were eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expired through December 31, 2005.

"Approved contract extensions entitled customers to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer's local utility. Separate allocation contracts between customers and the Authority contained job commitments enforceable by the Authority.

"In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006.

"Section 189 of the New York State Economic Development Law, which was amended by Chapter 59 of the Laws of 2004, provided the statutory authorization for the extended benefits that could be provided to PFJ customers. The statute stated that an applicant could receive extended benefits '*only if it is in compliance with and agrees to continue to meet the job retention and creation commitments set forth in its prior power for jobs contract.'*

"Chapter 313 of the Laws of 2005 amended the above language to allow EDPAB to consider continuation of benefits on such terms as it deems reasonable. The statutory language now reads as follows:

> *An applicant shall be eligible for such reimbursements and/or extensions only if it is in compliance with and agrees to continue to meet the job retention and creation commitments set forth in its prior power for jobs contract**, or such other commitments as the board deems reasonable**.* (emphasis supplied)

"At its meeting of October 18, 2005, EDPAB approved criteria under which applicants whose extended benefits EDPAB had reduced for non-compliance with their job commitments could apply to have their PFJ benefits reinstated in whole or in part. EDPAB authorized staff to create a short-form application, notify customers of the process, send customers the application and evaluate reconsideration requests based on the approved criteria.

"In 2006, a new law (Chapter 645 of the Laws of 2006) included provisions extending program benefits until June 30, 2007.

DISCUSSION

"At its meeting on October 23, 2006, EDPAB recommended that the Authority's Trustees approve contract extensions to the 76 businesses listed in Exhibit '5-A.' Exhibit '5-B' lists those businesses that EDPAB is recommending to continue to receive electricity savings reimbursements. Collectively, these organizations have agreed to retain more than 64,000 jobs in New York State in exchange for the contract extensions or rebates. The contracts will be extended and the rebate program will be in effect until June 30, 2007, the program's newly enacted sunset date. The power will be wheeled by the investor-owned utilities as indicated in the Exhibits.

FISCAL INFORMATION

"The cost of rebates to these customers will not be known until 2007. Payments will be made from the Operating Fund. To date, the Trustees have approved $53.3 million in rebates.

RECOMMENDATION

"The Executive Vice President and Chief Financial Officer and the Director – Business Power Allocations and Regulation recommend that the Trustees approve the contract extensions for, and the extension of eligibility to receive electricity savings reimbursements to, the Power for Jobs customers listed in Exhibits '5-A' and '5-B.'

"The Executive Vice President and General Counsel, the Senior Vice President – Marketing and Economic Development, the Vice President – Major Account Marketing and Economic Development, the Senior Vice President – Public and Governmental Affairs and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

> **WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve contract extensions and electricity savings reimbursements to the Power for Jobs customers listed in Exhibit "5-A";**
>
> **NOW THEREFORE BE IT RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves contract extensions for those companies listed in**

Exhibit "5-A," and the extension of eligibility to receive electricity savings reimbursements to the companies listed in Exhibit "5-B," and be it further

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

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized 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 to effectuate the foregoing resolutions, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

New York Power Authority
Power for Jobs Extended Benefits 2007
Recommendation for Contract Extensions

Exhibit "5-A"
October 24, 2006

Line	Company	City	County	IOU	KW	Jobs in Application 2006	Jobs/MW	Type	Service
1	Citi Group	New York	New York	Con Ed	5,000	1,500	300	Large	Investment
2	Dontis Produce Co.	Brooklyn	Kings	Con Ed	50	7	140	Small	Meat & produce are cut, smoked, stored, packaged & distributed
3	Museum of Art & Design	New York	New York	Con Ed	70	43	614	NFP	Museum
4	National Academy of Design	New York	New York	Con Ed	80	23	288	NFP	Museums & art galleries
5	New York College of Podiatric Medic	New York	New York	Con Ed	300	168	560	NFP	Provides services in podiatric care
6	Orazio & Sons Meat, Co.	Brooklyn	Kings	Con Ed	30	4	133	Small	Wholesale meat plant
7	Ruby Freeman, Inc.	Brooklyn	Kings	Con Ed	20	5	250	Small	Produced is stored, cut, smoked , packaged and distributed
8	The Moving Image, Inc. - dba Film Forum	New York	New York	Con Ed	35	41	1,171	NFP	Theater Operations - screenings independent films
9	Theater for the New City, Inc.	New York	New York	Con Ed	30	67	2,233	NFP	Social Services - Theater
10	YMCA of Greater New York	New York	New York	Con Ed	2,000	3601	1,801	NFP	Offers a continum of youth programs
11	Zeluck, Inc.	Brooklyn	Kings	Con Ed	200	110	550	Small	Manufacturer of custom architectural windows and doors
	Con Ed		**Subtotal**	**11**	**7,815**	**5,569**	**713**		
12	Ademco	Syosset	Nassau	LIPA	650	441	678	Large	Manufactures electronic security products
13	AEC Johnson & Hoffman	Carle Place	Nassau	LIPA	225	80	356	Small	Metal stamping
14	Automatic Data Processing	Edgewood	Suffolk	LIPA	1,000	1,329	1,329	Large	Processing and mailing for the financial industry
15	B.H. Aircraft Company, Inc	Ronkonkoma	Suffolk	LIPA	400	56	140	Large	Produces noise suppression hardware for jet engines
16	Fortunoff	Uniondale	Nassau	LIPA	1,000	340	340	Large	Warehousing and distribution/Back office
17	Gurwin Jewish Geriatric Center	Commack	Suffolk	LIPA	500	651	1,302	NFP	Nursing home
18	Maloya Laser Inc.	Commack	Suffolk	LIPA	75	25	333	Small	Metal cutting and shaping
19	Odlcastle Glass (Floral Glass)	Hauppauge	Suffolk	LIPA	250	129	516	Small	Mfr of insulated & architectural glass products
20	Silver Lake Cookie Co.	Islip	Suffolk	LIPA	400	206	515	Large	Manufacturer of specialty cookies
	LIPA		**Subtotal**	**9**	**4,500**	**3,257**	**724**		
21	Airsep Corporation	Buffalo	Erie	N. Grid	650	316	486	Large	Manufactures medical equipment
22	Anoplate Corp.	Syracuse	Onondaga	N. Grid	450	178	396	Large	Metal Finishing
23	Ascension Industries (St Mary's)	North Tonawanda	Niagara	N. Grid	230	103	448	Small	Machine & tool shop
24	Associated Brands, Inc	Medina	Orleans	N. Grid	1,000	225	225	Large	Manufacturers of dry food products
25	Bartell Machinery Systems	Rome	Oneida	N. Grid	200	172	860	Small	Machined metal parts, assemblies and machinery.
26	Blasch Precision Ceramics	Albany	Albany	N. Grid	400	64	160	Large	Advanced ceramic & refractories industry
27	Boston Scientific/NAMIC Technology	Glens Falls	Warren	N. Grid	650	784	1,206	Large	Manufactures a broad range of medical products
28	Brooks Memorial Hospital	Dunkirk	Chautauqua	N. Grid	400	386	965	NFP	Comprehensive healthcare facility
29	CWR Manufacturing, Co.	Syracuse	Onondaga	N. Grid	150	61	407	Small	Manufacturers of high quality cold formed metal fasteners
30	Distributor Data Forms, Inc.	Cortland	Cortland	N. Grid	50	14	280	Small	Manufacturer of custom forams & commercial printer

New York Power Authority

Power for Jobs Extended Benefits 2007

Recommendation for Contract Extensions

Exhibit "5-A"

October 24, 2006

Line	Company	City	County	IOU	KW	Jobs in Application 2006	Jobs/MW	Type	Service
31	Drescher Corp. (DOT Foods)	Liverpool	Onondaga	N. Grid	350	211	603	Small	Frozen food distrib.
32	Dupli Envelopes & Graphics Corp.	Syracuse	Onondaga	N. Grid	200	114	570	Small	Quality envelope printing
33	Eastern Castings Corp.	Cambridge	Washington	N. Grid	250	34	136	Small	Aluminum foundry
34	Ethox Corp.	Buffalo	Erie	N. Grid	500	168	336	Large	Medical Lab
35	F. P. Pla Tool & Manufacturing Co.,	Buffalo	Erie	N. Grid	50	34	680	Small	Machine & tool shop
36	Faster Form Corp.	Frankfort	Herkimer	N. Grid	50	49	980	Small	Makes accessories for floral arrangements
37	Feldmeier Equipment Inc.	Little Falls	Herkimer	N. Grid	450	147	327	Large	Manufacturers of sainless stell tanks & pressure vessels
38	G L & V Sandy Hill Inc.	Hudson Falls	Washington	N. Grid	750	89	119	Large	Full service operational foundry & machine shop
39	H. P. Hood, Inc.	Oneida	Madison	N. Grid	1,000	202	202	Large	Fluid Milk Products
40	Hebeler Corporation	Tonawanda	Erie	N. Grid	300	125	417	Small	Large scale process equipment for various industries
41	Homogeneous Metals, Inc.	Clayville	Oneida	N. Grid	500	109	218	Large	Manufactures specialty powders for aerospace industry.
42	International Fiber Corporation	North Tonawanda	Niagara	N. Grid	350	100	286	Large	Produces powdered cellulose and fibers
43	IPAC, Inc.	Niagara Falls	Niagara	N. Grid	200	35	175	Small	Manufactures and sells compressed air products
44	Jamestown Advanced Products, Inc.	Jamestown	Chautauqua	N. Grid	225	90	400	Small	Metal fabricating assembly & distribution
45	Kaz Incorporated	Hudson	Columbia	N. Grid	400	363	908	Large	Maker of consumer healthcare appliances
46	Kris-Tech Wire Company	Rome	Oneida	N. Grid	200	31	155	Small	Produces wire and cable products
47	LB Furniture Industries, LLC	Hudson	Columbia	N. Grid	500	174	348	Large	Mfr of restaurant seating
48	Mill Services, Inc.	Cobleskill	Schohaire	N. Grid	300	39	130	Small	Distributor of wholesale meats
49	Niagara Falls Medical Center	Niagara Falls	Niagara	N. Grid	500	1,037	2,074	NFP	Medical Center
50	Oehler Industries	Buffalo	Erie	N. Grid	100	28	280	Small	Steel fabrications
51	Oneida Container Co., Inc.	Vernon	Oneida	N. Grid	150	94	627	Small	Manufacturers corrugated packaging and displays
52	ORC Plastics1	Pheonix	Oswego	N. Grid	125	59	472	Small	Manufactures injected molded plastic products.
53	ORC Plastics3	Onieda	Madison	N. Grid	400	76	190	Small	Injected Molded Plastic Products
54	Par Foam Products, Inc.	Buffalo	Erie	N. Grid	168	145	863	Small	Plastics, sponge, and rubber products manufacturer
55	Peak Resorts Inc., dba Greek Peak	Cortland	Cortland	N. Grid	2,200	169	77	Large	Ski resort
56	Power Pallet	Schenectady	Schenectady	N. Grid	250	99	396	Small	Produces wood pallets & skids
57	Quandt's Food Service Distributors,	Amsterdam	Montgomery	N. Grid	180	126	700	Small	Refrigeration for perishable and frozen food products.
58	Rich Plan Food Service, Inc.	Clark Mills	Oneida	N. Grid	25	8	320	Small	Meat processing & frozen food storage
59	Rome Specialty Company, Inc.	Rome	Oneida	N. Grid	135	19	141	Small	Manufacturer of fishing tackle
60	Schneider Packing Equipment	Brewerton	Onondaga	N. Grid	200	116	580	Small	Makes packaging machinery
61	School House Companies (dba Olbrych Realty Inc.)	Gloversville	Herkimer	N. Grid	200	124	620	Small	Trucking & transportation
62	Spray Nine Corporation	Johnstown	Fulton	N. Grid	300	116	387	Large	Cleaning products
63	Stature Electric	Watertown	Jefferson	N. Grid	150	163	1,087	Small	Manufacturers magnet motors and gear motors
64	Suit-Kote Corp.	Cortland	Cortland	N. Grid	1,400	497	355	Large	Asphalt company

New York Power Authority

Power for Jobs Extended Benefits 2007

Recommendation for Contract Extensions

Exhibit "5-A"

October 24, 2006

Line	Company	City	County	IOU	KW	Jobs in Application 2006	Jobs/MW	Type	Service
65	Syracuse Heat Treating Corp	Syracuse	Onondaga	N. Grid	200	24	120	Small	Provides heat treating & brazing services
66	Thermold Corp	Canastota	Madison	N. Grid	200	57	285	Small	Complete thermosplastic molding services
	National Grid		**Subtotal**	**46**	**17,638**	**7,374**	**418**		
67	Conax Buffalo Technologies	Buffalo	Erie	NYSEG	75	80	1,067	Small	Make sensor devices
68	Diversified Manufacturing, Inc.	Lockport	Niagara	NYSEG	255	129	506	Small	Heat Exch.,Press.Vessels,Copper Platng Drums,Amer.
69	Fermer Precision	Ilion	Herkimer	NYSEG	200	56	280	Small	Provides machining applications for metal and plastics industries.
70	Lancaster Steel Service Co., Inc.	Lancaster	Erie	NYSEG	500	155	310	Large	Steel distribution warehouse
71	Mountainside Farms	Roxbury	Delaware	NYSEG	450	61	136	Large	All types of fluid milk products are bottled
72	National Pipe and Plastics	Vestal	Broome	NYSEG	1,300	165	127	Large	One of the largest PVC pipe producers in North America
73	Paul T. Freund Corp	Palmyra	Wayne	NYSEG	500	119	238	Large	Manufacturer of corrugated folding boxes
74	Racemark International, Inc.	Malta	Saratoga	NYSEG	150	162	1,080	Small	Luxury auto floor mats and seat covers
75	Therm Inc.	Ithaca	Tompkins	NYSEG	900	165	183	Large	Manufacturer jet engine turbine airfoils
	NYSEG		**Subtotal**	**9**	**4,330**	**1,092**	**252**		
76	J. C. Plastics, Inc.	Rochester	Monroe	RGE	100	26	260	Small	Plastic injection molding
	RGE		**Subtotal**	**1**	**100**	**26**	**260**		
			Total	**76**	**34,383**	**17,318**	**504**		

New York Power Authority

Power for Jobs Extended Benefits 2007

Recommendation for Electricity Savings Reimbursements

Exhibit "5-B"

October 24, 2006

Line	Company	City	County	IOU	KW	Jobs in Application 2006	Jobs/MW	Type	Service
1	Acme Architectural Products, Inc.	Brooklyn	Kings	Con Ed	620	400	645	Large	Manufacturer of office landscape systems
2	Acme Smoked Fish Corp.	Brooklyn	Kings	Con Ed	400	152	380	Large	Food processor
3	Liz Claiborne, Inc.	New York	New York	Con Ed	1,500	904	603	Large	Clothing and Accessories Manufacturer.
4	Manhattan School of Music	New York	New York	Con Ed	200	343	1,715	NFP	International conservatory
5	Memorial Sloan-Kettering Cancer Cen	New York	New York	Con Ed	5,000	8801	1,760	NFP	Medical Center
6	Mount Sinai Medical Center	New York	New York	Con Ed	2,000	11,647	5,824	NFP	Medical Center
7	New York Presbyterian Hospital	New York	New York	Con Ed	5,000	8,540	1,708	NFP	Medical care
8	Norampac New York City, Inc	Maspeth	Queens	Con Ed	600	213	355	Large	Manufacturers' of corrugated paper packaging
9	Pepsi Cola Bottling Company	College Point	Queens	Con Ed	2,200	990	450	Large	Manufacturer & distributes of soft drinks
10	TanaSeybert, LLC (Seybert Nicholas)	New York	New York	Con Ed	400	410	1,025	Large	Printing trade services
11	The Brooklyn Historical Society	Brooklyn	Kings	Con Ed	30	17	567	NFP	Community Services
	Con Ed		**Subtotal**	**11**	**17,950**	**32,417**	**1,806**		
12	Commercial Envelope Manufacturing Co	Deer Park	Suffolk	LIPA	700	199	284	Large	Manufacturer of envelopes
13	Enzo Clinical Labs, Inc.	Farmingdale	Suffolk	LIPA	200	339	1,695	Small	Medical Lab
14	John Hassall, Inc.	Westbury	Nassau	LIPA	450	116	258	Large	Manufacturer of areospace specialty metal fasteners
15	John T. Mather Memorial Hospital	Port Jefferson	Suffolk	LIPA	400	1,419	3,548	NFP	Community Hospital
16	Kozy Shack, Inc.	Hicksville	Nassau	LIPA	1,000	251	251	Large	Mfr. of puddings & snacks
17	Madelaine Chocolates	Rockaway Beach	Queens	LIPA	575	541	941	Large	Manufactures chocolate
18	Ultimate Precision Metal	Farmingdale	Suffolk	LIPA	250	123	492	Small	Manufactures controlled enclosures
	LIPA		**Subtotal**	**7**	**3,575**	**2,988**	**836**		
19	Albany Molecular Research, Inc.	Albany	Albany	NIMO	600	395	658	Large	Provider of pharmaceutical & small scale manufacturing
20	Apllied Energy Solutions (CEN Electronics)	Caledonia	Livingston	NIMO	300	63	210	Small	Electronics
21	Cooper Industries (Cooper Crouse-Hinds)	Syracuse	Onondaga	NIMO	2,350	579	246	Large	Manufacturer of electrical equipment
22	Diemolding Corporation	Canastota	Madison	NIMO	200	269	1,345	Small	Thermoset plastic forming
23	Dodge-Graphic Press Inc	Utica	Herkimer	NIMO	300	72	240	Small	Printing Company
24	Fiber Glass Industries Inc.	Amsterdam	Montgomery	NIMO	700	139	199	Large	Produces high strength woven fabrics
25	Ford Motor Company	Buffalo	Erie	NIMO	5,000	1,610	322	Large	Automotive components stamping

New York Power Authority

Power for Jobs Extended Benefits 2007

Recommendation for Electricity Savings Reimbursements

Exhibit "5-B"

October 24, 2006

Line	Company	City	County	IOU	KW	Jobs in Application 2006	Jobs/MW	Type	Service
26	Interface Solutions, Inc.	Fulton	Oswego	NIMO	1,000	161	161	Large	Makes backing for vinyl flooring and fiber gasket
27	McLane Eastern	Baldwinsville	Onondaga	NIMO	875	823	941	Large	Wholesale grocery distributor
28	Nathan Littauer Hospital & Nursing Hom	Gloversville	Fulton	NIMO	400	675	1,688	NFP	Hospital and Nursing Home
29	Natrium Products, Inc.	Cortland	Cortland	NIMO	90	21	233	Small	Manufacturer of sodium bicarbonate
30	OAB Holdings, Inc.	Buffalo	Erie	NIMO	5,000	674	135	Large	Metal manufacuring
31	Oldcastle Precast Inc (Spancrete Northeast)	South Bethlehem	Albany	NIMO	160	64	400	Small	Precast products and installation
32	Organichem, Inc.	Rennselear	Rensselaer	NIMO	1,000	310	310	Large	Manufacturing of active pharmaceutical ingredients
33	Syracuse Plastics, Inc.	Liverpool	Onondaga	NIMO	400	55	138	Large	Maker of plastic parts and components
34	Syroco, Inc. - A Subsidiary of Vassallo In	Baldwinsville	Onondaga	NIMO	550	188	342	Large	Plastic injection molding manufacturer
	National Grid		**Subtotal**	**16**	**18,925**	**6,098**	**322**		
35	A. T. Reynolds & Sons, Inc.	Kiamesha Lake	Sullivan	NYSEG	250	56	224	Large	Spring water and Ice Mfr.
36	Agri-Mark, Inc	Chateaugay	Franklin	NYSEG	500	112	224	Large	Cheese Manufacturer
37	Audio Sears	Stamford	Delaware	NYSEG	190	85	447	Small	Makes audio equipment
38	Custom Electronics, Inc.	Oneonta	Otsego	NYSEG	150	62	413	Small	Electronic components and assemblies
39	Elmira Stamping and Manufacturing	Elmira	Chemung	NYSEG	80	61	763	Small	Stamping
40	Endicott Interconnect Technologies	Endicott	Broome	NYSEG	3,500	4,221	1,206	Large	Computers
41	Manitoba Corporation	Lancaster	Erie	NYSEG	250	44	176	Small	Metal Recycling for non-ferrous metals
42	Norwich Aero Products, Inc.	Norwich	Chenango	NYSEG	160	102	638	Small	Mfg. auto temp sensors
43	Soucy USA	Champlain	Clinton	NYSEG	400	197	493	Large	Storage & Warehouse facility
44	Vail Ballou Press, Inc.	Binghamton	Broome	NYSEG	1,800	412	229	Large	Book printer and distributor
	NYSEG		**Subtotal**	**10**	**7,280**	**5,352**	**735**		
45	Gorbel Corp.	Fishers	Ontario	RGE	350	18	51	Large	Produces jibs, overhead workstations & crans
	RGE		**Subtotal**	**1**	**350**	**18**	**51**		

Total	**45**	**48,080**	**46,873**	**975**

6. Economic Development Power Programs – Extensions to Terms of Service, Energy Cost Savings Benefits and Related Tariffs

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve an extension to the term of service to June 30, 2007 for 14 existing economic development power program customers listed on Exhibit '6-A,' and Energy Cost Savings Benefits ('ECSB') for 32 customers listed on Exhibit '6-B.' These customers have been recommended to receive such benefits by the Economic Development Power Allocation Board ('EDPAB'). In addition, the Trustees are requested to amend the four applicable service tariffs to reflect the June 30, 2007 ECSB expiration date (Exhibit '6-C').

Request to Approve Extension to the Terms of Service for 14 Existing Economic Development Power Program Customers

BACKGROUND

"The New York Power Authority ('Authority') sells electricity to businesses under several State-authorized economic development programs. These power sales are made through the Economic Development Power Program, High Load Factor Manufacturer Program, Municipal Distribution Agency Industrial Power Program and other power sales programs. The capacity and energy for these sales are provided by market purchases and supported by other Authority sources as needed. In some instances, these customers are served directly by the Authority and in other cases the customers receive Authority power through resale arrangements with municipal distribution agencies or investor-owned utilities. Contracts range in length from 5 to more than 20 years.

DISCUSSION

"The customers detailed on Exhibit '6-A' have allocation contracts previously approved by the Trustees that expire on December 31, 2006. Staff is requesting that the Trustees extend these agreements until June 30, 2007 so these customers may continue to receive the benefits associated with the newly enacted law. The extensions will help maintain costs and enable the customers to compete more effectively. In addition, the customers will further secure employment levels in New York State.

"EDPAB recommended that the contracts be extended at its meeting on October 23, 2006.

Energy Cost Savings Benefits

BACKGROUND

"Chapter 313 of the Laws of 2005 was signed into law by Governor George E. Pataki on July 26, 2005. The new law allowed certain Authority power program customers that would be exposed to bill increases as a result of higher market prices before December 31, 2006 to apply for an ECSB. Under this law, businesses eligible to receive ECSBs are limited to Authority customers currently supplied power under the Economic Development Power, Municipal Distribution Agency and High Load Factor programs. The ECSB was made available for the period November 1, 2005 through December 31, 2006. In 2006, a new law (Chapter 645 of the Laws of 2006) included provisions extending these benefits until June 30, 2007.

"EDPAB can recommend a partial or complete withdrawal of the ECSB if the company fails to maintain mutually agreed-upon commitments, including jobs, capital investment and power utilization.

DISCUSSION

"At its meeting of October 23, 2006, EDPAB recommended that the Authority's Trustees approve the payment of ECSBs to the 32 businesses listed on Exhibit '6-B.' Collectively, these organizations have agreed to retain more than 14,000 jobs in New York State in exchange for these benefits. The companies will be eligible to receive these benefits until June 30, 2007.

"Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of the ECSBs, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. Staff expects to present the Trustees with requests for additional funding for rebates for the companies listed on the Exhibits in the future.

"Completed amendments were reviewed by EDPAB and recommendations were made at its meeting on October 23, 2006.

FISCAL INFORMATION

"Funding of ECSBs for all the companies participating in the program is not expected to exceed $5.0 million. Payments will be made from the Operating Fund.

RECOMMENDATION

"The Executive Vice President and Chief Financial Officer and the Director – Business Power Allocations and Regulation recommend that the Trustees approve extensions to the terms of service to June 30, 2007 for the existing economic development power program customers listed on Exhibit '6-A.' In addition, it is recommended that the Trustees approve the payment of Energy Cost Savings Benefits to the customers listed on Exhibit '6-B.' Finally, the Trustees are requested to amend the service tariffs' Energy Cost Savings Benefits expiration date from December 31, 2006 to June 30, 2007.

"The Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Senior Vice President – Marketing and Economic Development, and the Vice President – Major Accounts Marketing and Economic Development and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Trustees find that staff's review supports an extension of allocations from Authority economic development power programs for 14 existing customers listed on Exhibit "6-A" until June 30, 2007 and that such extension be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve the payment of Energy Cost Savings Benefits to the 32 customers listed on Exhibit "6-B";

NOW THEREFORE BE IT RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves the payment of Energy Cost Savings Benefits to the companies listed in Exhibit "6-B" as submitted to this meeting, and that the Authority finds that such payments for Energy Cost Savings Benefits are in all respects reasonable, consistent with the requirements of the Authority's economic development programs and in the public interest; and be it further

RESOLVED, That the customers' service tariffs be modified accordingly to reflect the extension of the program as shown on Exhibit "6-C"; and be it further

RESOLVED, That based on staff's recommendation, it is hereby authorized that payments be made for Energy Cost Savings Benefits as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to $5.0 million for all companies participating in the program, including those in Exhibit "6-B," and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further

RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Vice President – Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503 (1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

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

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

New York Power Authority
Economic Development Power Programs
Request to Extend Contracts Until June 30, 2006

Exhibit "6-A"
October 24, 2006

Line	Company	City	County	Program	IOU	KW Allocation	Allocation Contract End Date	Service
1	M. Fortunoff	White Plains	Westchester	MDA	CONED	1,689	12/31/06	Retail Store
2	Adecco, Inc.	Melville	Suffolk	EDP	LIPA	1,500	12/31/06	Provides temporary employees in office facilities
3	Administrators for the Professions	Manhasset	Nassau	MDA	LIPA	500	12/31/06	Management company for Physician's Reciprocal Insurance
4	Air Industries	Bay Shore	Suffolk	MDA	LIPA	600	12/31/06	Makes machine part for various industries
5	Diemolding Corporation	Canastota	Madison	EDP	N. Grid	800	12/31/06	Thermoset plastic forming
6	Griffiss Local Development Corp.	Rome	Oneida	EDP	N. Grid	2,000	12/31/06	Community Resource Center
7	Owl Wire & Cable, Inc.	Canastota	Madison	EDP	N. Grid	1,500	12/31/06	Copper wire drawing
8	Specialized Packaging Radisson, Inc	Baldwinsville	Onondaga	EDP	N. Grid	1,300	12/31/06	Produces printed folding cartons for consumer products
9	Syracuse China Company	Syracuse	Onondaga	EDP	N. Grid	1,484	12/31/06	Manufactures restaurant china
10	Syroco, Inc.	Baldwinsville	Onondaga	EDP	N. Grid	800	12/31/06	Plastic injection molding manufacturer
11	Anchor Glass Container Corporation	Elmira Heights	Chemung	EDP	NYSEG	8,900	12/31/06	Produces glass containers
12	Racemark International, Inc.	Malta	Saratoga	EDP	NYSEG	800	12/31/06	Luxury auto floor mats and seat covers
13	The Gunlocke Company	Wayland	Steuben	EDP	NYSEG	5,000	12/31/06	Manufacturer of boilers and heat transfer equipment
14	Aluf Plastics, Inc.	Orangeburg	Rockland	EDP	O&R	900	12/31/06	Produces custom and stock plastic can-liner bags
	Total					**27,773**		

New York Power Authority
Energy Cost Savings Benefits

Exhibit "6-B"
October 24, 2006

Line	Company	City	County	Program	IOU	KW Allocation	Job Commitment	Service
1	American Broadcasting Companies	New York	New York	EDP	CONED	6,600	4,662	Media company - Broadcast & Entertainment
2	Ellanef Manufacturing Corporation	Corona	Queens	EDP	CONED	1,100	223	Assembly Components
3	Engelhard Corporation (BASF)	Peekskill	Westchester	MDA	CONED	1,225	300	Produces specialized pigments and film
4	Engelhard Corporation (BASF)	Peekskill	Westchester	MDA	CONED	1,000	300	Produces specialized pigments and film
5	Honeywell Farms (Elmhust Dairy)	Jamaica	Queens	MDA	CONED	1,000	198	Dairy products
6	M. Fortunoff	White Plains	Westchester	MDA	CONED	1,689	328	Retail Store
7	Montefiore Medical Center	Bronx	Bronx	MDA	CONED	800	425	Medical Center
8	Spellman High Voltage Electronics Corp (Del Global)	Valhalla	Westchester	MDA	CONED	250	81	Manufacturer of electronic sub-systems
9	Adecco, Inc.	Melville	Suffolk	EDP	LIPA	1,500	553	Provides temporary employees in office facilities
10	Administrators for the Professions	Manhasset	Nassau	MDA	LIPA	500	260	Management company for Physician's Reciprocal Insurance
11	Air Industries	Bay Shore	Suffolk	MDA	LIPA	600	160	Makes machine part for various industries
12	Uniflex, Inc.	Westbury	Nassau	MDA	LIPA	350	177	Manufacturer and printer of plastic specialty bags.
13	Automotive Corporation	Batavia, NY	Genesee	EDP	N. Grid	425	98	Manufacturer of auto & light truck spindles and knuckes
14	Diemolding Corporation	Canastota	Madison	EDP	N. Grid	800	269	Ceramic capacitors and ceramic packaging
15	Granny's Kitchens, Ltd.	Frankfort	Herkimer	EDP	N. Grid	750	241	Wholesale Bakery Manufacturer
16	Granny's Kitchens, Ltd.	Frankfort	Herkimer	EDP	N. Grid	750	241	Wholesale Bakery Manufacturer
17	Griffiss Local Development Corp.	Rome	Oneida	EDP	N. Grid	2,000	325	Community Resource Center
18	Griffiss Local Development Corp.	Rome	Oneida	EDP	N. Grid	2,000	2,422	Community Resource Center
19	Kaz Incorporated	Hudson	Columbia	EDP	N. Grid	750	363	Maker of consumer healthcare appliances
20	Markin Tubing, Division of M& R Ind	Wyoming	Wyoming	EDP	N. Grid	1,200	123	Produces small-diameter welded steel tubing
21	Middleport Cold Storage	Middleport	Herkimer	EDP	N. Grid	500	75	Storage facility
22	Norampac Industries Inc. Niagara Fa	Niagara Falls	Niagara	HLF	N. Grid	12,000	123	Container board producer
23	Owl Wire & Cable, Inc.	Canastota	Madison	EDP	N. Grid	1,500	172	Copper wire drawing
24	Specialized Packaging Radisson, Inc	Baldwinsville	Onondaga	EDP	N. Grid	1,300	153	Produces printed folding cartons for consumer products
25	Syracuse China Company	Syracuse	Onondaga	EDP	N. Grid	1,484	324	Manufactures restaurant china
26	Syroco, Inc.	Baldwinsville	Onondaga	EDP	N. Grid	800	188	Plastic injection molding manufacturer
27	Anchor Glass Container Corporation	Elmira Heights	Chemung	EDP	NYSEG	8,900	363	Produces glass containers
28	Racemark International, Inc.	Malta	Saratoga	EDP	NYSEG	800	162	Luxury auto floor mats and seat covers
29	Sysco Corporation	Warners	Onondaga	EDP	NYSEG	400	443	Plastic injection molding manufacturer
30	Sysco Corporation	Warners	Onondaga	EDP	NYSEG	500	443	Plastic injection molding manufacturer
31	The Gunlocke Company	Wayland	Steuben	EDP	NYSEG	5,000	861	Manufacturer of boilers and heat transfer equipment
32	Aluf Plastics, Inc.	Orangeburg	Rockland	EDP	O&R	900	240	Produces custom and stock plastic can-liner bags
						59,373		

POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET, 10^{th} FLOOR, ALBANY, NEW YORK 12207

SERVICE TARIFF NO. 1
DIRECT FIRM POWER SERVICE

APPLICABLE:

To sale of firm power for direct use by Customers whose Applications for Service have been accepted by Authority.

Alternating current; 60 hertz; 3 phase.

RATE:

A. Applicable only to Option 5 Customers through October 31, 2007:

CAPACITY CHARGE:	\$8.16 per month per kilowatt of billing demand.
ENERGY CHARGE:	23.00 mills per kilowatt-hour.

B. Customers who have been approved for an Energy Cost Savings Benefit Award pursuant to Section 183(h) of the Economic Development Law:

B1. For the time period November 1, 2001 to January 31, 2006:

CAPACITY CHARGE:	\$8.16 per month per kilowatt of billing demand.
ENERGY CHARGE:	23.00 mills per kilowatt-hour.

B2. For the time period February 1, 2006 to July 31, 2006 see Table I.
For the time period August 1, 2006 to June 30, 2007, see Table II.

The rates shown in this tariff and these tables are subject to increase at any time if, in the sole discretion of the Trustees, they determine that such action is necessary based on their evaluation of the Authority's financial condition. Upon such a determination, the tariff charges may be raised effective immediately to a level up to the full cost incurred by the Authority to serve the Customers.

C. Customers Other Than Those Described in Paragraphs A and B, above:

   The Authority shall charge and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by the Authority.

D. With respect to Option 5 customers after October 31, 2007 and all other customers after June 30, 2007, the Authority shall charge, and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide direct firm power service to Customers, plus associated overhead and other assigned costs as determined by the Authority.

BILLING DEMAND:

For Customers using power from other sources in conjunction with that supplied hereunder and for other Customers whose application for service as accepted by the Authority so specify:

The contract demand in effect during the billing period.

For all other Customers supplied under this tariff:

The maximum 30-minute integrated demand established during the billing period but not less than 75% of the contract demand.

POWER FACTOR:

Not less than 95%, lagging or leading, except as otherwise specified in the Customer's accepted application for service.

CONTINUANCE AND TERMINATION OF SERVICE:

Initiation of service will be upon application of Customer, accepted by Authority, under the procedure specified in the Rules and Regulations for Power Service promulgated by Authority.

Effective Date: January 1, 2007

Once initiated, service will continue until terminated (i) by Authority for cause as provided in the Rules and Regulations for Power Service, or (ii) by Customer at any time after three years service on written notice given Authority not less than one year in advance.

Special Provisions:

A. Resale. No Customer shall resell any of the power supplied by Authority under this Service Tariff.

B. Credit for alternate sale of power. Any Customer whose billing demand is specified as equal to its Contract Demand and which expects temporarily to be unable to use a substantial proportion of its Contract Demand may request Authority to endeavor to dispose of the power it does not require to a substitute purchaser. Authority will endeavor to do so on terms acceptable to Customer, Authority and the substitute purchaser. The net proceeds to Authority from sale of such capacity exclusive of the energy associated therewith shall be credited against Customer's billing demand obligation.

C. Transmission costs.

(1) In addition to demand and energy charges Customer shall pay such transmission costs for delivery as may be required in Customer's accepted Application for Service.

D. Apportionment between contracts. Where firm power is delivered under this tariff in conjunction with other power, the amounts supplied by Authority hereunder shall be apportioned as provided in Customer's approved Application under this Service Tariff.

Effective Date: November 1, 2005

E. New York Independent System Operator-Related Charges.

Notwithstanding any provision herein to the contrary, the rates for service under this Service Tariff shall be subject to increase by the Authority at any time to require the Customer to compensate the Authority for the following Charges for services provided by or which are a result of the New York Independent System Operator, Inc. (“NYISO”) or any successor organization pursuant to its Open Access Transmission Tariff (“OATT”) or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with the Authority’s responsibilities as Load Serving Entity for the Customer:

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge (“NTAC”);
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts (“TCCs”) as provided in Attachment K of the OATT; and
5. Any and all other charges, assessments or other amounts associated with providing electricity to the Customers that are incurred by the Authority and associated with the Authority’s responsibilities as Load Serving Entity for the Customers under the provisions of NYISO’s OATT or other tariffs.

Effective Date: March 1, 2005

Exhibit “6-C2”
October 24, 2006

POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET, 10th FLOOR, ALBANY, NEW YORK 12207
SERVICE TARIFF NO. 1S
DIRECT FIRM POWER SERVICE

APPLICABLE:

To sale of firm power for direct use by Customers whose Applications for Service have been accepted by Authority.

CHARACTER OF SERVICE:

Alternating current; 60 hertz; 3 phase.

RATE:

A. Applicable only to Option 5 Customers through October 31, 2007:

CAPACITY CHARGE:	$8.16 per month per kilowatt of billing demand.
ENERGY CHARGE:	23.00 mills per kilowatt-hour.

B. Customers who have been approved for an Energy Cost Savings Benefit Award pursuant to Section 183(h) of the Economic Development Law:

B1. For the time period November 1, 2001 to January 31, 2006:

CAPACITY CHARGE:	$8.16 per month per kilowatt of billing demand.
ENERGY CHARGE:	23.00 mills per kilowatt-hour.

B2. For the time period February 1, 2006 to July 31, 2006 see Table I.
For the time period August 1, 2006 to June 30, 2007, see Table II.

The rates shown in this tariff and these tables are subject to increase at any time if, in the sole discretion of the Trustees, they determine that such action is necessary based on their evaluation of the Authority's financial condition. Upon such a determination, the tariff charges may be raised effective immediately to a level up to the full cost incurred by the Authority to serve the Customers.

C. Customers Other Than Those Described in Paragraphs A and B, above:

The Authority shall charge and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by the Authority.

D. With respect to Option 5 customers after October 31, 2007 and all other customers after June 30, 2007, the Authority shall charge, and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide direct firm power service to Customers, plus associated overhead and other assigned costs as determined by the Authority.

BILLING DEMAND:

The Billing Demand hereunder shall be as specified in Customer's accepted Application for Service if none is so specified:

a) For Customers using power from other sources in conjunction with that supplied hereunder the Billing Demand shall be the Contract Demand in effect during the billing period.

b) For all other Customers supplied under this tariff the maximum 30-minute integrated demand established during the billing period but not less than 75% of the Contract Demand.

POWER FACTOR:

Not less than 95%, lagging or leading, except as otherwise specified in the Customer's accepted Application for Service.

CONTINUANCE AND TERMINATION OF SERVICE:

Initiation of service will be upon application of Customer, accepted by Authority, under the procedure specified in the Rules and Regulations for Power Service promulgated by the Authority.

Once initiated, service will continue until the earlier of the termination date set forth in Customer's approved Application under this Service Tariff or until terminated (i) by Authority pursuant to required notice for cause as provided in the Rules and Regulations for Power Service, or (ii) by Customer on written notice given Authority not less than one year in advance

SPECIAL PROVISIONS:

A. Credit for alternate sale of power. Any Customer whose billing demand is specified as equal to its Contract Demand and which expects temporarily to be unable to use a substantial proportion of its Contract Demand may request Authority to endeavor to dispose of the power it does not require to a substitute purchaser. Authority will endeavor to do so on terms acceptable to Customer, Authority and the substitute purchaser. The net proceeds to Authority from sale of such capacity exclusive of the energy associated therewith shall be credited against Customer's billing demand obligation.

B. Transmission costs.

(1) In addition to demand and energy charges Customer shall pay such transmission costs for delivery as may be required in Customer's accepted Application for Service.

C. Apportionment between contracts. Where firm power is delivered under this tariff in conjunction with other power, the amounts supplied by Authority hereunder shall be apportioned as provided in Customer's approved Application under this Service Tariff.

D. New York Independent System Operator-Related Charges.

Notwithstanding any provision herein to the contrary, the rates for service under this Service Tariff shall be subject to increase by the Authority at any time to require the Customer to compensate the Authority for the following Charges for services provided by or which are a result of the New York Independent System Operator, Inc. ("NYISO") or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with the Authority's responsibilities as Load Serving Entity for the Customer:

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;

Effective Date: November 1, 2005

2. Marginal losses;

3. The New York Power Authority Transmission Adjustment Charge (“NTAC”);

4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts (“TCCs”) as provided in Attachment K of the OATT; and

5. Any and all other charges, assessments or other amounts associated with providing electricity to the Customer that are incurred by the Authority and associated with the Authority’s responsibilities as Load Serving Entity for the Customer under the provisions of NYISO’s OATT or other tariffs.

Exhibit "6-C3"
October 24, 2006

POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET, 10th FLOOR, ALBANY, NEW YORK 12207

SERVICE TARIFF NO. 35
FIRM POWER SERVICE
INDUSTRIAL ECONOMIC DEVELOPMENT

EFFECTIVE:

January 1, 2007

APPLICABLE:

To municipal customers in New York State solely for general power service to specific industrial consumers as approved by Authority.

CHARACTER OF SERVICE:

Alternating current; 60 hertz; 3 phase

MONTHLY RATES:

A. Applicable only Option 5 Customers through October 31, 2007:

CAPACITY CHARGE: $ 8.16 per kilowatt of billing demand

ENERGY CHARGE: 23.00 mills per kilowatt-hour

B. Customers who have been approved for an Energy Cost Savings Benefit Award pursuant to Section 183(h) of the Economic Development Law:

B1. For the time period November 1, 2001 to January 31, 2006:

CAPACITY CHARGE: $8.16 per month per kilowatt of billing demand.

ENERGY CHARGE: 23.00 mills per kilowatt-hour.

B2. For the time period February 1, 2006 to July 31, 2006, see Table I.
For the time period August 1, 2006 to June 30, 2007, see Table II.

The rates shown in this tariff and these tables are subject to increase at any time if, in the sole discretion of the Trustees, they determine that such action is necessary based on their evaluation of the Authority's financial condition. Upon such a determination, the tariff charges may be raised effective immediately to a level up to the full cost incurred by the Authority to serve the Customers.

C. Customers Other Than Those Described in Paragraphs A and B, above:

The Authority shall charge and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by the Authority.

D. With respect to Option 5 customers after October 31, 2007 and all other customers after June 30, 2007, the Authority shall charge, and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide firm power service to Customers, plus associated overhead and other assigned costs as determined by the Authority.

MINIMUM MONTHLY CHARGE:

MINIMUM CAPACITY CHARGE:

The Minimum Monthly Energy Charge shall be the product of the Capacity Charge and the Billing Demand.

MINIMUM ENERGY CHARGE:

The Minimum Monthly Energy Charge shall be the product of the Energy Charge and the amount of energy used under this Tariff.

DEFINITIONS:

CONTRACT DEMAND:

The Contract Demand shall be the sum of all kilowatts allocated by Authority to Customer for the benefit of specific industrial consumers served by Customers (consumer's contract demand) pursuant to the Application for Electric Service.

BILLING DEMAND:

Customer’s Billing Demand shall be the sum of the specific industrial consumers’ billing demands. A specific industrial consumer’s billing demand shall be the greater of a) such consumer’s maximum 30 minute integrated demand established during the billing period or b) 75 percent of such consumer’s contract demand.

ADJUSTMENTS:

FOR TRANSFORMER LOSSES:

If delivery is made at transmission voltage but metered on the low side of Customer’s substation, the meter readings will be increased by an amount based upon the manufacturer’s actual test report for such transformer or for a transformer of similar age and type, or in the absence of such test reports, by two percent to compensate for transformer losses.

FOR POWER FACTOR:

None. Customer shall maintain power factor at the point of delivery of not less than 90 percent lagging or leading.

SPECIAL PROVISIONS:

A) Transmission Service Charges

Authority’s contracts with Transmission Agents provide or will provide for the use of transmission facilities of Transmission Agent including transforming, switching, control and protective equipment necessary or used in the transmission of the electric power and energy contracted for herein and received by Transmission Agent at Authority’s established points of delivery to Transmission Agents.

Customer will compensate Authority for making delivery of power and energy to Customer by paying to Authority transmission service charges in the amount determined by Authority to be necessary to defray the cost of such delivery including (a) the cost to Authority of delivery of power and energy pursuant to any wheeling agreement with Authority’s Transmission Agents together with any administrative expenses incurred by Authority in connection herewith and (b) where power and energy is delivered either wholly or partially over facilities of Authority, Authority’s transmission charge or charges.

B) Construction, Operation and Maintenance of Customer’s Power System

For the purposes herein Customer’s power system shall mean the power system of

Customer and of any purchaser, transmitter or distributor designated by Customer to receive or handle the power contracted for herein, and for the purposes of this Special Provision, Authority's power system shall mean all facilities over which power and energy are delivered to Customer's Transmission/Distribution Agent(s), whether or not owned by Authority. Customer shall require all such purchasers, transmitters, or distributors to construct, operate and maintain their power system and/or electrical equipment, in a manner which will not interfere with any service supplied from Authority's power system, Customer fails or refuses to cause such changes to be made as may be necessary to eliminate such unsatisfactory condition, Authority may discontinue furnishing electric service to Customer so long as such interference exists. Such a discontinuance of electric service will not relieve customer of liability for the minimum monthly charge provided for herein during the term said electric service is so discontinued. Nothing in this paragraph shall be constructed to render Authority liable for any claims, demands, costs, losses, causes of action, damages, or liability of whatsoever kind or nature arising out of or resulting from the construction, operation or maintenance of Customer's power system.

C) <u>Resale of Power and Energy</u>

Customer agrees that in reselling power and energy purchased from Authority under Service Tariff No. 35, such power and energy will be provided solely to industrial consumer(s) approved by Authority pursuant to the applicable provisions of Part 460 of Authority's Rules and Regulations – Procedures for Allocation of Industrial Power and Enforcement of Contracts. Authority shall make energy available to Customer at the actual load factor of Customer's industrial consumer(s).

D) <u>New York Independent System Operator Transmission and Related Charges</u>

Notwithstanding any provision herein to the contrary, the rates for service under this Service Tariff shall be subject to increase by the Authority at any time to require the Customer to compensate the Authority for the following Charges for services provided by the New York Independent System Operator, Inc. ("NYISO") or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with the Authority's responsibilities as Load Serving Entity for the Customer:

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;

2. Marginal losses;

3. The New York Power Authority Transmission Adjustment Charge ("NTAC");

4. Congestion costs, less any associated grandfathered Transmission

Congestion Contracts ("TCCs") as provided in Attachment K of the OATT; and

5. Any and all other charges, assessments or other amounts associated with deliveries to the Customer or otherwise associated with the Authority's responsibilities as Load Serving Entity for the Customer that are assessed on the Authority by the NYISO under the provisions of its OATT or other tariffs.

Exhibit “6-C4”
October 24, 2006

POWER AUTHORITY OF THE STATE OF NEW YORK
SERVICE TARIFF NO. 50
BUSINESS ECONOMIC DEVELOPMENT POWER SERVICE
(Effective January 1, 2007)

APPLICABLE:

To sale of Business Economic Development Power to utility companies in New York State for resale to EDP Customers designated by the Economic Development Power Allocation Board and approved by the Authority under Chapter 32 of the Laws of New York.

CHARACTER OF SERVICE:

Alternating current, sixty hertz, three phase.

MONTHLY RATE:

A. Applicable only to Option 5 EDP Customers through October 31, 2007:

CAPACITY CHARGE:	$8.16 per month per kilowatt of billing demand.
ENERGY CHARGE:	23.00 mills per kilowatt-hour.

B. Customers who have been approved for an Energy Cost Savings Benefit Award pursuant to Section 183(h) of the Economic Development Law:

B1. For the time period November 1, 2001 to January 31, 2006:

CAPACITY CHARGE:	$8.16 per month per kilowatt of billing demand.
ENERGY CHARGE:	23.00 mills per kilowatt-hour.

B2. For the time period February 1, 2006 to July 31, 2006 see Table I.
For the time period August 1, 2006 to June 30, 2007, see Table II.

The rates shown in this tariff and these tables are subject to increase at any time if, in the sole discretion of the Trustees, they determine that such action is necessary based on their evaluation of the Authority's financial condition. Upon such a determination, the tariff charges may be raised effective immediately to a level up to the full cost incurred by the Authority to serve the Customers.

C. Customers Other Than Those Described in Paragraphs A and B, above:

The Authority shall charge and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide direct firm power service to Customer, plus associated overhead and other assigned costs as determined by the Authority.

D. With respect to Option 5 customers after October 31, 2007 and all other customers after June 30, 2007, the Authority shall charge, and the Customer shall pay, rates based on the market costs of energy, capacity (ICAP/UCAP) including locational capacity costs and any transmission charges not otherwise recovered hereunder, as may be incurred by the Authority to provide Business Economic Development Power Service to Customers, plus associated overhead and other assigned costs as determined by the Authority.

CONTRACT DEMAND:

The total amount of Business Economic Development Power allocated to Company for resale to EDP Customers during the billing period as measured at the point of delivery from Company to EDP Customer.

MINIMUM MONTHLY DEMAND CHARGE:

The product of the Capacity Charge and 75 percent of the Contract Demand.

BILLING DEMAND:

The Billing Demand shall be the sum of the demands billed to all EDP Customers.

BILLING ENERGY:

The billing energy shall be the sum of the energy billed to all EDP Customers.

SPECIAL PROVISIONS:

A. <u>Distribution losses.</u>
Appropriate adjustments will be made to reflect transmission and distribution losses to the EDP Customer's points of receipt. Such adjustments shall be determined by the Authority or the Company depending on whose system is being utilized.

B. Power factor.

Not less than 95 percent lagging or leading, as measured or adjusted to the high side of Authority's transformers, provided that Authority shall supply or absorb such additional reactive power as may be desirable, insofar as in its judgment it is able to do so.

C. Resale.

The Company's entitlement to Business Economic Development Power and Energy is contingent upon the Company not marking up or adding a profit component to the actual cost it incurs to purchase such power and energy when the Company resells such power and energy to qualified EDP Customers. The foregoing limitation shall not prohibit the Company from charging rates that it deems appropriate for the recovery of all costs associated with the delivery of Business Economic Development Power and Energy resold by the Company as such rates are approved by the New York State Public Service Commission.

D. New York Independent System Operator Transmission and Related Charges.

Unless there are other arrangements between the Authority and individual Economic Development Power ("EDP") Customers, the Company shall compensate the Authority for the following Charges for services provided by the New York Independent System Operator, Inc. ("NYISO") or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with deliveries to the EDP Customers:

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;

2. Marginal losses;

3. The New York Power Authority Transmission Adjustment Charge ("NTAC");

4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT; and

5. Any and all other charges, assessments or other amounts associated with deliveries to the EDP Customers that are assessed on the Authority by the NYISO under the provisions of its OATT or

other tariffs.

The Authority shall designate to the Company which of the above NYISO Charges shall apply to the EDP Customers on an account-by-account basis and in accordance with all applicable agreements. Such NYISO Charges are in addition to the Authority production charges that are charged to the EDP Customers in accordance with other provisions of this tariff. The collection of such NYISO Charges from the EDP Customers by the Company shall be accomplished in a manner as may be mutually agreed upon by the Company and the Authority, consistent with the Company’s applicable retail tariffs.

Exhibit "6-C5"
October 24, 2006

Table I

NEW YORK POWER AUTHORITY
BUSINESS CUSTOMERS
RATES APPLICABLE TO SERVICE TARIFFS NOS. 1, 1S, 35 AND 50
Effective February 1, 2006 to July 31, 2006

Rate Category	Local Service Territory/Customer	Service Tariff	Demand Rate $/kW	Energy Rate mills/kWh
	CON EDISON			
CE 1.1				
	IBM - IYH	1S	8.90	24.95
	New York Times Company, Inc.	35	8.90	24.95
CE 1.2				
	Howland Hook Container Terminal	35	8.99	25.47
	Columbia University - Audubon	35	8.99	25.47
	Montefiore Medical Center	35	8.99	25.47
	Pfizer, Inc.	35	8.99	25.47
	Engelhard Corp. - Orig	35	8.99	25.47
	J.P. Morgan/Chase	35	8.99	25.47
	Del Global Technologies Corp.	35	8.99	25.47
	Sigmund Cohn Corporation	35	8.99	25.47
	American Broadcasting Companies	35	8.99	25.47
	Engelhard - Incr, 1, 2	35	8.99	25.47
	Steinway & Sons	35	8.99	25.47
	Bear, Stearns & Co., Inc.	35	8.99	25.47
	Crystal Window & Door Systems	35	8.99	25.47
	Honeywell Farms	35	8.99	25.47
	IBM- IH1, IH2	1S	8.99	25.47
	Ultra Flex Packaging Corporation	35	8.99	25.47
	Citibank, N.A.	1S, 35	8.99	25.47
	New York Post Company, Inc.	35	8.99	25.47
	Precision Valve Corporation	35	8.99	25.47
	Ellanef Manufacturing Corporation	35	8.99	25.47
	Ciba Specialty Chemicals Corp.	35	8.99	25.47
	M. Fortunoff	35	8.99	25.47
	LIPA			
LIPA 1.1				
	Castella Imports, Inc.	35	8.16	27.90
	Adecco, Inc.	1S	8.16	27.90
	Disc Graphics	1S	8.16	27.90
	Hughes-Treitler Military Corp.	35	8.16	27.90
LIPA 1.2				
	Plascal Corp.	35	8.16	27.18
	Air Industries	35	8.16	27.18
	Uniflex, Inc.	35	8.16	27.18
	Administrators for the Professions	35	8.16	27.18
	Crescent Duck Farm, Inc.	35	8.16	27.18
LIPA 1.3				
	Hazeltine Corp.	1S	8.16	26.35
	Barnes and Noble, Inc.	1S	8.16	26.35
	Alcan Packaging (Lawson Mardon)	1S	8.16	26.35
	Cold Spring Harbor Laboratory	35	8.16	26.35
	Citibank	35	8.16	26.35
	Computer Associates International	1S	8.16	26.35
	Stellex/Monitor Aerospace	35	8.16	26.35

Exhibit "6-C5"
October 24, 2006

Table I

NEW YORK POWER AUTHORITY
BUSINESS CUSTOMERS
RATES APPLICABLE TO SERVICE TARIFFS NOS. 1, 1S, 35 AND 50
Effective February 1, 2006 to July 31, 2006

Rate Category	Local Service Territory/Customer	Service Tariff	Demand Rate $/kW	Energy Rate mills/kWh
	NIMO			
NIMO 1.1				
	Keymark Corporation	50	9.10	24.40
NIMO 1.2				
	Native Textiles	50	9.10	23.92
	Dielectric Laboratories	50	9.10	23.92
	Kaz Inorporated	50	9.10	23.92
	Orion Bus Industries	50	9.10	23.92
	Griffiss Local Develop.	50	9.10	23.92
	Oswego Wire, Inc.	50	9.10	23.92
	Owl Wire & Cable, Inc.	50	9.10	23.92
	BOC Gases - Buffalo	1	9.10	23.92
	Diemolding Corporation	50	9.10	23.92
	ICM Controls Corp.	50	9.10	23.92
	H.M. Quackenbush, Inc.	50	9.10	23.92
	Markin Tubing	50	9.10	23.92
	Specialized Packaging	50	9.10	23.92
	Granny's Kitchen, Ltd.	50	9.10	23.92
	Fiber Conversion, Inc.	50	9.10	23.92
	Syroco, Inc.	50	9.10	23.92
	Norampac Industries	1S	9.10	23.92
	BOC Gases - Selkirk	1	9.10	23.92
	Syracuse China Co.	50	9.10	23.92
	Automotive Corporation	50	9.10	23.92
	Middleport Cold Storage	50	9.10	23.92
	Direct Service			
DS 1.1				
	ALCOA/Reynolds	1	8.41	24.63
DS 1.2				
	General Motors Corporation	1S	8.61	24.69
	NYSEG			
NYSEG 1.1				
	Anchor Glass Container Corporation	50	8.62	25.13
	Sysco Corporation	50	8.62	25.13
	The Gunlocke Company	50	8.62	25.13
	Unison Industries, LP	50	8.62	25.13
NYSEG 1.2				
	Racemark International, Inc.	50	8.16	29.57
	O&R			
O&R 1.1				
	Aluf Plastics, Inc.	1S	8.60	25.64

7. <u>Allocation of 300 kW of Hydro Power</u>

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve one allocation of available Replacement Power ('RP') totaling 300 kW to one industrial company.

BACKGROUND

"Under the RP Settlement Agreement, National Grid ('Grid') (formerly Niagara Mohawk Power Corporation), with the approval of the Authority, identifies and selects certain qualified industrial companies to receive delivery of RP. Qualified companies are current or future industrial customers of Grid that have or propose to have manufacturing facilities for the receipt of RP within 30 miles of the Authority's Niagara Switchyard. RP is up to 445,000 kW of firm hydro power generated by the Authority at its Niagara Power Project that has been made available to Grid, pursuant to the Niagara Redevelopment Act (through December 2005) and Chapter 313 of the 2005 Laws of the State of New York.

"Under Section 1005 (13) of the Power Authority Act, as amended by Chapter 313 of the Laws of 2005, the Authority may contract to allocate or reallocate directly, or by sale for resale, 250 MW of firm hydroelectric power as Expansion Power and up to 445 MW of RP to businesses in the State located within 30 miles of the Niagara Power Project, provided that the amount of power allocated to businesses in Chautauqua County on January 1, 1987 (19,732 MW) shall continue to be allocated in such County.

DISCUSSION

"On October 22, 2003, the Authority, Grid, Empire State Development Corporation and the Buffalo Niagara Enterprise signed a Memorandum of Understanding ('MOU') that outlines the process to coordinate marketing and allocating Authority hydro power in Western New York. The entities noted above have formed the Western New York Advisory Group ('Advisory Group') with the intent of better using the value of this resource to improve the economy of Western New York and the State of New York. Nothing in the MOU changes the legal requirements applicable to the allocation of hydro power.

"Based on the Advisory Group's discussions, staff recommends that the available power be allocated to the company set forth in Exhibit '7-A.' The Exhibit shows, among other things, the amount of power requested by the company, the recommended allocation and additional employment and capital investment information. This project will help maintain and diversify the industrial base of Western New York and provide new employment opportunities. The project is expected to result in the creation of eight jobs.

RECOMMENDATION

"The Director – Business Power Allocations and Regulation recommends that the Trustees approve the allocation of 300 kW of hydro power to the company listed in Exhibit '7-A.'

"The Executive Vice President and General Counsel, the Senior Vice President – Marketing and Economic Development, the Vice President – Major Accounts Marketing and Economic Development and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the allocation of 300 kW of Replacement Power, as detailed in Exhibit "7-A," be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

New York Power Authority
Replacement Power
Recommendations for Allocations

Exhibit "7-A"
October 24, 2006

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage Benefits	Power Recommended (kW)	Contract Term (1)
A-1	Exolon Company	Tonawanda	Erie	300	8	$1,100,000	$69,000	**300**	Until 8/31/07
	Total RP Recommended				**8**	**1,100,000**		**300**	

(1) If the Niagara Project license is extended and delivery agreement finalized,
the full term of this contract will be for five years.

8. <u>Transfers of Industrial Power</u>

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the transfer of power allocations for eight existing customers that have either changed their names for various business reasons or moved the location of their business. Additionally, the Trustees are requested to approve a transfer of 300 kW between two companies currently receiving Municipal Distribution Agency ('MDA') power through the Suffolk County Electrical Agency ('SCEA').

BACKGROUND

"Seven companies have requested that the Authority grant approval of their requests for the continued delivery of Authority power allocations to facilities that have all gained prior approval for an allocation with pre-existing company names and/or ownership. The present owners of these same facilities are now requesting that the Authority authorize the continuation of the power allocations granted to the previous company names and ownership associated with these facilities.

"One company has requested that the Authority grant approval of its request to transfer its Power for Jobs ('PFJ') benefits to a newly purchased facility for the reasons indicated below.

"In addition, the Authority sells industrial power to downstate municipal distribution agencies, including 5,000 kW to SCEA. This power is resold by SCEA to industrial customers so designated by SCEA and approved by the Authority. SCEA has proposed that a portion of an existing customer's allocation be transferred to another existing customer. SCEA has requested that the Authority grant approval of the transfer for the reasons indicated below.

"The Trustees have approved transfers of this nature at past meetings.

DISCUSSION

"The proposed transferees are as follows:

"**Beaverite Corporation ('Beaverite')**, a leading manufacturer of die-cut solutions for various industrial and commercial applications, is located in Croghan. At their April 29, 2003 meeting, the Trustees approved a 250 kW PFJ allocation in return for the company maintaining 60 jobs. The Trustees subsequently approved an extension of PFJ benefits at their September 20, 2005 meeting. Beaverite is in job compliance and requests that its allocation be transferred to **Beaver Falls Sealing Products Inc.**, a new company that made a full-asset purchase of Beaverite. The new company will honor all contract terms and conditions, including job commitments.

"**Duraline Pres-On Abrasives, LLC ('Duraline')** is a manufacturer of coated abrasive products for the metal and woodworking industries. At their July 24, 2004 meeting, the Trustees approved Duraline for a 150 kW Expansion Power ('EP') allocation. The allocation was awarded in return for the company creating 25 new jobs at a facility purchased in Lockport. The company recently merged with a Georgia concern called Future Abrasives Co. and has renamed the new entity **Global Abrasive Products, Inc**. The merger has allowed the company to increase employment and expand its product offerings. Global Abrasive Products will continue to operate at the Lockport facility and make the same products. It will honor all terms and conditions in its power contract, including job commitments.

"**ISG Lackawanna Inc.,** a subsidiary of International Steel Group, Inc. ('ISG'), is a finishing and coating operation for sheet steel in Lackawanna. At their June 24, 2003 meeting, the Trustees approved a transfer of 25,750 kW of Replacement Power ('RP') and 10,400 kW of EP from the Bethlehem Steel Group to ISG for continued use at the ISG Lackawanna facility. ISG committed to an employment level of 350 jobs as part of the company's acquisition of all of Bethlehem Steel's steel-making and related assets. ISG subsequently created ISG Lackawanna LLC as a legal entity for business purposes. All of ISG was acquired in 2005 by the Mittal Steel Company N.V. and is known as Mittal Steel USA, Inc. The Lackawanna facility is doing business as Mittal Steel USA – Lackawanna, although the legal entity remains **ISG Lackawanna LLC**. The company is in job compliance and will continue to produce the same products and honor all terms and conditions of its existing contracts.

"**Motorola, Inc.**, a leading manufacturer of electronic equipment and components, has a facility in Elma that produces automotive electronics. At their August 29, 1989 and April 24, 1990 meetings, the Trustees approved Motorola for 3,000 kW and 1,600 kW allocations of EP, respectively, for a total of 4,600 kW, in return for a total of 600 jobs. The Trustees subsequently approved a five-year power contract extension along with a 1,000 kW reduction of the allocation to 3,600 kW and a job commitment reduction from 600 to 400 jobs at their March 30, 2004 meeting. Motorola's Elma facility has been purchased by **Temic Automotive of North America, Inc.** ('Temic Automotive') in an asset-and-liability acquisition. Temic Automotive, which is owned by Continental AG, will continue to operate the plant as an automotive electronics manufacturing site. Temic Automotive will honor all contract terms and conditions, including job commitments.

"**Snyder Industries, Inc.,** a contracted supplier of machined components for the mining and other heavy equipment industries, is located in North Tonawanda. At their December 16, 1997 meeting, the Trustees approved Snyder Industries for a 500 kW PFJ allocation in return for a total of 106 jobs. The Trustees approved an extension of the company's PFJ contract, including a reduction to 350 kW and job commitment reduction to 70 jobs, at their November 28, 2000 meeting. Under the PFJ Extended Benefits legislation of 2004 and 2005, Snyder Industries chose the rebate option and has remained in job compliance with more than 100 full-time employees. The company wishes to transfer its PFJ extended benefits to a new manufacturing facility recently purchased in the City of Tonawanda. The company has invested more than $5 million in building modifications and new manufacturing equipment. There is no change in ownership of the company and it will continue to honor all commitments made in return for PFJ extended benefits.

"**Special Metals Corporation ('SMC'),** a leading manufacturer of high-performance nickel-based alloys and super alloys, is located in Dunkirk. At their May 29, 1991 meeting, the Trustees approved SMC for a 1,000 kW EP allocation. The allocation was awarded in return for the company maintaining 59 existing jobs and adding 22 new jobs. The company is being acquired by Precision Castparts Corporation in an asset-and-liabilities purchase; however, it will continue to operate under the name **Special Metals Corporation**. The new ownership represents a two-phased investment of more than $30 million at the existing site. SMC will continue to make the same products and expects to increase its employment level due to the new investment of capital. SMC will continue to honor all terms of its existing EP contract.

"**Stella D'oro Biscuit Co., Inc.** is a commercial baked goods company operated as a division of Kraft Foods in the Bronx. At their June 26, 2001 meeting, the Trustees approved Stella D'oro for a 500 kW PFJ allocation in return for a total of 375 jobs. The Trustees approved an extension of the company's PFJ benefits under the 2005 Extended Benefits legislation, including a reduction to 250 kW and job commitment reduction to 170 jobs, at their September 20, 2005 meeting. Kraft Foods sold its stock in the company to an investment firm called Brynwood Partners and is no longer affiliated with Stella D'oro. There is no change in operation of the facility and the company continues as the legal business entity **Stella D'oro Biscuit Co., Inc.** It will continue to honor all terms and conditions, including job commitments, in return for PFJ extended benefits.

"**Stellex Monitor Aerospace Corp. ('Stellex')**, located in Amityville, is a supplier of complex titanium and aluminum airframe components and assemblies for the aerospace industry. Stellex currently receives an allocation of 1,250 kW of Municipal Distribution Agency ('MDA') power it receives via resale from the Suffolk County Electrical Agency ('SCEA') in return for 225 jobs. Additionally, at their June 30, 1992 meeting, the Trustees approved a 2,000 kW allocation of Economic Development Power ('EDP') for the company. In September, Stellex was acquired by GKN Aerospace, a subsidiary of GKN PLC in a total-asset sale. The new company will be known as **GKN Aerospace Monitor Inc.** ('GKN'). The company will continue to produce the same products and operate at the same plant in Amityville. Additionally, GKN has endeavored to invest more than $8 million in new, state-of-the-art machinery to enhance competitiveness with U.S. as well as global competitors. This investment in plant will be completed in the first quarter of 2007. GKN has requested and SCEA has proposed that an additional 300 kW of MDA power be transferred to GKN in order to support this new capital investment. Castella Imports Inc. currently receives an allocation of 500 kW of MDA power via resale from SCEA in return for 73 jobs. SCEA would reduce Castella's current allocation by 300 kW to a total of 200 kW, and increase GKN's allocation from 1,250 kW to a total of 1,550 kW. GKN will honor the job commitment levels currently in place through its MDA contract.

RECOMMENDATION

"The Director – Business Power Allocations and Regulation recommends that the Trustees approve the transfer of power allocations for eight existing customers that have either changed their names for various business reasons or moved the location of their business.

"Additionally, the Director – Business Power Allocations and Regulation recommends that the Trustees approve the transfer of 300 kW between two companies currently receiving Municipal Distribution Agency power through the Suffolk County Electrical Agency.

"The Executive Vice President and General Counsel, the Senior Vice President – Marketing and Economic Development, the Vice President – Major Account Marketing and Economic Development and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Authority hereby authorizes the transfers of industrial power allocations in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

9. Municipal and Rural Cooperative Economic Development Program Allocations to the Villages of Boonville and Greene

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve allocations of power under the Municipal and Rural Cooperative Economic Development Program ('Program') to the Villages of Boonville and Greene.

BACKGROUND

"The 1991 amendment to the power sales agreement between the Authority and the Municipal and Rural Cooperative Systems reserved 108,000 kW of power for economic development in the systems. As of May 24, 2005, 33,250 kW had been allocated.

"Power from this block can be allocated to individual systems to meet the increased electric load resulting from eligible new or expanding businesses in their service area. The recommended allocations under the Program are 50% hydro power and 50% incremental power. Under the guidelines established for the Program, an allocation to a system should meet a target number of new jobs per MW. The guidelines provide that for businesses new to a system, the jobs-per-MW ratio is considered on a case-by-case basis. For projects involving existing businesses, the number of jobs per MW is the number of new jobs compared to the level of employment prior to the expansion. Specifically, for companies employing 100 or less, the target ratio is 25 jobs per MW; for companies employing between 101 and 250, the ratio is 50; for companies employing between 251 and 500, the ratio is 75 and for companies employing more than 500, the ratio is 100 jobs per MW.

"The Villages of Boonville and Greene have submitted applications for power under the Program for consideration by the Trustees.

DISCUSSION

Village of Boonville

"An application has been submitted by the Village of Boonville on behalf of Owl Wire & Cable, Inc. Owl Wire & Cable, incorporated in 1954 by the Kemper family, continued to be a family-owned business until 1988, when the company was purchased by the Marmon Group of Companies. Owl Wire & Cable is the U.S.'s second largest non-integrated bare copper wire fabricator for the building and construction, energy and industrial, electronics and telecommunications, consumer products and transportation markets. The potential advantages of reduced power costs and a more efficient plant layout for the new Boonville facility will allow the company to compete domestically and internationally. Seven production lines will be relocated from the Canastota facility to relieve the current congestion at that location and two production lines will be added to the new Boonville facility.

"Owl Wire & Cable proposes to construct a 61,000-square-foot facility on 10.6 acres of land within the Village of Boonville. The total initial investment will be approximately $7 million. The new facility will provide for approximately 34 full-time jobs, working all three shifts, over the next three years, adding revenue to the local economy and resulting in 32 jobs per MW of hydro power. The estimated electrical monthly peak load for the facility is 1,880 kW. It is recommended that the Trustees approve an allocation of 1,880 kW, of which 50% will be hydro power, for Owl Wire & Cable, Inc.

Village of Greene

"The Village of Greene has submitted an application for expansion on behalf of The Raymond Corporation ('Raymond'). Raymond, in business since 1839, is a wholly owned subsidiary of Toyota Industries Corporation. The facility in the Village of Greene manufactures electric counterbalanced forklift trucks, swing-reach trucks and order-picker trucks that are distributed business-to-business through a dealer network in the U. S., Canada and

Mexico. Custom orders with high-level quality requirements represent 40% of the units manufactured in Greene. The facility's manufacturing processes include state-of-the-art machining, fabrication (including laser and high-definition plasma profiling), robotic welding, painting and just-in-time mixed-model assembly lines.

"The proposed expansion project entails expanding the 425,000-square-foot footprint of the building by 68,000 square feet. This is needed to meet demand projections, save costs by centralizing to take advantage of volume, enhance the paint-application process and ensure a solid foundation for continuous improvement activities. The total investment associated with the expansion will be approximately $20 million. Raymond currently employs 910 people on a full-time basis. The expansion will provide for 24 new jobs over the next three years, adding revenue to the local economy and resulting in 240 jobs per MW of hydro power. The existing electrical load is approximately 2,600 kW and is expected to increase to 3,400 kW after the expansion. It is recommended that the Trustees approve an allocation of 200 kW, of which 50% is hydro power, to the Village of Greene on behalf of The Raymond Corporation.

"The Municipal Electric Utilities Association Executive Committee supports the recommended allocations to the Villages of Boonville and Greene.

"In accordance with the Authority's marketing arrangement with the municipal and cooperative customers, the hydro power will be added to the recipient system's contract demand at the time a project becomes operational. The hydro power earmarked for this Program is presently sold to the municipal and cooperative customers on a withdrawable basis. As partial-requirements customers, the Villages of Boonville and Greene may purchase the incremental power from the Authority or an alternate supplier.

RECOMMENDATION

"The Director – Business Power Allocations and Regulation recommends that the Trustees approve the allocations of power under the Municipal and Rural Cooperative Economic Development Program to the Villages of Boonville and Greene as described above.

"The Executive Vice President and General Counsel, the Senior Vice President – Marketing and Economic Development and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the allocations of power to the Villages of Boonville and Greene under the Municipal and Rural Cooperative Economic Development Program are hereby approved as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Senior Vice President – Marketing and Economic Development or her designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate such allocations; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

10. Niagara Power Project Relicensing – Additional Capital Expenditure Authorization Request – Compliance with Anticipated New License and Implementation of Settlement Agreements

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to authorize $443.9 million in capital expenditures for costs related to compliance with the anticipated new License for the Niagara Power Project ('Project') and for costs associated with implementing settlement obligations associated with relicensing the Project for the period 2007-2057. Included in this Capital Expenditure Authorization Request ('CEAR') is $16.7 million for compliance and implementation activities and settlement agreements approved by the Trustees in 2005 and 2006.

BACKGROUND

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

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

"At their meeting of June 28, 2005, the Trustees approved the filing of an Application for a New License ('Application') for the Project and an Offer of Settlement with the Federal Energy Regulatory Commission ('FERC').

"On August 18, 2005, the Authority filed the Application with FERC and also filed related applications with the New York State Department of State ('DOS') and the New York State Department of Environmental Conservation ('DEC). On August 19, 2005, the Authority filed the Offer of Settlement with FERC, which consisted of four separate agreements:

- Relicensing Settlement Agreement Addressing New License Terms and Conditions;
- Host Community Relicensing Settlement Agreement Addressing Non-License Terms and Conditions;
- Relicensing Settlement Agreement Among the Power Authority of the State of New York, the State of Connecticut, the Commonwealth of Massachusetts, the State of New Jersey, the State of Ohio, the Commonwealth of Pennsylvania, the State of Rhode Island and the State of Vermont; and
- Relicensing Settlement Agreement Between the Power Authority of the State of New York and the Tuscarora Nation.

"Since its filing, the Offer of Settlement has been supplemented twice with the Niagara University Relicensing Settlement Agreement and the Erie County/City of Buffalo Relicensing Settlement Agreement ($2 million per year for projects related to the Niagara River Greenway within Buffalo and Erie County and $3.5 million per year to the Erie Canal Harbor Development Corporation for waterfront development). These Agreements were filed with FERC on May 26, 2006 and June 30, 2006, respectively, after being approved by the Trustees at their meetings of May 23, 2006 and June 27, 2006, respectively.

"All Settlement Agreements are expressly conditioned on the issuance by FERC of a new 50-year license that is consistent with the terms contemplated by the Application and the Offer of Settlement, including the proposed license articles attached to the 'Relicensing Settlement Agreement Addressing New License Terms and Conditions.'

"DEC issued its Water Quality Certification on January 31, 2006 and DOS issued its Coastal Zone Consistency Determination on February 17, 2006.

"FERC has published a schedule for the review of the Authority's Application that would result in the issuance of a new license for the Niagara Power Project in February 2007 (effective upon the expiration of the current license in August 2007). On July 14, 2006, FERC issued its draft Environmental Impact Statement ('EIS') in the context of relicensing the Project. The draft EIS recommends, in all material respects, adoption of the Authority's license proposal and settlements and proposes only minor modifications to the terms contained therein.

"The Trustees have previously approved the License Application, Offer of Settlement and the two additional Settlement Agreements for this CEAR. This current CEAR would permit the Authority to meet its obligations under the new license and the Settlement Agreements through the new license term.

DISCUSSION

"This CEAR is submitted for approval in advance of receiving the new License because several compliance and implementation activities have commenced, as has the planning for other obligations with short completion timeframes once the new License becomes effective. Specifically, work has commenced on three regulatory plans, the Ecological Standing Committee has begun meeting and conceptual design has started on the Habitat Improvement Projects and Recreation Enhancement Projects. The structure of the Niagara River Greenway fund committees must be established and a second advance payment of $2 million will be made to the Erie Canal Harbor Development Corporation by the end of July 2007. Contractual arrangements for the sale of power to the Tuscarora Nation, Host Communities and Niagara University are also being negotiated.

"Staff's projected capital expenditures for implementing the anticipated terms and conditions of the new License and for meeting settlement commitments from 2005 through 2057 include $52.7 million for fish and wildlife habitat and recreation enhancements; $145.6 million for Niagara River Greenway funding; $168.5 million in community funding; $33.9 million for the Tuscarora Nation and Niagara University and $43.2 million for compliance and implementation activities of Hydropower Relicensing and other Authority divisions. The Trustees are requested to approve $443.9 million in capital expenditures for all compliance-, implementation- and settlement-related activities.

"Included in the foregoing are Trustee-approved compliance and implementation expenditures in 2005 and 2006 in the amount of $16.7 million. In December 2005, payments to the Tuscarora Nation and Host Communities totaling $13 million were made consistent with the Authority's obligations under the Settlement Agreements approved by the Trustees at their meeting of June 28, 2005. On July 27, 2006, a payment in the amount of $2 million was made to the Erie Canal Harbor Development Corporation consistent with the Authority's obligations under the Settlement Agreement with Erie County and the City of Buffalo as approved by the Trustees at their meeting of June 27, 2006. Additionally, in February 2006, the Trustees approved a six-year $15.4 million contract with Gomez and Sullivan Engineers, PC ('G&SE') to provide assistance during the compliance and implementation phase of Niagara relicensing, of which $1.7 million was allocated to FY 2006.

"In total, approval of this CEAR, along with the previously authorized CEAR that included payment for process costs of $50.4 million, would bring the total authorization for Niagara Project Relicensing to $494.3 million for both process and compliance and implementation.

"Please note that the Authority will also incur $14.8 million in operational and maintenance ('O&M') expenses associated with both the Habitat Improvement Projects and the Recreation Enhancement Projects; this O&M expense is not included in this request. O&M expenses will be budgeted in the fiscal year during which the expense is incurred.

"In addition to the foregoing, the relicensing settlement also provides for the sale of 26 MW of firm power and associated energy to the Host Communities and the Tuscarora Nation at the preference rate. Niagara University will receive 3 MW of power at the Authority's business customer rate. The value of these power allocations is not incorporated in this request.

FISCAL INFORMATION

“Payments will be made from a combination of Bond proceeds, Commercial Paper proceeds and Operating Revenues.

RECOMMENDATION

“The Executive Director – Hydropower Relicensing and the Director – Niagara Relicensing recommend that the Trustees approve capital expenditures of $443.9 million for compliance, implementation and settlement activities associated with the Niagara Power Project Relicensing effort.

“The Executive Vice President and General Counsel, the Executive Vice President – Corporate Services and Administration, the Executive Vice President and Chief Financial Officer, the Senior Vice President and Chief Engineer – Power Generation, the Senior Vice President – Public and Government Affairs, the Vice President – Environmental Management and I concur in the recommendation.”

Mr. Silliman presented the highlights of staff’s recommendations to the Trustees. In response to questions from Chairman McCullough concerning the implementation of the various settlement agreements cited in the item, Mr. Silliman stated that the Authority’s obligations under each settlement were conditioned upon the Federal Energy Regulatory Commission’s approval and issuance of a new license for the operation of the Niagara facility.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That capital expenditures be, and hereby are, approved in accordance with the Authority's Expenditure Authorization Procedures to facilitate and accomplish implementation of and compliance with the new License to be issued by the Federal Energy Regulatory Commission for the Niagara Power Project, as well as the settlement agreements associated therewith, in the amounts and for the purposes as follows: $52.7 million for fish and wildlife habitat and recreation enhancements; $145.6 million for Niagara River Greenway funding; $168.5 million in community funding; $33.9 million for the Tuscarora Nation and Niagara University and $43.2 million for compliance and implementation activities of Hydropower Relicensing and other Authority Divisions. The Trustees are requested to approve $443.9 million in capital expenditures for all compliance-, implementation- and settlement-related activities; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

11. Tri-Lakes Reliability Project –
Revised Agreement

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the execution of a Revised Agreement among the Authority, Niagara Mohawk Power Corporation ('Niagara Mohawk') (a National Grid company) and the Villages of Tupper Lake and Lake Placid ('Villages'). The execution of the original Agreement ('Agreement'), which provided for the construction of substation equipment, a new overhead line and ancillary equipment (collectively, the 'Project') was approved by the Trustees at their meeting of October 26, 2004. In implementing the agreement, Niagara Mohawk and the Authority realized that some of the assumptions in the Agreement were not workable, and that it would be beneficial to clarify several additional issues. Authority and Niagara Mohawk staffs negotiated modifications to the Agreement to resolve these matters without adversely affecting the rights and responsibilities of the Villages. If approved by the Trustees, the Revised Agreement, like the Agreement, must be signed by all four parties and filed with the Federal Energy Regulatory Commission ('FERC').

BACKGROUND

"The Authority provides for the full electric requirements of the Villages and, consistent with the requirements of the Niagara Redevelopment Act and the Niagara Project FERC license, arranges for the transmission and delivery of Authority power to the Villages. For many years, there has been insufficient generation and transmission capacity to provide reliable electric service to the Villages and surrounding Niagara Mohawk service area (the 'Tri-Lakes Region') in the cold winter months. The parties disputed who should be responsible for the cost of upgrading the transmission system to cure the deficiencies. Following a mediation effort by the New York State Public Service Commission ('PSC'), and subsequent negotiations involving Niagara Mohawk, the Authority, the Villages, the staff of the PSC and the Governor's Office, the parties agreed to a settlement that would significantly improve the transmission infrastructure in the Tri-Lakes area. The Authority's Trustees authorized the execution of the Agreement memorializing such settlement at their meeting of October 26, 2004. The settlement Agreement addresses short- and long-term solutions to the transmission problem and forges a compromise on the key cost-allocation issues.

"The long-term solutions included the installation of two static var compensators ('SVCs') and the construction of a 46 kV line to alleviate voltage problems and to provide more reliability to the Tri-Lakes Region. The Agreement outlined the responsibilities for Niagara Mohawk and the Authority during the implementation of this work, including licensing, design, engineering, procurement, construction, installation and overall project management.

"Under the Agreement, the Authority would own and finance the Project prior to January 1, 2012, at which time the Project would be transferred to Niagara Mohawk upon payment of the cost of the Project. The Authority would acquire any personal or real property required for the Project and would hold title until the Project was transferred to Niagara Mohawk.

"The Agreement also included a cost estimate for the 46 kV line ($15.8 million) and stated that the Authority and Niagara Mohawk will share equally in any cost increases above the estimated cost of the 46 kV line. The costs for the SVCs were estimated at $4.3 million for the SVC at Tupper Lake and $8.9 million for the SVC at Lake Colby. Any cost increases above these estimates would be borne by Niagara Mohawk.

DISCUSSION

"If the Trustees approve the Revised Agreement, the following changes from the Agreement would be made:

- Niagara Mohawk, rather than the Authority, would acquire rights to the land on which Authority-owned transmission equipment will be installed. In implementing the Agreement, the Authority and Niagara

Mohawk determined that there would be no added efficiency or advantage for the Authority to acquire the property since it will ultimately be transferred to Niagara Mohawk (on January 1, 2012) along with the SVCs and the 46 kV line.

- Niagara Mohawk and the Authority agree to cooperate with each other in obtaining all necessary property rights and all necessary permits and to grant each other, without charge, rights to use each other's property for purposes of building and operating the SVCs and the 46 kV line. Additionally, if requested by Niagara Mohawk, the Authority may undertake some of the procurement for the 46 kV line.

- The risk-of-loss provision was substantially revised and now details and clarifies the responsibilities of Niagara Mohawk and the Authority for losses. During construction, risk of loss is borne by the contractor doing the construction. From completion of construction until the transfer of the Project to Niagara Mohawk in 2012, Niagara Mohawk will be responsible for Project repair/replacement and the Authority will carry property insurance on the SVCs (subject to $1 million deductible). The cost of this insurance is a Project cost for which the Authority will be reimbursed when the Project is transferred to Niagara Mohawk in 2012. There is no insurance coverage obligation for the New Line.

- The Authority's oversight rights with respect to Niagara Mohawk's design and construction are specified.

- Review of invoices and payment protocols are specified.

- Niagara Mohawk and the Authority are given mutual audit rights.

- There is a provision for the relocation of transmission poles in which Verizon has an interest.

- In the event delays concerning construction or operation of the Tupper Lake SVC make it necessary to place 3 MW of distributed generation into operation during the 2006-07 winter period, Niagara Mohawk will bear the costs of installation and operation of such generators.

"None of the above changes alter the rights and responsibilities of the Villages, including the Villages' cost obligations for the upgrades. The original cost estimate and cost-sharing provisions have not been changed.

<u>FISCAL INFORMATION</u>

"There is no change from the original Agreement. The Authority will be reimbursed by Niagara Mohawk and the Villages for all Project costs, except for one-half of any costs associated with the New Line over the current estimate of $15.8 million.

<u>RECOMMENDATION</u>

"The Executive Vice President and General Counsel, the Senior Vice President – Public and Governmental Affairs and the Executive Director – Licensing, Implementation and Compliance recommend that the Trustees authorize the execution of the Revised Agreement.

"The Executive Vice President – Corporate Services and Administration, the Executive Vice President and Chief Financial Officer and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That for the reasons set forth in the foregoing report, the Executive Vice President and General Counsel is authorized to execute a Revised Agreement for the Tri-Lakes Reliability Project on behalf of the Authority, having such terms and conditions as are set forth in the foregoing report; and be it further

RESOLVED, That the Executive Vice President and General Counsel, or his designee, be authorized to execute all further documents and do such other things as may be necessary to effectuate the foregoing; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Executive Vice President and General Counsel and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

12. Budget and Financial Plan Information Pursuant to
New Regulations of the Office of the State Comptroller

The President and Chief Executive Officer submitted the following report:

SUMMARY

"In accordance with new regulations adopted by the Office of the State Comptroller ('OSC'), the Trustees are requested to approve for public release a proposed 2007 budget and four-year financial plan; authorize making the proposed budget and four-year financial plan available for public inspection at not less than five convenient public places throughout New York State and authorize posting of the proposed budget and four-year financial plan on the Authority's web site.

BACKGROUND

"Following rulemaking proceedings undertaken pursuant to the State Administrative Procedure Act, OSC implemented new regulations on March 29, 2006 that address the preparation of annual budgets and four-year financial plans by 'covered' public authorities, including the Authority. See 2 NYCRR Part 203 ('Part 203' attached as Exhibit '12-A'). As illustrated below, these regulations establish various new procedural and substantive requirements relating to the budgets and financial plans of public authorities.

DISCUSSION

"Part 203 sets forth specific requirements in connection with the submission and format of, the preparation of supporting documentation for and the monitoring of annual budgets and financial plans of public authorities.

"Under Part 203, the Authority's proposed budget and four-year financial plan (Exhibit '12-B') must be made available for public inspection at least 30 days before approval by the Trustees of a final budget and financial plan and not less than 60 days before commencement of the next fiscal year. The availability for public inspection must be for a period of not less than 45 days and in not less than five convenient public places throughout the State. The regulations also require the Authority to post the proposed budget and four-year financial plan on its web site.

"Under Part 203, each proposed budget and four-year financial plan must be shown on both an accrual and a cash basis and be prepared in accordance with generally accepted accounting principles; be based on reasonable assumptions and methods of estimation; be organized in a manner consistent with the public authority's programmatic and functional activities; include detailed estimates of projected operating revenues and sources of funding; contain detailed estimates of personal service expenses related to employees and outside contractors; list detailed estimates of non-personal service operating expenses and include estimates of projected debt service and capital project expenditures.

"Other key elements that must be incorporated in each proposed budget and four-year financial plan are a description of the budget process and the principal assumptions, as well as a self-assessment of risks to the budget and financial plan. Additionally, the proposed budget and financial plan must include a certification by the chief operating officer (defined as the executive officer responsible for overseeing the day-to-day activities of an authority) that, to the best of his or her knowledge and belief after reasonable inquiry, the proposed budget and financial plan are based on reasonable assumptions and methods of estimation and that the Part 203 regulations have been satisfied.

"The Trustees will be asked to approve the Authority's final budget and four-year financial plan, including any modifications and amendments, at their December 19, 2006 meeting.

FISCAL INFORMATION

"There is no anticipated fiscal impact.

<u>RECOMMENDATION</u>

"The Vice President – Controller recommends that the Trustees approve for public release the proposed 2007 budget and four-year financial plan; authorize making the proposed budget and four-year financial plan available for public inspection at no less than five convenient public locations and authorize posting of the proposed budget and four-year financial plan on the Authority's web site.

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

Mr. Davis presented the highlights of staff's recommendations to the Trustees. Chairman McCullough thanked Mr. Davis and everyone else who worked on this for doing such a terrific job, saying that the proposed budget and financial plan presented a great snapshot of where the Authority stands and what it is facing in terms of its financial future. President Carey said he wanted to echo those sentiments and thanked Mr. Davis, Mr. Bellis, Mr. Del Sindaco and all of their staffs for their efforts, in addition to Mr. Kelly and the legal staff. He also praised them for completing this document on time and within budget. Mr. Davis said that the staff of the Energy Resource Management, Energy Risk Assessment and Control and Marketing and Economic Development departments had also contributed to this effort. Vice Chairman Townsend said that he agreed with Chairman McCullough and President Carey as to the value of this document.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to 2 NYCRR Part 203, the proposed budget and four-year financial plan, including certification by the President and Chief Executive Officer, is approved for public release in accordance with the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to 2 NYCRR Part 203, the Corporate Secretary be, and hereby is, authorized to make the proposed budget and four-year financial plan available for public inspection at not less than five convenient public places throughout New York State, to notify the Office of the State Comptroller of said locations and to post the proposed budget and four-year financial plan on the Authority's web site; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

PART 203

BUDGET AND FINANCIAL PLAN FORMAT, SUPPORTING DOCUMENTATION AND MONITORING – PUBLIC AUTHORITIES

(Statutory Authority: Constitution, art. X, § 5; State Finance Law §8[14])

Section 203.1 Purpose.

The purpose of this Part is to set forth specific requirements in connection with the submission and format of, the preparation of supporting documentation for, and the monitoring of, annual budgets and financial plans of the public authorities listed in this Part. All requirements of this Part apply immediately upon the effective date of this Part, except as otherwise consented to by the State Comptroller at the request of individual public authorities, upon good cause shown.

§ 203.2 Applicability.

Except as provided in the next sentence, this Part shall apply to every authority, commission or public benefit corporation identified as a "public authority" in section 203.10 of this Part, unless a waiver is granted by the State Comptroller upon good cause shown. The Metropolitan Transportation Authority and its Agencies shall continue to be governed by 2 NYCRR Part 202 with the exception that subdivisions a through e of section 203.4, subdivisions d and g of section 203.6, and subdivision b and c of section 203.8 of this Part shall also apply to the Metropolitan Transportation Authority and its Agencies; provided, however, that with respect to the Metropolitan Transportation Authority and its Agencies, the definitions set forth in Part 202 of this chapter shall be used for purposes of determining compliance with the applicable provisions of this Part.

§ 203.3 Definitions.

For purposes of this Part:

(a) "Affiliate" shall mean a corporate body or company controlling, controlled by, or under common control with another corporate body.

(b) "Board" shall mean the governing board, members of the public authority, board of directors, board of trustees or trustees or other similar governing body as described in the laws, articles of incorporation or corporate by-laws creating and/or governing the authority.

(c) "Budget" shall mean the proposed and approved budgets, and any amendments or modifications thereto, of the public authority. The budget shall include all the organizations, programs, activities, and functions of the public authority that comprise its accounting entity in accordance with accounting principles generally accepted in the United States of America.

(d) "Chief financial officer" shall mean the treasurer, chief fiscal officer or other executive level officer directly responsible for overseeing the financial activities of the public authority.

(e) "Chief operating officer" shall mean the executive director or other executive level officer responsible for overseeing the day-to-day activities of the public authority.

(f) "Debt" shall mean bonds, notes, contractual financing arrangements, or other evidences of indebtedness issued by the public authority for any purpose.

(g) "Financial Plan" shall mean the budget for the current fiscal year and revenue and expenditure projections, in a format consistent with the budget, for at least the three following years.

(h) "Gap" shall mean the difference between projected revenues and other financing sources and expenditures and other financing uses for any given fiscal year before proposed management actions that would increase revenues or reduce costs.

(i) "Gap-closing program" shall mean any combination of management actions that reduce costs or increase revenues that lower a gap in any given fiscal year.

(j) "Subsidiary" shall mean a corporate body or company (i) having more than half of its voting shares owned or held by a public authority specified in this section, or (ii) having a majority of its directors, trustees or members in common with the directors, trustees or members of a public authority specified in this section or as designees of a public authority specified in this section.

§ 203.4 Submission of Budgets and Financial Plans.

(a) All public authorities shall prepare an annual budget and financial plan in accordance with this Part.

(b) The budget and financial plan, and all amendments or modifications thereto, shall be approved by the Board.

(c) All proposed budgets and financial plans shall be made available for public inspection at least 30 days before approval by the Board, and not less than 60 days before the commencement of the next fiscal year.

(d) All approved budgets and financial plans shall be made available for public inspection, whenever practicable, not less than 7 days before the commencement of the next fiscal year, and shall be submitted to the State Comptroller within 7 days of approval by the board, in an electronic format prescribed by the State Comptroller.

(e) For purposes of making budgets and financial plans available for public inspection under subdivisions (c) and (d) of this section, the public authority shall make the budgets and financial plans available for a period of not less than 45 days in not less than five convenient public places throughout the area of jurisdiction of the authority and notify the State Comptroller of such locations. The public authority shall also post the budgets and financial plans on its website, if any.

§ 203.5 Budget and Financial Plan Format.

Each budget and financial plan shall:

(a) be prepared in accordance with accounting principles generally accepted in the United States of America on a modified accrual basis. When an organization, program, activity or function that is reportable under such principles is not included in the budget, the budget shall clearly disclose this exclusion and the associated justification;

(b) be based on reasonable assumptions and methods of estimation;

(c) be organized in a manner consistent with the authority's programmatic and functional activities;

(d) include detailed estimates of projected operating revenues and other sources of funding;

(e) include detailed estimates of personal service expenses related to employees (e.g., salary and wage costs, overtime, health insurance and pension costs) and personal service contracts with outside contractors;

(f) include detailed estimates of non-personal service operating expenses (e.g., materials and supplies, contracts, and rentals);

(g) include estimates of projected debt service expenditures; and

(h) include a corresponding cash budget and financial plan, and identify all material cash adjustments.

§ 203.6 Budget and Financial Plan presentation.

Each budget or financial plan shall be accompanied by:

(a) an explanation of the public authority's relationship with the unit or units of government, if any, on whose behalf or benefit the authority was established;

(b) a description of the budget process, including the dates of key budget decisions;

(c) a description of the principal budget assumptions, including sources of revenues, staffing and future collective bargaining costs, and programmatic goals;

(d) a self-assessment of budgetary risks;

(e) a revised forecast of the current year's budget;

(f) a reconciliation that identifies all changes in estimates from the projections in the previously approved budget or plan;

(g) a statement of the last completed fiscal year's actual financial performance in categories consistent with the proposed budget or financial plan;

(h) a projection of the number of employees, including sources of funding, the numbers of full-time and full-time equivalents, and functional classifications;

(i) a statement of each revenue-enhancement and cost-reduction initiative that represents a component of any gap-closing program and the annual impact on revenues, expenses and staffing;

(j) a statement of the source and amount of any material non-recurring resource that is planned for use in any given fiscal year;

(k) a statement of any transactions that shift material resources from one year to another and the amount of any reserves;

(l) a statement of borrowed debt projected to be outstanding at the end of each fiscal year covered by the budget or financial plan; the planned use or purpose of debt issuances; scheduled debt service payments for both issued and proposed debt; the principal amount of proposed debt and assumed interest rate(s); debt service for each issuance as a percentage of total pledged revenues, listed by type or category of pledged revenues; cumulative debt service as a percentage of available revenues; and amount of debt that can be issued until legal limits are met; and

(m) a statement of the annual projected capital cost broken down by category and sources of funding, and for each capital project, estimates of the annual commitment, total project cost, expected date of completion and the annual cost for operating and maintaining those capital projects or capital categories that, when placed into service, are expected to have a material impact on the operating budget.

§ 203.7 Supporting Documentation.

The public authority shall prepare working papers that detail the assumptions and methods of estimation used to calculate all operating and capital budget projections, consistent with prudent budgetary practices. The working papers shall be completed contemporaneously with the release of the budget or plan and shall include a statement supporting the reasonableness of each estimate, and the underlying information on which the estimate is based, such as actual results from prior years, inflationary trends and economic data, assumptions regarding the cost of future collective bargaining agreements, utilization, demographic and other pertinent data.

§ 203.8 Reporting.

The chief financial officer shall:

(a) provide to the Board a written mid-year update on the budget and associated financial plan and should present at least quarterly updates to the Board on the status of actual revenues and expenses compared to annual budget targets. The mid-year report shall explain and quantify material variances that are due to timing or have a budgetary impact, and include an assessment of the annual impact. The report also shall include the status of capital projects, including but not limited to, commitments, expenditures and completions, and an explanation of material cost overruns and delays;

(b) report publicly not later than 90 days after the close of each fiscal year on actual versus budgeted results; and

(c) inform the State Comptroller in writing at any point during the fiscal year when the chief financial officer learns of the potential financial impact of any adverse development that would materially affect the budget or financial plan.

§ 203.9 Certification.

Included in each budget and financial plan shall be a certification by the chief operating officer to the effect that, to the best of his or her knowledge and belief after reasonable inquiry, the budget or plan, as the case may be, is based on reasonable assumptions and methods of estimation and that these regulations have been satisfied. The certification shall be presented to the Board and shall be released to the public along with the budget or financial plan, as the case may be.

§ 203.10 Covered Public Authorities.

The following entities, including any and all affiliates and subsidiaries, shall be considered "public authorities" for purposes of this Part:

1. Agriculture and New York State Horse Breeding Development Fund, created by or existing under section 330 of the Racing, Pari-mutuel Wagering and Breeding Law.

2. Albany Port District Commission, created by or existing under section 1 of chapter 192 of the laws of 1925.

3. Battery Park City Authority, created by or existing under section 1973 of the Public Authorities Law.

4. Buffalo Fiscal Stability Authority, created by or existing under section 3852 of the Public Authorities Law.

5. Capital District Transportation Authority, created by or existing under section 1303 of the Public Authorities Law.

6. Central New York Regional Transportation Authority, created by or existing under section 1328 of the Public Authorities Law.

7. Community Facilities Project Guarantee Fund, created by or existing under section 14 of chapter 1013 of the laws of 1969.

8. City University Construction Fund, created by or existing under section 6272 of the Education Law.

9. Development Authority of the North Country, created by or existing under section 2703 of the Public Authorities Law.

10. Dormitory Authority of the State of New York, created by or existing under section 1677 of the Public Authorities Law.

11. Erie County Fiscal Stability Authority, created by or existing under section 3952 of the Public Authorities Law.

12. Erie County Medical Center Corporation, created by or existing under section 3628 of the Public Authorities Law.

13. Executive Mansion Trust, created by or existing under section 54.05 of the Arts and Cultural Affairs Law.

14. Hudson River-Black River Regulating District, created by or existing under section 15-2137 of the Environmental Conservation Law.

15. Hudson River Park Trust, created by or existing under section 5 of chapter 592 of the laws of 1998.

16. Industrial Exhibit Authority, created by or existing under section 1651 of the Public Authorities Law.

17. Life Insurance Guaranty Corporation, created by or existing under section 7503 of the Insurance Law.

18. Long Island Power Authority, created by or existing under section 1020-c of the Public Authorities Law.

19. Metropolitan Transportation Authority, created by or existing under section 1263 of the Public Authorities Law.

20. Municipal Assistance Corporation for the City of New York, created by or existing under section 3033 of the Public Authorities Law.

21. Municipal Assistance Corporation for the city of Troy, created by or existing under section 3053 of the Public Authorities Law.

22. Nassau County Interim Finance Authority, created by or existing under section 3652 of the Public Authorities Law.

23. Nassau Health Care Corporation, created by or existing under section 3402 of the Public Authorities Law.

24. Natural Heritage Trust, created by or existing under section 55.05 of the Arts and Cultural Affairs Law.

25. Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation, created by or existing under section 3 of chapter 688 of the laws of 1979.

26. New York Convention Center Operating Corporation, created by or existing under section 2562 of the Public Authorities Law.

27. New York State Bridge Authority, created by or existing under section 527 of the Public Authorities Law.

28. New York State Energy Research and Development Authority, created by or existing under section 1852 of the Public Authorities Law.

29. New York State Environmental Facilities Corporation, created by or existing under section 1282 of the Public Authorities Law.

30. New York State Housing Finance Agency, created by or existing under section 43 of the Private Housing Finance Law.

31. New York Job Development Authority, created by or existing under section 1802 of the Public Authorities Law.

32. New York Local Government Assistance Corporation, created by or existing under section 3233 of the Public Authorities Law.

33. New York State Archives Partnership Trust Board, created by or existing under section 4 of the New York State Archives Partnership Trust Act, as added by section 1 of chapter 758 of the laws of 1992.

34. New York State Foundation for Science, Technology and Innovation, created by or existing under section 3151 of the Public Authorities Law.

35. New York State Olympic Regional Development Authority, created by or existing under section 2608 of the Public Authorities Law.

36. New York State Project Finance Agency, created by or existing under section 2 of chapter 7 of the laws of 1975.

37. New York State Sports Authority, created by or existing under section 2463 of the Public Authorities Law.

38. New York State Theatre Institute Corporation, created by or existing under section 9.05 of the Arts and Cultural Affairs Law.

39. New York State Thoroughbred Breeding and Development Fund Corporation, created by or existing under section 245 of the Racing, Pari-mutuel Wagering and Breeding Law.

40. New York State Thoroughbred Racing Capital Investment Fund, created by or existing under section 253 of the Racing, Pari-mutuel Wagering and Breeding Law.

41. New York State Thruway Authority, created by or existing under section 352 of the public Authorities Law.

42. New York State Urban Development Corporation, created by or existing under section 4 of the New York State Urban Development Corporation Act, as added by section 1 of chapter 174 of the laws of 1968.

43. New York Wine/Grape Foundation, created by or existing under section 2 of chapter 80 of the laws of 1985.

44. Niagara Frontier Transportation Authority, created by or existing under section 1299-c of the Public Authorities Law.

45. Ogdensburg Bridge and Port Authority, created by or existing under section 725 of the Public Authorities Law.

46. Port of Oswego Authority, created by or existing under section 1353 of the Public Authorities Law.

47. Power Authority of the State of New York, created by or existing under section 1002 of the Public Authorities Law.

48. Rochester-Genesee Regional Transportation Authority, created by or existing under section 1299-dd of the Public Authorities Law.

49. Roosevelt Island Operating Corporation, created by or existing under section 3 of chapter 899 of the laws of 1984.

50. Roswell Park Cancer Institute Corporation, created by or existing under section 3553 of the Public Authorities Law.

51. State of New York Mortgage Agency, created by or existing under section 2403 of the Public Authorities Law.

52. State of New York Municipal Bond Bank Agency, created by or existing under section 2433 of the Public Authorities Law.

53. State University Construction Fund, created by or existing under section 371 of the Education Law.

54. United Nations Development Corporation, created by or existing under section 4 of chapter 345 of the laws of 1968.

55. Westchester County Health Care Corporation, created by or existing under section 3303 of the Public Authorities Law.

Exhibit "12-B"
October 24, 2006

New York Power Authority Proposed Budget and Financial Plan 2007-2010

(in compliance with 2 NYCRR Part 203)

Background and Mission of the Power Authority of the State of New York

The Power Authority of the State of New York's ("NYPA" or "Authority") mission is to provide clean, economical and reliable energy consistent with its commitment to safety, while promoting energy efficiency and innovation, for the benefit of its customers and all New Yorkers. The Authority's financial performance goal is to have the resources necessary to achieve its mission, to maximize opportunities to serve its customers better, and to preserve its strong credit rating.

NYPA generates, transmits and sells electric power and energy principally at wholesale. The Authority's primary customers are municipal and investor-owned utilities and rural electric cooperatives located throughout New York State, high load factor industries and other businesses, various public corporations located within the metropolitan area of New York City ("SENY governmental customers"), and certain out-of-state customers.

To provide electric service, the Authority owns and operates six major generating facilities, eleven small electric generating facilities, and five small hydroelectric facilities and a number of transmission lines, including major 765-kV and 345-kV transmission facilities. The most recent addition to the generation stock is a new combined-cycle electric generating plant in New York City that has a nominal capacity rating of 500 MW (the ''500-MW Project'') and that entered into commercial operation on December 31, 2005. NYPA's other five major generating facilities consist of two large hydroelectric facilities ("Niagara" and "St. Lawrence-FDR"), a large pumped-storage hydroelectric facility ("Blenheim-Gilboa") and two oil-and-gas-fired facilities in NYC ("Poletti Project") and Long Island ("Flynn Project").

The Authority also supplies a significant portion of its customers' needs through purchased power, both energy and capacity, principally from the New York Independent System Operator ("NYISO"). In addition to Authority-supplied electricity, electric energy consumed in New York State is purchased from in-state generating companies, municipal electric systems, and out-of-state generating companies, with a small amount of such energy being derived from consumer-owned generation.

To maintain its position as a low cost provider of power in a changing environment, the Authority has recently undertaken and continues to carry out a multifaceted program, including: (a) the upgrade and re-licensing of the Niagara and St. Lawrence-FDR projects; (b) new long-term supplemental electricity supply agreements with its governmental customers located mainly within the City of New York ("NYC governmental customers"); (c) the construction of the 500-MW Project; (d) a significant reduction of outstanding debt; and (e) implementation of an energy and fuel risk management program.

To achieve its goal of promoting energy efficiency, NYPA implements two energy services programs, one for its SENY governmental customers and the other for various other public entities throughout the State. Under these programs, the Authority finances the installation of energy saving measures and equipment which are owned by the customers and public entities upon their installation and which focus primarily on the reduction of the demand for electricity. These programs generally provide funding for, among other things, high efficiency lighting technology conversions, high efficiency heating, ventilating and air conditioning systems and controls, boiler conversions, replacement of inefficient refrigerators with energy efficient units in public housing projects, distributed generation technologies and clean energy technologies, and installation of non-electric energy saving measures.

Participants in these energy efficiency programs include departments, agencies or other instrumentalities of the State, the Authority's SENY governmental customers, the Authority's municipal electric system customers, public school districts or boards and community colleges located throughout New York State, county and municipal entities with facilities located throughout New York State, and various business/industrial customers of the Authority. By recently enacted legislation, the Authority is also authorized to engage in (1) energy efficiency services and clean energy technologies projects for public and non-public elementary and secondary schools in New York and (2) energy efficiency and conservation services and projects involving facilities using conventional or new energy technologies for certain specified military establishments in New York.

On February 24, 1998, the Authority adopted its "General Resolution Authorizing Revenue Obligations" (the "Bond Resolution"). The Bond Resolution addresses all of the Authority's "Projects", which it defines as any project, facility, system, equipment or material related to or necessary or desirable in connection with the generation, production, transportation, transmission, distribution, delivery, storage, conservation, purchase or use of energy or fuel, whether owned jointly or singly by the Authority, including any output in which the Authority has an interest authorized by the Act or by other applicable State statutory provisions, provided, however, that the term "Project" shall not include any Separately Financed Project as that term is defined in the Bond Resolution. The Authority has covenanted with bondholders under the Bond Resolution that at all times the Authority shall maintain rates, fees or charges, and any contracts entered into by the Authority for the sale, transmission, or distribution of power shall contain rates, fees or charges sufficient together with other monies available therefor (including the anticipated receipt of proceeds of sale of Obligations, as defined in the Bond Resolution, or other bonds, notes or other obligations or evidences of indebtedness of the Authority that will be used to pay the principal of Obligations issued under the Bond Resolution in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of any Project) to meet the financial requirements of the Bond Resolution. Revenues of the Authority (after payment of operating expenses and accumulation of reserves) are applied first to the payment of, or accumulation as a reserve for payment of, interest on and the principal or redemption price of Obligations issued under the Bond Resolution and the payment of Parity Debt issued under the Bond Resolution.

I. NYPA's Projected Income Statements (2007 – 2010)

(in $ Millions)

	2007	2008	2009	2010
Operating Revenues:				
Customer Revenues	$2,070.0	$2,088.7	$2,094.1	$2,174.5
ISO Revenues	$800.5	$804.7	$874.5	$636.5
Total Operating Revenues	**$2,870.5**	**$2,893.4**	**$2,968.6**	**$2,811.0**
Operating Expenses:				
Purchased Power	($1,212.6)	($1,184.1)	($1,314.4)	($1,355.5)
Fuel oil and gas	($556.8)	($555.5)	($516.8)	($312.9)
Wheeling Expenses	($302.1)	($305.4)	($308.4)	($311.9)
O&M Expenses	($270.1)	($268.8)	($273.5)	($282.3)
Other Expenses	($136.4)	($139.2)	($141.8)	($133.3)
Depreciation and Amortization	($189.6)	($188.6)	($170.8)	($168.9)
Total Operating Expenses	**($2,667.7)**	**($2,641.7)**	**($2,725.7)**	**($2,564.6)**
Net Operating Revenues	$202.8	$251.7	$242.8	$246.4
Other Income:				
Investment Income	$27.2	$29.2	$25.8	$26.0
Other Income	$28.5	$23.3	$23.6	$22.2
Total Other Income	$55.7	$52.5	$49.4	$48.2
Interest Expense:				
Interest Expenses	($120.9)	($123.4)	($117.7)	($112.2)
Total Interest Expenses	($120.9)	($123.4)	($117.7)	($112.2)
Net Revenues	**$137.6**	**$180.8**	**$174.5**	**$182.5**

II. NYPA's Projected Cash Budgets (2007 – 2010)

(in $ Millions)

	2007	2008	2009	2010
Revenue Receipts :				
Sale of Power, Use of Transmission Lines, Wheeling Charges and other receipts	$2,900.2	$2,893.4	$2,968.6	$2,811.0
Earnings on Investments and Time Deposits	$33.3	$33.8	$30.4	$30.4
Total Revenues	**$2,933.5**	**$2,927.2**	**$2,999.0**	**$2,841.4**
Expenses:				
Operation and Maintenance, including Transmission of Electricity by others, Purchased Power and Fuel Purchases	($2,578.3)	($2,522.2)	($2,610.7)	($2,449.4)
Debt Service :				
Interest on Bonds and Notes	($116.3)	($115.6)	($109.3)	($103.7)
General Purpose Bonds Retired	($200.5)	($142.0)	($108.0)	($130.1)
Notes Retired	($6.1)	($6.0)	($6.5)	($7.0)
Total Debt Service	**($322.9)**	**($263.6)**	**($223.8)**	**($240.8)**
Total Requirements..	**($2,901.2)**	**($2,785.8)**	**($2,834.5)**	**($2,690.2)**
Net Operations	**$32.3**	**$141.4**	**$164.5**	**$151.2**
Capital Receipts :				
Sale of Bonds, Promissory Notes & Commercial Paper	$470.9	$11.2	$22.6	$19.8
Less : Repayments	($219.2)	($49.3)	($50.0)	($50.0)
Earnings on Construction Funds	$2.6	$8.0	$5.2	$2.7
DSM Recovery Receipts	$43.5	$60.7	$50.0	$50.0
Other..	$93.7	$30.0	$30.0	$30.0
Total Capital Receipts	**$391.5**	**$60.6**	**$57.8**	**$52.5**
Capital Additions & Refunds :				
Additions to Electric Plant in Service and Construction Work in Progress, and Other costs	($387.8)	($243.8)	($237.9)	($219.6)
Construction Escrow	($5.1)	$64.6	$72.3	$60.6
Total Capital Additions & Refunds	**($392.9)**	**($179.2)**	**($165.6)**	**($159.0)**
Net Capital	**($1.4)**	**($118.6)**	**($107.8)**	**($106.5)**
Net Increase/(Decrease)	**$30.9**	**$22.8**	**$56.7**	**$44.7**

(a) NYPA's relationship with the New York State Government

NYPA is a corporate municipal instrumentality and political subdivision of the State of New York created in 1931 and authorized by the Power Authority Act of the State of New York (the ''Power Authority Act'') to help provide a continuous and adequate supply of dependable electric power and energy to the people of New York State. The Authority's operations are overseen by seven Trustees. NYPA's Trustees are appointed by the Governor of the State, with the advice and consent of the State Senate. The Authority is a fiscally independent public corporation that does not receive State funds or tax revenues or credits. NYPA generally finances construction of new projects through sales of bonds and notes to investors and pays related debt service with revenues from the generation and transmission of electricity. Income of the Authority and properties acquired by it for its projects are exempt from taxation. However, the Authority is authorized by Chapter 908 of the Laws of 1972 to enter into agreements to make payments in lieu of taxes with respect to property acquired for any project where such payments are based solely on the value of the real property without regard to any improvement thereon by the Authority and where no bonds to pay any costs of such project were issued prior to January 1, 1972.

(b) Budget Process

As an electric utility, NYPA operates in a capital intensive industry where operating revenues and expenses are significant and highly variable due to the volatility of electricity prices and fuel costs. NYPA's operations are not only subject to electric and fuel cost volatility, but changing water flows have a direct effect on hydroelectric generation levels. The proposed budget and financial plan relies on an early August snapshot of these inputs, while the approved budget and financial plan will utilize estimates of these markets and conditions as they are appraised in October 2006. The Authority's experiences with these markets and conditions have shown that they can significantly change and therefore substantial differences in operating revenues and expenses between the proposed and approved budget and financial plans are possible.

The following is a general outline of the schedule of actions for both the proposed and final budget forecast for 2007 and the overall four year financial plan for 2007-2010:

Proposed Budget and Financial Plan

- During August 2006 developed preliminary forecasts of electric prices (both energy and capacity) and fuel expenses; NYPA customer power and energy use; NYPA customer rates; generation levels at NYPA power projects reflecting scheduled outages; and purchased energy & power requirements and sources.

- During August – September 2006 developed preliminary operations & maintenance and capital expense targets.

- During September – October 2006 integrated above data to produce the budget and financial valuations.

- October 24, 2006 approval by NYPA's Trustees to submit the proposed budget and financial plan for public inspection at five convenient locations and on NYPA's internet website.

Approved Budget and Financial Plan

- During October 2006, update forecasts of electric prices (both energy and capacity) and fuel expenses; NYPA customer power and energy use; NYPA customer rates; generation levels at NYPA power projects reflecting scheduled outages; and purchased energy & power requirements and sources.

- During October – November finalize operations & maintenance expenses and capital costs estimates.

- In November – December 2006 integrate above data to produce updated budget and financial valuations as well as producing sensitivity (scenario) valuations.

- December 19, 2006, seek authorization of NYPA's Trustees to approve the updated budget and financial plan and submit them to the State Comptroller's Office and to make these products available for public inspection.

(c) Budget Assumptions

NYISO Revenue and Expenses
The Authority schedules power to its customers and buys and sells energy in an electricity market operated by the New York Independent System Operator. The majority of NYPA's operating expenses are due to various NYISO purchased power charges in combination with generation related fuel expenses. A significant amount of the Authority's revenues result from sales of the Authority's generation into the NYISO market.

In order to budget these expenses and revenues, the Authority utilizes a customized economic statistical software package that develops forward curves. The software package develops forecasts of fuel costs, NYISO super-zone load projections, and wholesale electricity prices and simulates the economic dispatch of statewide generation resulting from these supply and demand factors. Employing a probabilistic approach to uncertainty through the use of multiple scenarios for loads, fuel prices, and other key inputs, this software package is particularly designed to provide not only price forecasting, but also the crucial underlying volatility data required for accurate valuation of power contracts, generating assets, and energy derivative products. For budget purposes, the prices of the multiple scenarios are averaged to produce an expected value. Key outputs of the software are:

- Forecasts of expected electric price and associated uncertainty for each NYISO super-zone.
- Monte Carlo like scenarios of NYISO super-zone loads and electric and fuel prices that efficiently span the range of possibilities.
- Transmission flows within the NYISO and between the NYISO and external entities.
- Operating margin for specific plants over a period of time.
- Conditional expectations of peak loads in future years.
- Capacity additions commensurate with the above conditional expectations.
- Supply curves (cost vs. load) for specific hours and scenarios.
- Power generated by specific plants over a period of time.

In addition to the economic software package, NYPA employs additional hydrologic, hydraulic and statistical modules and models to forecast the generation levels at its Niagara and St. Lawrence hydroelectric projects. The level of hydroelectric generation is one of the more important determinative factors to the Authority's net revenue position.

Customer and Project Revenue

The customers projected to be served by the Authority for the financial plan period 2007-2010 and the rates paid by such customers vary with the NYPA facilities designated to serve such loads.

St. Lawrence-FDR and Niagara Customers. Power and energy from the St. Lawrence-FDR and Niagara hydroelectric facilities are sold to investor-owned electric utilities, municipal electric systems, rural electric cooperatives, industrial customers, certain public bodies, and out-of-state public customers. The charges for firm power and associated energy sold by the Authority to the investor-owned utility companies for the benefit of rural and domestic customers, the municipal electric systems and rural electric cooperatives in New York State, two public transportation agencies, and seven out-of-state public customers have been established in the context of an agreement settling litigation respecting rates for hydroelectric power, judicial orders in that litigation, and contracts with certain of these customers. Essentially, the "settlement agreement" and relevant judicial orders preclude the inclusion of any expense associated with debt service for non-hydroelectric projects in the hydroelectric rates charged to wholesale customers for the benefit of rural and domestic customers but specifically permit the inclusion of interest on indebtedness and continuing depreciation and inflation adjustment charges with respect to the capital costs of Niagara and St. Lawrence-FDR. For the purposes of the 2007-2010 Financial Plan rate changes were incorporated as of May 1st for each of the four years based on the ratemaking principles established in the settlement agreement.

The basic rates for Niagara expansion and replacement power industrial customers and St. Lawrence-FDR industrial customers are subject to annual adjustment in May of each year based on contractually agreed upon economic indices. For purposes of the four-year financial plan projections were made concerning the movements and magnitudes of these indices.

SENY Governmental Customers. Power and energy purchased by the Authority in the capacity and energy markets, as supplemented by sales of power and energy by Authority resources at Poletti, the 500 MW Project, the small hydro projects and Blenheim-Gilboa, are sold to various municipalities, school districts and public agencies in the New York City and Westchester County area.

The Authority and its major New York City governmental customers have entered into new long-term agreements ("2005 LTA"). The 2005 LTA replaced earlier long-term agreements with these NYC governmental customers. Under the 2005 LTA, the NYC governmental customers have agreed to purchase their electricity from the Authority through December 31, 2017, with the NYC governmental customers having the right to terminate service from the Authority at any time on three years' notice provided that they compensate the Authority for any above-market costs associated with certain of the resources used to supply the NYC governmental customers and, under certain limited conditions, on one year's notice.

Under the 2005 LTA, the Authority modifies rates annually through a formal rate proceeding before the Authority if there is a change in fixed costs to serve the New York City governmental customers. Generally, changes in variable costs, which include fuel and purchased power, will be captured through contractual pricing adjustment mechanisms. Under these mechanisms, actual and projected variable costs will be reconciled and either charged or credited to the NYC governmental customers. The NYC governmental customers are committed to pay for any supply secured for them by the Authority which results from a collaborative effort.

NYPA is currently negotiating a contract renewal with its Westchester governmental customers and expects to incorporate a fixed and variable cost recovery concept similar to the 2005 LTA.

For purposes of the four year financial plan it is assumed that the New York City and Westchester customers will continue to be served and rates set to produce a roughly break-even net revenue position.

Market Supplied Power Customers. The Authority administers an array of nine separate power programs for economic development that supply power to businesses and not-for-profit institutions in New York State. Currently more than 400,000 jobs across the Empire State are linked to these power programs. For a number of these customer programs such as the Economic Development Power program, the High Load Factor Power program, the Municipal Development Agency Power program, and the Power for Jobs program, the Authority has no physical assets to supply power and energy to these customers and NYPA must buy these products in the NYISO market or negotiate bilateral arrangements with other power suppliers.

Many of the programs or the individual contracts of the business customers served under these programs are set to expire during the financial plan timeframe. However, the Authority assumes that the State Legislature will maintain a leading role for NYPA in fostering economic development over the 2007-2010 forecast period. Resultantly, NYPA has modeled the business customers and the not-for-profit institutions as continuing to be served.

Blenheim-Gilboa Customers. The Authority uses all but 50 MW of the Blenheim-Gilboa Pumped Storage Power Project output to meet the requirements of the Authority's business and governmental customers and to provide services in the NYISO market. The Authority also has a contract for the sale of 50 MW of firm capacity from the Blenheim-Gilboa Project to the Long Island Power Authority ("LIPA"). Service under the contract with LIPA commenced on April 1, 1989 and will terminate April 30, 2015, unless terminated by LIPA upon not less than 6 months advance notice. For purposes of the four-year financial plan it is assumed that the LIPA contract is not terminated and the current charges remain in effect throughout the forecast horizon.

Small Clean Power Plants ("SCPPs"). To meet capacity deficiencies and ongoing local requirements in the New York City metropolitan area, which could also adversely affect the statewide electric pool, the Authority placed in operation, in the summer of 2001, eleven 44-MW natural-gas-fueled SCPPs at various sites in New York City and one site in the service territory of LIPA. It is anticipated that during 2007, two of these plants will be retired pursuant to an agreement with New York City.

For the 2007 through 2010 forecast period, the installed capacity of the remaining SCPPs is used by the Authority to meet its NYISO mandated installed capacity needs or, if not needed for that purpose, is subject to sale to other users via bilateral arrangements or by sale into the NYISO capacity auction. NYPA sells the energy produced by the SCPPs into the NYISO energy market.

Flynn. The Flynn Project is a combined-cycle facility with a nameplate rating of 164 MW. The Authority is supplying the full output of the Project to LIPA pursuant to a capacity supply agreement (the ''CS Agreement'') between the Authority and LIPA, which commenced in 1994 and had an initial term of 20 years. The CS Agreement was amended, effective January 1, 2004, by an agreement, which extended the CS Agreement to April 30, 2020. The amended agreement modified the pricing provisions for the period January 1, 2004 to December 31, 2008 and either party has the right to terminate the extension on or before April 30, 2012.

For purposes of the four-year financial plan it is assumed that the agreement between LIPA and NYPA remains in effect throughout the period.

Transmission Project. The Authority owns approximately 1,400 circuit miles of high voltage transmission lines, more than any other utility in New York State, with the major lines being the 765-kV Massena-Marcy line, the 345-kV Marcy-South line, the 345-kV Niagara-to-Edic transmission line, and the 345-kV Long Island Sound Cable.

In an Order issued January 27, 1999, FERC approved the use of the Authority's present transmission system revenue requirement in developing the rates for service under the NYISO tariff. FERC also approved, among other things, the imposition of the NYPA Transmission Adjustment Charge ("NTAC") and the NYPA Transmission Service

Charges ("TSC") which are the tariff elements set aside to aid in the full recovery of the Authority's annual transmission revenue requirement.

With the implementation of the NYISO arrangement in November 1999, all transmission service over the Authority's facilities is either pursuant to the NYISO tariffs or pre-existing Authority contracts with NYPA realizing its $165 million annual revenue requirement via the NTAC, TSC or through existing customer contracts. For purposes of the four-year financial plan it is assumed that these revenue producing vehicles remain in effect and the Authority earns its annual revenue requirement.

Investment and Other Income

Investment Income

Investment of the Authority's funds is administered in accordance with the applicable provisions of the Bond Resolution and with the Authority's investment guidelines. These guidelines comply with the New York State Comptroller's investment guidelines for public authorities and were adopted pursuant to Section 2925 of the New York Public Authorities Law. The Authority's investments are restricted to (a) collateralized certificates of deposit, (b) direct obligations of or obligations guaranteed by the United States of America or the State of New York, (c) obligations issued or guaranteed by certain specified federal agencies and any agency controlled by or supervised by and acting as an instrumentality of the United States government, and (d) obligations of any state or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which is rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies. The Authority's investments in the debt securities of Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corp. (FHLMC) were rated Aaa by Moody's Investors Services (Moody's) and AAA by Standard & Poor's (S&P) and Fitch Ratings (Fitch). All of the Authority's investments in U.S. debt instruments are issued or explicitly guaranteed by the U.S. Government.

Other Income

On November 21, 2000 ("Closing Date"), the Authority sold its nuclear plants (Indian Point #3 and James A. FitzPatrick Projects) to two subsidiaries of the Entergy Corporation for cash and non-interest bearing notes totaling $967 million maturing over a 15-year period. The present value of these payments recorded on the Closing Date, utilizing a discount rate of 7.5%, was $680 million. On an accrual basis the Authority expects to recognize interest income of $ 23.4 million in 2007, $ 18.7 million in 2008, $ 17.8 million in 2009 and $ 16.9 million in 2010. On a cash basis the Authority projects to receive a $93 million payment in 2007 and $30 million payments in each year from 2008 through 2010.

Operations and Maintenance Expenses

NYPA's preliminary O&M plan for 2007 – 2010 assumes planned wage increases, stabilized benefit costs, planned maintenance outages and flat non-recurring spending, resulting in anticipated budget increases below inflation.

NEW YORK POWER AUTHORITY
O&M PRELIMINARY FORECAST
($ millions)

	2007	2008	2009	2010
Regular Pay	$129.0	$132.2	$134.5	$136.9
Overtime	$7.1	$7.0	$7.0	$7.0
Other Payroll	$2.0	$2.0	$2.0	$2.0
Total Payroll	$138.1	$141.2	$143.5	$145.9
Employee Benefits	$29.9	$31.4	$33.0	$34.6
Pension	$12.6	$13.0	$13.5	$13.9
FICA	$9.8	$10.0	$10.2	$10.4
Total Benefits	$52.3	$54.4	$56.7	$58.9
Materials/Supplies	$16.5	$16.8	$17.2	$17.5
Fees	$7.5	$7.5	$7.5	$7.5
Office & Station	$17.3	$15.1	$15.4	$15.8
Maintenance Repair & Service Contracts	$74.0	$70.5	$67.4	$71.7
Consultants	$12.0	$10.0	$10.2	$10.4
Charges to:				
Outside Agencies	($15.5)	($15.8)	($16.1)	($16.4)
Capital Programs	($35.1)	($33.9)	($34.2)	($35.4)
Research & Development	$8.7	$9.0	$9.3	$9.5
TOTAL NYPA O&M	**$275.8**	**$274.9**	**$276.9**	**$285.4**

(d) Self – Assessment of Budgetary Risks

Regulatory Risks

In 1958 the Federal Power Commission issued the Authority a license for a period of 50 years, effective as of September 1, 1957 and expiring August 31, 2007, for the construction, operation and maintenance of the Niagara Project. Under the Niagara Redevelopment Act, pursuant to which the license was granted, the Authority must give preference to public bodies and non-profit cooperatives in disposing of half of the Project's total output. A reasonable amount of such total output subject to preference (not in excess of 10% of total output) must be made available to neighboring states. Failure of the Authority to receive a license renewal for the Niagara Project could have a material adverse impact on the Authority's financial condition. The Authority filed its application for a new Niagara Project license with FERC on August 18, 2005.

The Authority must obtain a new license for the Niagara Project from FERC to continue operating the Project after the license expiration date. However, if on the license expiration date, a new license has not been issued, federal law requires annual relicensing of operation of the Niagara Project to the Authority pending a determination as to the issuance of the new Niagara Project license. If such a license was granted to another entity, the Authority would be entitled to compensation from such entity for its investment in the Project in accordance with applicable provisions of federal law.

On July 6, 2005, the U.S. Fish and Wildlife Service (''FWS'') initiated a status review under the Endangered Species Act (16 U.S.C. 1531 et seq.) to determine if listing the American eel as threatened or endangered is warranted. American eels are a fish species that migrate between freshwater and the ocean, and their wide range includes the Atlantic seaboard of the United States and Canada and the Great Lakes' drainages. The timing and nature of the FWS's future determinations in this matter are uncertain. However, in the event the FWS ultimately determines to list the American eel as threatened or endangered, such a determination could potentially result in significant additional costs and operational restrictions on hydroelectric generating facilities located within the range of the species, including the Authority's St. Lawrence-FDR Project.

Legislative and Political Risks

A series of legislative enactments call for NYPA to subsidize business customers and the State's general fund. Legislation enacted into law, as part of the 2000-2001 State budget, as amended in 2002, 2003 and 2004, provides that the Authority "as deemed feasible and advisable by the Trustees, is authorized to make an additional annual voluntary contribution into the state treasury to the credit of the general fund," in connection with the Power for Jobs Program. The Authority has made voluntary contributions totaling \$219 million (including \$50 million payments in March 2005 and December 2004) in addition to reimbursement payments to Power for Jobs customers, \$37 million in 2005 and \$48 million forecasted for 2006, in connection with the Power for Jobs legislation. The Executive Budget for State Fiscal Year 2005-2006 extended the Power for Jobs Program to December 31, 2006, increased the cap on Authority contributions from \$275 million to $394 million, and authorized the Authority to make additional voluntary contributions in the amount of $75 million to the State.

On August 16, 2006, the Governor signed S8440/A12013 (Chap. 645 Laws of 2006) which authorized NYPA to make voluntary contributions to the general fund and which authorized, and in some cases directed, NYPA to take certain actions with respect to a significant number of its Market Supply Power business customers. For the State fiscal year 2006-2007 the law authorizes a voluntary contribution of $100 million and extends the Power for Jobs Program through June 30, 2007.

Approval of any payments to subsidize the State's general fund and to subsidize the customers under the foregoing legislation is, for the most part, conditional upon the Trustees' determination that such payments are deemed "feasible and advisable" at the discretion of NYPA's Trustees. The Trustees' decision as to whether and to what extent such payments are feasible and advisable will be made based on the exercise of their fiduciary responsibilities and in light of the requirements of the General Purpose Bond Resolution, other legal requirements, and all the facts and circumstances known to them at the time of the decision. Many of those circumstances are not known at the present time.

As stated earlier, for the 2007-2010 financial plan, the Authority is presuming that continuation of service to the Market Supply Power business customers will remain a New York State priority. Therefore**, for modeling purposes only** for the duration of the 2007 through 2010 financial plan, a <u>maximum</u> of $100 million annually in total has been incorporated as aggregate payments or subsidies to the Market Supply Power business customers and the State's general fund. These forecasted voluntary subsidies and payments are subject to the strictures and caveats of the preceding paragraph. Also, the modeling of such contributions should not be read to mean that the Authority believes such continuing subsidies are an appropriate way of promoting economic development in New York State. On December 1, 2006, the Temporary Commission on the Future of New York State Programs for Economic Development will report their findings on how to best meet the energy cost needs of statewide businesses.

Section 1011 of the Power Authority Act ("Act") constitutes a pledge of the State to holders of Authority obligations not to limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon are fully met and discharged or unless adequate provision is made by law for the protection of the holders thereof. Several bills have been introduced into the State Legislature, some of which propose to limit or restrict the powers, rights and exemption from regulation which the Authority currently possesses under the Act and other applicable law or otherwise would affect the Authority's financial condition or its ability to conduct its business, activities, or operations, in the manner presently conducted or contemplated by the Authority. It is not possible to predict whether any of such bills or other bills of a similar type which may be introduced in the future will be enacted. In addition, from time to time, legislation is enacted into New York law which purports to impose financial and other obligations on the Authority, either individually or along with other public authorities or governmental entities. The applicability of such provisions to the Authority would depend upon, among other things, the nature of the obligations imposed and the applicability of the pledge of the State set forth in Section 1011 of the Act to such provisions. There can be no assurance that the Authority will be immune from the financial obligations imposed by any such provision.

Actions taken by the State Legislature or the Executive Branch to extract greater contributions and which attempt to constrain the discretion of or bypass the Authority's Trustees could negatively affect net revenues and possibly harm NYPA's bond rating.

In Executive Order No. 111, dated June 10, 2001 (the "Executive Order"), the Governor, among other things, required State agencies and other affected entities, as defined in the Executive Order, with responsibility for purchasing energy to increase their purchases of energy generated from the following technologies: wind, solar thermal, photovoltaics, sustainably managed biomass, tidal, geothermal, methane waste and fuel cells. State agencies and other affected entities must seek to purchase sufficient quantities of energy from these technologies so that 10 percent of the overall annual electric energy requirements of buildings owned, leased or operated by such entities will be met through these technologies by 2005, increasing to 20 percent by 2010. No agency or affected entity will be exempt from these goals except pursuant to criteria to be developed by the New York State Energy Research and Development Authority. For the purposes of the Executive Order, "State agencies and affected entities" means agencies and departments over which the Governor has Executive authority and all public benefit corporations and public authorities the heads of which are appointed by the Governor. While the Authority's Chairman is appointed by the Trustees and not the Governor, the Authority has voluntary determined to comply with the Order and to assist any of its governmental customers with their compliance obligations. It is uncertain what impact this Order will have on the sale by the Authority of power and energy to those Authority governmental customers coming within the scope of the Executive Order, but it may require the Authority to offer power from the enumerated technologies to such customers or, failing the Authority's providing such power, it may result in such customers seeking suppliers other than the Authority for a portion of their power and energy requirements.

Hydroelectric Generation Risk

For the 2007-2010 financial plan period, NYPA's net revenues are highly dependent upon generation levels at its Niagara and St. Lawrence-FDR Projects. The generation levels themselves are a function of the hydrological conditions prevailing on the Great Lakes, primarily, Lake Erie (Niagara Project) and Lake Ontario (St. Lawrence-FDR). Long-term generation levels at the two hydroelectric projects are about 20.2 terawatt-hours ("TWH") annually. For 2007, NYPA's probabilistic hydroelectric generation models are forecasting an expected generation level of 18.95 TWH, which is 94% of long-term average. In 2008, the generation level is estimated at 19.7 TWH; in 2009 at 20.3 TWH; and in 2010 at approximately 20.5 TWH.

However, these generation amounts are expected values and hydrological conditions can vary considerably from year to year. For instance, during a recent eight year period, 1998-2005, hydroelectric generation was in a number of the years below the long-term average and manifested considerable volatility.

	Net Hydroelectric Generation
1998	23.7 TWH
1999	18.7 TWH
2000	18.6 TWH
2001	17.6 TWH
2002	19.7 TWH
2003	18.3 TWH
2004	20.4 TWH
2005	20.7 TWH

Poor hydrological conditions would adversely affect NYPA's estimated net revenues for the Financial Plan horizon and would likely compel NYPA's Trustees to lower or not approve any contributions to the discretionary subsidy policy described above.

NYPA conducted a low hydroelectric generation sensitivity for 2007 and 2008 that had a 25% probability that hydroelectric generation would be at or below a certain point of occurrence. The effect on estimated net revenues was as follows:

	Hydroelectric Generation at 25% Probability	NYPA Net Revenue (in $ millions)
2007	18.1 TWH	$108.7
2008	18.5 TWH	$115.2

If hydroelectric generation levels were to fall at or lower than the 25% probability level, it is clear that net revenues for 2007 and 2008 would be severely impacted and NYPA's Trustees could significantly reduce or consider eliminating any budgeted subsidy or contribution to the Authority's market power supplied business customers and the State general fund.

Electric Price and Fuel Risk

The Authority dispatches power from its generating facilities in conjunction with the NYISO. The NYISO coordinates the reliable dispatch of power and operates markets for the sale of electricity and ancillary services within New York State. The NYISO collects charges associated with the use of the transmission facilities and the sale of energy, capacity, and services through the markets that it operates and remits those proceeds to the owners of the facilities in accordance with its tariff and to the sellers of the electricity and services in accordance with their respective bids and applicable NYISO market procedures. Under the NYISO Open Access Transmission Tariff, certain charges for ancillary services (which include NYISO operating costs), congestion, losses, and a portion of the Authority's transmission costs are assessed against the Authority and other entities responsible for serving ultimate customers. Because of the Authority's active participation in the NYISO markets, such costs are significant and are currently being passed through to most Authority customers.

Under NYISO procedures, Load Serving Entities (''LSEs'') represent electricity end-users in dealings with the NYISO. The Authority is an LSE for large segments of its load in New York State and must ensure it has sufficient installed capacity to meet its customers' needs and NYISO reliability rules, either through ownership of such capacity, bilateral installed capacity purchase contracts or auction purchases conducted by the NYISO. As an LSE, the Authority is also obligated to ensure that it has enough energy to meet its customers' energy needs. These needs can be met in the NYISO regime through the Authority's own generation, bilateral purchases from others, or purchases of energy in the NYISO ''day-ahead'' market (''DAM'') (wherein bids are submitted for energy to be delivered the next day) or in the NYISO ''real time'' market. A bilateral purchase is a transaction where a generator or a power marketer that has access to power and an LSE agree upon a specified amount of energy being supplied to the LSE by the generator or power marketer at specified prices.

This procedure has provided the Authority with economic benefits from its units' operation when selected by the NYISO and may do so in the future. However, such bids also obligate the Authority to supply the energy in question during a specified time period, which does not exceed two days, if the unit is selected. If a forced outage occurs at the Authority plant which is to supply such energy, then the Authority is obligated to pay during the Short Term Period (1) in regard to the Excess Energy amount, the difference between the price of energy in the NYISO real time market and the Market Clearing Price in the DAM, and (2) in regard to the Contract Energy amount, the price of energy in the NYISO real time market which is offset by the Contract Price. This real time market price may be subject to more volatility than the DAM price. The risk attendant with this outage situation is that, under certain circumstances, the Market Clearing Price in the DAM and the Contract Price may be well below the price in the NYISO real time market, with the Authority having to pay the difference. In times of maximum energy usage, this cost could be substantial. This outage cost risk is primarily of concern to the Authority in the case of its Poletti unit and the 500-MW Project because of their size, nature, and location.

In addition to the risk associated with Authority generation bids into the DAM, the Authority could incur substantial costs in times of maximum energy usage in purchasing replacement energy for its customers in the DAM or through other supply arrangements to make up for lost energy due to an extended outage of its units and non-performance of counterparties to energy supply contracts.

In April 2002, the Authority created the position of Vice President, Chief Risk Officer—Energy Risk Assessment and Control. This officer reports to the Executive Vice President and Chief Financial Officer and is responsible for establishing policies and procedures for identifying, reporting and controlling energy-price- and fuel-price-related risk exposure and risk exposure connected with energy- and fuel-related hedging transactions. This type of assessment and control has assumed greater importance in light of the Authority's participation in the NYISO energy markets and the sale of its two nuclear plants, and the commercial operation of its 500-MW Project. In recent years, the Authority has increased its dependence on purchased power to meet its customers' needs. This has made the Authority more susceptible to risks posed by increases in purchased power costs and fuel costs. To deal with this greater risk, the Authority has obtained and is in the process of obtaining power purchase agreements (or their financial equivalents) to meet a significant portion of its customer load. Even with these planned arrangements, the Authority will still have exposure to purchased power price risks to the extent it purchases power in the NYISO day-ahead and real-time markets. Also, with the addition of the Authority's 500-MW Project, the Authority will face increased fuel price risk to the extent it uses its own fossil-fuel generation to meet its customers' needs. The risk management program implemented by the Vice President, Chief Risk Officer—Energy Risk Assessment and Control is designed to mitigate such risks.

Litigation Risk

In 1982 and again in 1989, several groups of Mohawk Indians filed lawsuits against the State, the Governor of the State, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority and others, claiming ownership to certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands. These islands are within the boundary of the Authority's St. Lawrence-FDR project. Settlement discussions were held periodically between 1992 and 1998. In 1998, the Federal Government intervened on behalf of the Mohawk Indians.

On May 30, 2001, the United States District Court (the Court) denied, with one minor exception, the defendants' motion to dismiss the land claims. However, the Court barred the Federal government and one of the tribal plaintiffs, the American Tribe of Mohawk Indians (the Tribe) from re-litigating a claim to 144 acres on the mainland which had been lost in the 1930s by the Federal government. The Court rejected the State's broader defenses, allowing all plaintiffs to assert challenges to the islands and other mainland conveyances in the 1800s, which involved thousands of acres.

On August 3, 2001, the Federal government sought to amend its complaint in the consolidated cases to name only the State and the Authority as defendants. The State and the Authority advised the Court that they would not oppose the motion but reserved their right to challenge, at a future date, various forms of relief requested by the Federal government.

The Court granted the Federal government's motion to file an amended complaint. The tribal plaintiffs still retain their request to evict all defendants, including the private landowners. Both the State and the Authority answered the amended complaint. In April 2002, the tribal plaintiffs moved to strike certain affirmative defenses and, joined by the Federal government, moved to dismiss certain defense counterclaims. In an opinion, dated July 28, 2003, the Court left intact most of the Authority's defenses and all of its counterclaims.

Settlement discussions have produced a land claim settlement, which would include, among other things, the payment by the Authority of $2 million a year for 35 years to the tribal plaintiffs, the provision of up to 9 MW of low cost Authority power for use on the reservation, the transfer of two Authority-owned islands; Long Sault and Croil, and a 215-acre parcel on Massena Point to the tribal plaintiffs, and the tribal plaintiffs withdrawing any judicial challenges to the Authority's new license, as well as any claims to annual fees from the St. Lawrence-FDR project. Members of all three tribal entities have voted to approve the settlement, which was executed by them, the Governor, and the Authority on February 1, 2005. The settlement will also require, among other things, Federal and State legislation to become effective which has not yet been enacted.

Litigation in the case had been stayed to permit time for passage of such legislation. However, in May 2006, the U.S. Supreme Court declined to review the U.S. Court of Appeals' (Second Circuit) decision in Cayuga Indian Nation et al. v Pataki et al. (2005) that had reversed a verdict awarding the Cayugas $248 million in damages and also dismissed the Cayuga land claim. The basis for the Second Circuit's dismissal of the land claim was that the Cayugas had waited too long to bring their land claim (laches). The Authority had raised the defense of laches in its answer in the St. Regis litigation. In light of the decision in Cayuga Indian Nation, the Magistrate has ruled that dispositive motions by defendants must be filed by November 6, 2006 and responses thereto by January 15, 2007.

(e) NYPA's Revised 2006 Budget

(in $ Millions)

	Original Budget	Forecast	Better/(Worse) Variance
	2006	**2006**	**2006**
Operating Revenues:			
Customer Revenues	$1,909.2	$1,834.9	($74.2)
ISO Revenues	$1,011.9	$874.5	($137.4)
Total Operating Revenues	**$2,921.1**	**$2,709.5**	**($211.6)**
Operating Expenses:			
Purchased Power	($1,290.8)	($1,103.2)	$187.6
Fuel oil and gas	($623.6)	($574.2)	$49.5
Wheeling Expenses	($302.1)	($295.8)	$6.3
O&M Expenses	($251.2)	($255.1)	($3.9)
Other Expenses	($137.9)	($134.3)	$3.6
Depreciation and Amortization	($176.4)	($176.4)	$0.0
Total Operating Expenses	**($2,782.1)**	**($2,538.9)**	**$243.1**
Net Operating Revenues	**$139.0**	**$170.5**	**$31.5**
Other Income:			
Investment Income............................	$26.7	$34.4	$7.7
Other Income	$35.1	$31.2	($3.9)
Total Other Income	**$61.8**	**$65.5**	**$3.8**
Interest Expense:			
Interest Expenses	($114.9)	($109.3)	$5.5
Total Interest Expenses	**($114.9)**	**($109.3)**	**$5.5**
Net Revenues	**$85.9**	**$126.7**	**$40.8**

(f) Reconciliation of 2006 Budget and 2006 Revised Forecast

Net Revenues estimates have increased due to higher generation (19.7 TWH update compared to 18.45 TWH in current year's budget) at the Niagara and St. Lawrence-FDR projects. The 2006 budgeted fuel and electric prices were greatly influenced by the market reaction that followed the devastating event of Hurricane Katrina. Variances in operating revenues, purchased power expenses and fuel costs are mainly explained by actual electric and fuel prices being significantly lower than estimates rather than the impact of production variances.

(g) Statement of 2005 Fiscal Year's Financial Performance.

(in $ Millions)

	Original Budget	Actual	Better/(Worse) Variance
	2005	2005	2005
Operating Revenues:			
Customer Revenues	$1,584.0	$1,670.6	$86.6
ISO Revenues	$640.6	$836.7	$196.1
Total Operating Revenues	**$2,224.7**	**$2,507.3**	**$282.7**
Operating Expenses:			
Purchased Power	($936.6)	($1,158.3)	($221.8)
Fuel oil and gas	($337.5)	($377.9)	($40.4)
Wheeling Expenses	($285.6)	($298.7)	($13.1)
O&M Expenses	($256.6)	($253.5)	$3.1
Other Expenses	($185.3)	($195.8)	($10.5)
Depreciation and Amortization	($156.5)	($149.0)	$7.5
Total Operating Expenses	**($2,158.0)**	**($2,433.2)**	**($275.2)**
Net Operating Revenues	**$66.6**	**$74.1**	**$7.5**
Other Income:			
Investment Income	$16.5	$22.2	$5.7
Other Income	$41.5	$39.5	($2.1)
Total Other Income	**$58.0**	**$61.6**	**$3.6**
Interest Expense:			
Interest Expenses	($84.4)	($77.2)	$7.2
Total Interest Expenses	**($84.4)**	**($77.2)**	**$7.2**
Net Revenues	**$40.3**	**$58.5**	**$18.2**

(h) Employee Data – number of employees, full-time, FTEs and functional classification

NYPA AUTHORIZED POSITIONS
2007-2010

	2007	2008	2009	2010
Headquarters	596	596	596	596
Power Generation*	840	831	825	786
Transmission	197	197	197	197
Total	1633	1624	1618	1579

* Includes the anticipated retirement of the Poletti plant in 2010.

(i) Gap-Closing revenue enhancements and cost-reduction initiatives

As the Authority is projecting positive net revenues for the 2007-2010 financial plan period, there are no planned gap-closing programs.

(j) Source and Amount of any material non-recurring resource

See discussion about "Other Income".

(k) Statement of shift in material resources from one year to another

There are no shifts in material resources anticipated.

(1) Debt Service Information

Projected Debt Outstanding (FYE)
$ Thousands

	2007	2008	2009	2010
Revenue Bonds				
Series 1998A	$76,295	$22,850	$16,975	$15,265
Series 2000A	$77,215	$77,215	$77,215	$77,215
Series 2001A	$42,385	$0	$0	$0
Series 2002A	$457,840	$435,705	$412,675	$388,580
Series 2003A	$213,240	$209,090	$204,785	$200,310
Series 2006A	$163,930	$154,340	$144,315	$133,845
Series 2007A	$346,000	$341,750	$337,290	$332,600
Total Revenue Bonds	$1,376,905	$1,240,950	$1,193,255	$1,147,815
Adjustable Rate Tender Notes	$150,000	$143,995	$137,505	$130,500
Auction Rate Notes				
Series 3	$37,425	$36,050	$34,625	$33,150
Series 4	$37,425	$36,050	$34,625	$33,150
Total Auction Rate Notes	$74,850	$72,100	$69,250	$66,300
Commercial Paper Notes				
Series 1	$291,771	$296,629	$318,216	$337,252
Series 2	$243,600	$242,150	$196,590	$127,590
Series 3	$142,700	$143,770	$137,840	$130,850
Extendible - Series 1	$90,000	$85,000	$80,000	$75,000
Total Commercial Paper Notes	$768,071	$767,549	$732,646	$670,692
Grand Total	$2,369,826	$2,224,594	$2,132,656	$2,015,307

Planned Use of Debt Issuances
$ Thousands

TYPE	Amount	Assumed Interest Rate	Project / Description
Period January 1, 2007 - December 31, 2007			
Tax Exempt Commercial Paper	$27,755	4.50%	Niagara Upgrade and Re-Licensing
	$24,088	4.50%	Energy Services Program
Total Tax Exempt Commercial Paper	$51,843		
Taxable Commercial Paper	$15,500	6.50%	Tri-Lakes Transmission
	$55,589	6.50%	Niagara Upgrade and Re-Licensing
	$1,937	6.50%	Energy Services Program
Total Taxable Commercial Paper	$73,026		
Revenue Obligation Bonds	$346,000	5.1923%	Hydro Project Re-Licensing and Upgrade (includes refunding of approximately $182 million in Commercial Paper).
Total Issued 2007	$470,869		
Period January 1, 2008 - December 31, 2008			
Tax Exempt Commercial Paper	$4,858	4.50%	Energy Services Program
Taxable Commercial Paper	$4,800	6.50%	Tri-Lakes Transmission
	$1,567	6.50%	Energy Services Program
Total Taxable Commercial Paper	$6,367		
Total Issued 2008	$11,225		
Period January 1, 2009 - December 31, 2009			
Tax Exempt Commercial Paper	$21,587	4.50%	Energy Services Program
Taxable Commercial Paper	$963	6.50%	Energy Services Program
Total Issued 2009	$22,550		
Period January 1, 2010 - December 31, 2010			
Tax Exempt Commercial Paper	$19,036	4.50%	Energy Services Program
Taxable Commercial Paper	$751	6.50%	Energy Services Program
Total Issued 2010	$19,787		

Note: The full faith and credit of the Authority are pledged for the payment of bonds and notes in accordance with their terms and provisions of their respective resolutions. The Authority has no taxing power and its obligations are not debts of the State or any political subdivision of the State other than the Authority. The Authority's debt does not constitute a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Authority.

Debt Service as Percentage of Pledged Revenues (Accrual Based)

$ Thousands

	2007		2008		2009		2010	
Revenue Bonds	Debt Service	% of Rev.	Debt Service	% of Rev.	Debt Service	% of Rev.	Debt Service	% of Rev.
Series 1998A	$34,680	1.21%	$10,054	0.35%	$3,093	0.10%	$2,928	0.10%
Series 2000A	$4,054	0.14%	$4,054	0.14%	$4,054	0.14%	$4,054	0.14%
Series 2001A	$46,561	1.62%	$38,740	1.34%	$0	0.00%	$0	0.00%
Series 2002A	$44,592	1.55%	$44,592	1.54%	$44,591	1.50%	$44,561	1.59%
Series 2003A	$12,121	0.42%	$15,741	0.54%	$15,742	0.53%	$15,741	0.56%
Series 2006A	$16,594	0.58%	$17,231	0.60%	$17,231	0.58%	$17,232	0.61%
Series 2007A	$2,935	0.10%	$21,950	0.76%	$21,950	0.74%	$21,950	0.78%
Total Revenue Bonds	$161,536	5.63%	$152,361	5.27%	$106,660	3.59%	$106,466	3.79%
Adjustable Rate Tender Notes	$12,590	0.44%	$12,934	0.45%	$13,156	0.44%	$13,397	0.48%
Auction Rate Notes								
Series 3	$3,060	0.11%	$3,049	0.11%	$3,035	0.10%	$3,019	0.11%
Series 4	$3,060	0.11%	$3,049	0.11%	$3,035	0.10%	$3,019	0.11%
Total Auction Rate Notes	$6,121	0.21%	$6,097	0.21%	$6,070	0.20%	$6,038	0.21%
Commercial Paper Notes								
Series 1	$13,138	0.46%	$13,815	0.48%	$14,434	0.49%	$15,385	0.55%
Series 2	$21,855	0.76%	$59,035	2.04%	$82,957	2.79%	$62,643	2.23%
Series 3	$15,104	0.53%	$8,855	0.31%	$9,824	0.33%	$8,987	0.32%
Extendible - Series 1	$9,275	0.32%	$9,050	0.31%	$8,825	0.30%	$8,600	0.31%
Total Commercial Paper Notes	$59,373	2.07%	$90,755	3.14%	$116,041	3.91%	$95,616	3.40%
Grand Total Debt Service	$239,620	8.35%	$262,148	9.06%	$241,926	8.15%	$221,516	7.88%

Note: NYPA has no legal limit with regards to debt issuance.

Scheduled Debt Service Payments (Accrual Based)

Outstanding (Issued) Debt

	Principal	Interest	Total
2007	$126,410,167	$107,060,732	$233,470,899
2008	$142,739,938	$94,839,161	$237,579,099
2009	$128,356,372	$88,137,955	$216,494,327
2010	$112,990,806	$82,084,798	$195,075,604

Proposed Debt

	Principal	Interest	Total
2007	$0	$6,148,879	$6,148,879
2008	$4,250,000	$20,318,445	$24,568,445
2009	$4,460,000	$20,972,080	$25,432,080
2010	$4,690,000	$21,749,906	$26,439,906

Total Debt

	Principal	Interest	Total
2007	$126,410,167	$113,209,611	$239,619,778
2008	$146,989,938	$115,157,606	$262,147,544
2009	$132,816,372	$109,110,035	$241,926,407
2010	$117,680,806	$103,834,704	$221,515,509

(m) Capital Costs and Sources of Funding

The Authority currently estimates that it will expend approximately $1.286 billion for various capital improvements over the financial plan period 2007-2010. The Authority anticipates that these expenditures will be funded using existing construction funds, internally-generated funds and additional borrowings. Such additional borrowings are expected to be accomplished through the issuance of additional commercial paper notes and/or the issuance of long-term fixed rate debt. Projected capital requirements during this period include:

(in $ millions)

	2007	2008	2009	2010
Niagara Relicensing	$ 373.0	$ 5.5	$ 6.3	$ 6.7
St. Lawrence Relicensing	$ 14.4	$ 13.5	$ 7.6	$ 2.5
Vernon Blvd. Decommissioning	$ 18.2	$ 0.0	$ 0.0	$ 0.0
St. Lawrence Life Extension and Modernization	$ 20.0	$ 20.1	$ 20.5	$ 20.3
Blenheim Gilboa Life Extension and Modernization*	$ 22.3	$ 26.5	$ 25.5	$ 15.0
Energy Services & Technology	$ 102.2	$ 103.2	$ 103.2	$ 103.2
Other	$ 117.5	$ 47.5	$ 47.2	$ 44.1
	$ 667.6	$ 216.3	$ 210.3	$ 191.8

* the Blenheim-Gilboa Life Extension and Modernization program began in 2003 and is anticipated to be completed in 2010 for a total cost of $ 135 million.

Certification Form for Proposed Budget and Financial Plan in accordance with the Comptroller's Regulation § 203.9 Certification.

October 24, 2006

To the Board of Trustees
Power Authority of the State of New York

To the best of my knowledge and belief after reasonable inquiry, I, the undersigned, certify that the Authority's proposed budget [or plan] is based on reasonable assumptions and methods of estimation and that the regulations enumerated in Part 203, "Budget and Financial Plan Format, Supporting Documentation and Monitoring - Public Authorities" have been satisfied.

Timothy S. Carey

Timothy S. Carey
President & Chief Executive Officer

13. Revisions of Authority's Energy Services Programs – Customer-Implemented Work

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to delegate authority to the President and Chief Executive Officer to approve funding for Energy Efficiency and/or Clean Energy Technology Projects with a cumulative value exceeding $3 million. These projects will be performed by participants in the Authority's Energy Services Programs, subject to approval by the Authority.

BACKGROUND

"The Authority's mission is to provide clean, economical and reliable energy consistent with its commitment to safety while promoting energy efficiency and innovation for the benefit of its customers and all New Yorkers. In that regard, the Authority has provided energy services programs across the State to reduce energy consumption and peak demand. To date, the Authority's programs have reduced the demand for electricity by approximately 190 MW, resulting in savings of nearly $90 million annually.

"At their meeting of December 16, 1997, the Trustees approved a single program available to all public entities served by investor-owned utilities outside the Southeastern New York ('SENY') service territory. This Statewide Energy Services Program ('ESP') is an energy efficiency and clean energy technology program that has traditionally provided a turn-key approach to identify, procure and implement energy-saving solutions for participants outside the SENY territory. Under this approach, Energy Services and Technology ('ES&T') staff oversees Authority contracts with installation contractors for the implementation of energy service/clean energy projects.

"Customer-Implemented Work ('CIW') for Statewide ESP is essentially the same program offered to the Authority's SENY governmental customers. The SENY CIW program is derived from the supplemental long-term power purchase agreements executed in early 2005. In Article IX subsection B of such agreements, the SENY governmental customers were given the option of contracting with outside service providers while retaining access to the Authority's financing.

"Some program participants have requested the Authority's assistance on a limited-work-plus-financing basis (i.e., 'Customer-Implemented Work') instead of the traditional turn-key work usually provided by the ES&T staff. By revising the scope of ESP and offering the CIW option, the Authority will expand its reach to help its customers achieve significant energy savings and promote clean energy technologies throughout the State.

"At their meeting of July 26, 2005, the Trustees approved expanding the Statewide ESP to offer eligible ESP customers a new opportunity to work with the Authority through the ESP CIW option. This option is an alternative to the Authority's general, full-service ESP. While the full-service program offers turn-key projects fully implemented by the Authority, under the CIW option, the Authority will offer full project financing to customers while also serving in certain defined roles agreed to by the Authority and its customers with respect to implementation of the customers' energy-related projects. Under the CIW option, the Authority will work with the customer from design through construction. The Authority will use its expertise in energy efficiency and project implementation to help customers make the most cost-effective equipment choices and realize the greatest greenhouse gas reductions.

DISCUSSION

"The Authority's Expenditure Authorization Procedures require Trustee approval for all Non-Personal Services and Non-Procurement Contracts over $3 million in value. Non-Procurement Contracts are defined as contracts where competitive bidding is not feasible and includes funding agreements such as those contemplated by SENY ESP and the expansion of Statewide ESP to include CIW previously discussed. Since some CIW projects are contemplated to exceed $3 million, and since the Authority will only be providing financing and potential project management services to support CIW, it would be more efficient to delegate authority to the President and Chief Executive Officer to authorize such funding agreements, in lieu of seeking separate Trustee approvals for each transaction. A quarterly report of any such funding agreements will be provided to the Trustees.

FISCAL INFORMATION

"Funding will be provided through the previously approved funding of the ESP programs. The funding will be provided from the proceeds of the Authority's Commercial Paper Notes and/or the Operating Fund. In addition, projects will be funded, in part, with monies from Petroleum Overcharge Restitution ('POCR') funds. All Authority costs, including Authority overheads and the costs of advancing funds, but excluding any grant of POCR funds, will be recovered consistent with other ES&T programs.

RECOMMENDATION

"The Senior Vice President – Energy Services and Technology, the Vice President – Procurement and Real Estate and the Director – Energy Services recommend that the Trustees approve the revision of the Statewide Energy Services Program to include authorizing the President and Chief Executive Officer to approve funding agreements for approved Customer-Implemented Work.

"The Executive Vice President and General Counsel, the Executive Vice President – Corporate Services and Administration, the Executive Vice President – Chief Financial Officer, the Senior Vice President – Marketing and Economic Development, the Senior Vice President and Chief Engineer – Power Generation and I concur in the recommendation."

Mr. Hoff presented the highlights of staff's recommendations to the Trustees. He said that two projects were already in process under this program, one with the County of Monroe for a landfill gas extraction project estimated to cost $9.5 million, and the other with the Olympic Regional Development Authority for air compressors for snowmaking equipment at Whiteface and Gore Mountains, at a cost of $5.6 million. Chairman McCullough asked that the Trustees be provided with reports on this program on a quarterly, rather than a semiannual, basis. Mr. Kelly advised that the proposed resolution required amendment to reflect the quarterly reporting requirement.

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted, as amended.

RESOLVED, That the Trustees authorize the President and Chief Executive Officer to approve funding for Energy Efficiency and Clean Energy Technology Projects (Customer-Implemented Work) with a cumulative value exceeding $3 million and performed by Authority customers as part of the Authority's Energy Services Program; such projects to be approved by the Authority, with quarterly reports provided to the Trustees of any such funding agreements approved by the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing

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

14. Motion to Conduct an Executive Session

"Mr. Chairman, I move that the Authority conduct an Executive Session for the purpose of discussing matters relating to litigation and potential litigation." Upon motion moved and seconded, an Executive Session was held.

15. <u>Motion to Resume Meeting in Open Session</u>

"Mr. Chairman, I move to resume the meeting in Open Session." Upon motion moved and seconded, the meeting resumed in Open Session.

16. Next Meeting

The next meeting of the Trustees will be held on **Tuesday, November 28, 2006, at 11:00 a.m., at the Clarence D. Rappleyea Building, White Plains, New York,** unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 11:55 a.m.

Anne B. Cahill
Corporate Secretary

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