

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

June 24, 2008

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June 24, 2008

Minutes of the Regular Meeting of the Power Authority of the State of New York held at the St. Lawrence Power Project, Hawkins Point Visitors' Center, Massena, New York, at 11:40 a.m.:

The following Members of the Board were present:

Present: Frank S. McCullough, Jr., Chairman
Michael J. Townsend, Vice Chairman
Elise M. Cusack, Trustee
Robert E. Moses, Trustee
Thomas W. Scozzafava, Trustee
James A. Besho, Sr., Trustee
D. Patrick Curley, Trustee

Roger B. Kelley	President and Chief Executive Officer
Thomas J. Kelly	Executive Vice President, General Counsel and Chief of Staff
Joseph Del Sindaco	Executive Vice President and Chief Financial Officer
Gil C. Quiniones	Executive Vice President – Energy Marketing and Corporate Affairs
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
Edward A. Welz	Executive Vice President and Chief Engineer – Power Generation
Steven J. DeCarlo	Senior Vice President – Transmission
Angelo S. Esposito	Senior Vice President – Energy Services and Technology
William J. Nadeau	Senior Vice President – Energy Resource Management and Strategic Planning
James H. Yates	Senior Vice President – Marketing and Economic Development
Paul F. Finnegan	Vice President – Intergovernmental and Community Affairs
Stephen Shoenholz	Deputy Vice President – Public Affairs
Albert Swansen	First Deputy Inspector General
Anne B. Cahill	Corporate Secretary
Angela D. Graves	Deputy Corporate Secretary
Joseph Leary	Director – Corporate Community Affairs – Public and Governmental Affairs
Mark D. O'Connor	Director - Real Estate – Procurement and Real Estate
James F. Pasquale	Director – Marketing Analysis and Administration
Christine Pritchard	Director – Intergovernmental and Community Affairs
Jenny Lee Liu	Manager, Energy Market Analysis – Energy Resource Management
Mary Jean Frank	Associate Corporate Secretary
Lorna M. Johnson	Assistant Corporate Secretary
Douglas Ackley	General Maintenance Superintendent – STL
Michael J. Elsmer	Construction Manager – STL
Eric Firmstein	Human Resources Representative – STL
William Hammill	Mechanical Superintendent – STL
Sandra Johnston	Purchase/Warehouse Manager – STL
Michael Malek	Senior Security Guard – STL
Jonathon Mayette	Environmental Scientist - STL
Timothy Morley	Human Resources Manager – STL
John P. Nowicki	Safety Administration – STL
Gary Proulx	Electrical Superintendent – STL
Timothy Tynan	Finance Manager – STL
Brent Whitcomb	Operations/MRM Superintendent – STL
Laura Bomyea	<i>Courier-Observer</i> – Reporter
Ryne Martin	<i>Courier-Observer</i> – Editor

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

Introduction

Chairman Frank McCullough thanked the staff at St. Lawrence for their preparations for today's Trustees' Meeting, as well as for all of the events scheduled to celebrate the St. Lawrence Project's 50 years of producing electricity. In addition, Chairman McCullough thanked Mr. Gil Quiniones, Mr. Paul Finnegan and their staffs for all of their efforts on the 50th anniversary commemoration, saying that the events so far had been wonderful and asking them to let their staffs know how much the Trustees appreciated their hard work. He then noted that item #1g (Hydropower Contracts with Upstate Investor-Owned Utilities for the Benefit of Rural and Domestic Consumers – Transmittal to the Governor) had been moved from the Discussion Agenda to the Consent Agenda and that item #10 (Acquisition of Real Property for Ice Boom Storage) had been removed from the agenda.

1. **Consent Agenda:**

- a. **Minutes of the Regular Meeting held on May 20, 2008
and the Special Meeting held on June 17, 2008**

The Minutes of the Regular Meeting held on May 20, 2008 and the Special Meeting held on June 17, 2008 were unanimously adopted.

b. 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 45 Power for Jobs (‘PFJ’) customers as listed in Exhibit ‘1b-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 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 amended the PFJ statute to accelerate the distribution of the power and increase the size of the program to 450 MW.

“In May 2000, legislation was enacted that authorized another 300 MW of power to be allocated under the PFJ program. Legislation further amended the program in July 2002.

“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.

“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. Chapter 645 of the Laws of 2006 included provisions extending program benefits until June 30, 2007. Chapter 89 of the Laws of 2007 included provisions extending program benefits until June 30, 2008. Chapter 59 of the Laws of 2008 included provisions extending the program benefits until June 30, 2009.

“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.

DISCUSSION

“At its meeting on June 18, 2008, EDPAB recommended that the Authority’s Trustees approve electricity savings reimbursement rebates to the 45 businesses listed in Exhibit ‘1b-A.’ Collectively, these organizations have agreed to retain more than 51,000 jobs in New York State in exchange for the rebates. The rebate program will be in effect until June 30, 2009, the program’s sunset.

“The Trustees are requested to approve the payment and funding of rebates for the companies listed in Exhibit ‘1b-A’ in a total amount currently not expected to exceed \$5.8 million. 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 Exhibit in the future.

FISCAL INFORMATION

“Funding of rebates for the companies listed in Exhibit ‘1b-A’ is not expected to exceed \$5.8 million. Payments will be made from the Operating Fund. To date, the Trustees have approved \$126 million in rebates.

RECOMMENDATION

“The Executive Vice President and Chief Financial Officer and the Director – Marketing Analysis and Administration recommend that the Trustees approve the payment of electricity savings reimbursements to the Power for Jobs customers listed in Exhibit ‘1b-A.’

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President – Energy Marketing and Corporate Affairs, 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.

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority approve electricity savings reimbursements to the Power for Jobs (“PFJ”) customers listed in Exhibit “1b-A”;

NOW THEREFORE BE IT RESOLVED, That to implement such EDPAB recommendations, the Authority hereby approves the payment of electricity savings reimbursements to the companies listed in Exhibit “1b-A,” and that the Authority finds that such payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the PFJ 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 \$5.8 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 his 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

June 24, 2008

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

New York Power Authority
Power for Jobs - Extended Benefits

Exhibit "1b-A"
June 24, 2008

Recommendation for Electricity Savings Reimbursements														
Line	Company	City	County	IOU	KW	Job Committed	Jobs in Application	Over (under)	% Over (under)	Compliance	Recommended Allocation KW	Jobs/MW	Type	Service
1	A. Stein Meat Products, Inc.	Brooklyn	Kings	Con Ed	120	38	38	0	0%	Yes	120	317	Small	Meat wholesale/fabrication
2	Columbia University - Trustees	New York	New York	Con Ed	750	750	749	-1	0%	Yes	750	999	NFP	Educational and Student Services
3	Liz Claiborne, Inc.	New York	New York	Con Ed	1,500	904	996	92	10%	Yes	1,500	664	Large	Clothing and Accessories Manufacturer.
4	Mount Sinai Medical Center	New York	New York	Con Ed	2,000	1,164	11,647	0	0%	Yes	2,000	5,824	NFP	Medical Center
5	New Museum of Contemporary Art	New York	New York	Con Ed	50	34	37	3	9%	Yes	50	740	NFP	Art Center
6	NYU Medical Center	New York	New York	Con Ed	4,000	11,414	10,924	-490	-4%	Yes	4,000	2,731	NFP	Medical Center
7	The Brooklyn Historical Society	Brooklyn	Kings	Con Ed	30	17	19	2	12%	Yes	30	633	NFP	Community Services
	Total Con Edison		Subtotal	7	8,450	24,804	24,410				8,450			
8	American Technical Ceramics	Huntington Station	Suffolk	LIPA	200	424	675	251	59%	Yes	200	3,375	Small	Ceramic Capacitor
9	Enzo Clinical Labs, Inc.	Farmingdale	Suffolk	LIPA	200	339	333	-6	-2%	Yes	200	1,665	Small	Medical Lab
10	Good Samaritan Hospital	West Islip	Suffolk	LIPA	800	2,805	3,088	283	10%	Yes	800	3,860	NFP	Healthcare Center
11	Long Beach Medical Center	Long Beach	Nassau	LIPA	600	950	961	11	1%	Yes	600	1,602	NFP	Community Hospital
12	North Shore Health System	Manhasset	Nassau	LIPA	2,600	6,471	6,500	29	0%	Yes	2,600	2,500	NFP	Medical Services
13	Standard Microsystems Corp.	Hauppauge	Suffolk	LIPA	1,050	401	403	2	0%	Yes	1,050	384	Large	Computer circuits and components
14	Ultimate Precision Metal	Farmingdale	Suffolk	LIPA	250	123	120	-3	-2%	Yes	250	480	Small	Manufactures controlled enclosures
	Total LIPA		Subtotal	7	5,700	11,513	12,080				5,700			
15	Bison Foods - Div. of Upstate Farms	Buffalo	Erie	N. Grid	500	134	136	2	1%	Yes	500	272	Large	Dairy Products
16	Cooper Hand Tools	Cortland	Cortland	N. Grid	1,330	123	123	0	0%	Yes	1,330	92	Large	Metal machining and casting
17	CWM Chemical Services, LLC	Model City	Niagara	N. Grid	330	80	78	-2	-3%	Yes	330	236	Small	Industrial waste treatment & disposal
18	Diemolding Corporation	Canastota	Madison	N. Grid	200	269	238	-31	-12%	Yes *	200	1,190	Small	Thermoset plastic forming
19	Edward John Noble Hospital	Gouverneur	St. Lawrence	N. Grid	100	247	241	-6	-2%	Yes	100	2,410	NFP	Healthcare center
20	Fiber Glass Industries Inc.	Amsterdam	Montgomery	N. Grid	700	139	138	-1	-1%	Yes	700	197	Large	Produces high strength woven fabrics
21	Intertek Testing Services	Cortland	Cortland	N. Grid	600	303	306	3	1%	Yes	600	510	Large	Independent test lab
22	Lewis County General Hospital	Lowville	Lewis	N. Grid	200	379	382	3	1%	Yes	200	1,910	NFP	Medical Center
23	Lydall Manning	Green Island	Albany	N. Grid	1,100	115	113	-2	-2%	Yes	1,100	103	Large	Specialty Paper Manufacturer
24	McLane Eastern	Baldwinsville	Onondaga	N. Grid	875	823	945	122	15%	Yes	875	1,080	Large	Wholesale grocery distributor
25	Nathan Littauer Hospital & Nursing Home	Gloversville	Fulton	N. Grid	400	675	682	7	1%	Yes	400	1,705	NFP	Hospital and Nursing Home
26	OAB Holdings, Inc.	Buffalo	Erie	N. Grid	5,000	595	595	0	0%	Yes	5,000	119	Large	Metal manufacturing
27	Robison & Smith, Inc.	Gloversville	Fulton	N. Grid	384	193	200	7	4%	Yes	384	521	Small	Linen & Laundry Supply
28	RSA Solutions Inc.	Amherst	Erie	N. Grid	50	287	203	-84	-29%	Yes *	45	4,511	Small	Vehicle remarketing & lease management
29	Sabic Innovative Plastics (GE Plastics)	Selkirk	Albany	N. Grid	5,000	519	504	-15	-3%	Yes	5,000	101	Large	Plastic materials & resins
30	St. Joseph's Hospital Health Center	Syracuse	Onondaga	N. Grid	1,000	3,386	3,209	-177	-5%	Yes	1,000	3,209	NFP	Healthcare Center
31	Syracuse China Company	Syracuse	Onondaga	N. Grid	460	324	303	-21	-6%	Yes	460	659	Large	Manufactures restaurant china
32	Syracuse Plastics, Inc.	Liverpool	Onondaga	N. Grid	400	55	38	-17	-31%	Yes *	400	95	Large	Maker of plastic parts and components
33	Vicks Lithograph & Printing	Yorkville	Oneida	N. Grid	750	153	137	-16	-10%	Yes	750	183	Large	Book printer & distribution
	Total National Grid		Subtotal	19	19,379	8,799	8,571				19,374			

New York Power Authority
Power for Jobs - Extended Benefits

Exhibit "1b-A"
June 24, 2008

Recommendation for Electricity Savings Reimbursements

Line	Company	City	County	IOU	KW	Job Committed	Jobs in Application	Over (under)	% Over (under)	Compliance	Recommended Allocation		Type	Service
											KW	Jobs/MW		
1	A. Stein Meat Products, Inc.	Brooklyn	Kings	Con Ed	120	38	38	0	0%	Yes	120	317	Small	Meat wholesale/fabrication
2	Columbia University - Trustees	New York	New York	Con Ed	750	750	749	-1	0%	Yes	750	999	NFP	Educational and Student Services
3	Liz Claiborne, Inc.	New York	New York	Con Ed	1,500	904	996	92	10%	Yes	1,500	664	Large	Clothing and Accessories Manufacturer.
4	Mount Sinai Medical Center	New York	New York	Con Ed	2,000	11647	11,647	0	0%	Yes	2,000	5,824	NFP	Medical Center
5	New Museum of Contemporary Art	New York	New York	Con Ed	50	34	37	3	9%	Yes	50	740	NFP	Art Center
6	NYU Medical Center	New York	New York	Con Ed	4,000	11,414	10,924	-490	-4%	Yes	4,000	2,731	NFP	Medical Center
7	The Brooklyn Historical Society	Brooklyn	Kings	Con Ed	30	17	19	2	12%	Yes	30	633	NFP	Community Services
	Total Con Edison		Subtotal		7	8,450	24,804	24,410			8,450			
8	American Technical Ceramics	Huntington Station	Suffolk	LIPA	200	424	675	251	59%	Yes	200	3,375	Small	Ceramic Capacitor
9	Enzo Clinical Labs, Inc.	Farmingdale	Suffolk	LIPA	200	339	333	-6	-2%	Yes	200	1,665	Small	Medical Lab
10	Good Samaritan Hospital	West Islip	Suffolk	LIPA	800	2,805	3,088	283	10%	Yes	800	3,860	NFP	Healthcare Center
11	Long Beach Medical Center	Long Beach	Nassau	LIPA	600	950	961	11	1%	Yes	600	1,602	NFP	Community Hospital
12	North Shore Health System	Manhasset	Nassau	LIPA	2,600	6,471	6,500	29	0%	Yes	2,600	2,500	NFP	Medical Services
13	Standard Microsystems Corp.	Hauppauge	Suffolk	LIPA	1,050	401	403	2	0%	Yes	1,050	384	Large	Computer circuits and components
14	Ultimate Precision Metal	Farmingdale	Suffolk	LIPA	250	123	120	-3	-2%	Yes	250	480	Small	Manufactures controlled enclosures
	Total LIPA		Subtotal		7	5,700	11,513	12,080			5,700			

1c. Allocation of 1,100 kW of Hydropower

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve allocations of available Replacement Power (‘RP’) totaling 1,100 kW to three industrial companies.

BACKGROUND

“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 (‘EP’) 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 shall continue to be allocated in such county.

“Each application for an allocation of EP or RP must be evaluated under criteria that include, but need not be limited to, those set forth in Public Authorities Law Section 1005(13) (a), which sets forth general eligibility requirements.

“Among the factors to be considered when evaluating a request for an allocation of hydropower are the number of jobs created as a result of the allocation; the business’ long-term commitment to the region as evidenced by the current and/or planned capital investment in the business’ facilities in the region; the ratio of the number of jobs to be created to the amount of power requested; the types of jobs created, as measured by wage and benefit levels, security and stability of employment and the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed.

“On October 22, 2003, the Authority, National 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 hydropower. 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 hydropower.

DISCUSSION

“Staff recommends and the Advisory Group supports the available power being allocated to the companies set forth in Exhibit ‘1c-A.’ The Exhibit shows, among other things, the amount of power requested, the recommended allocations and additional employment and capital investment information. These projects will help maintain and diversify the industrial base of Western New York and provide new employment opportunities. They are projected to result in the creation of 143 jobs.

RECOMMENDATION

“The Director – Marketing Analysis and Administration recommends that the Trustees approve the allocation of 1,100 kW of hydropower to the companies listed in Exhibit ‘1c-A.’

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President – Energy Marketing and Corporate Affairs, the Senior Vice President – Marketing and Economic Development and I concur in the recommendation.”

June 24, 2008

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

RESOLVED, That the allocation of 1,100 kW of Replacement Power, as detailed in Exhibit "1c-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, General Counsel and Chief of Staff.

New York Power Authority
 Replacement Power
 Recommendations for Allocations

Exhibit "1c-A"
 June 24, 2008

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage Benefits	Power Recommended (kW)	Contract Term
A-1	American Pharmaceutical Partners	Buffalo	Erie	1,600	60	\$25,000,000	\$28,000	700	Five Years
A-2	API Heat Transfer, Inc.	Buffalo	Erie	315	75	\$5,500,000	\$57,000	300	Five Years
A-3	Certified Fabrications, Inc	Sanborn	Niagara	100	8	\$280,000	\$39,000	100	Five Years
	Total RP Recommended				143	30,780,000	124,000	1,100	

June 24, 2008
Exhibit "1c-A1"

APPLICATION SUMMARY
Replacement Power

Company: American Pharmaceutical Partners

Location: Buffalo (3125 Staley Road)

County: Erie County

IOU: National Grid

Business Activity: Manufacturer of pharmaceuticals

Project Description: The project will include purchasing a building, which would consist of a lab, warehouse and distribution area; an administration space and a wastewater treatment plant totaling 150,000 square feet. This building is next to the company's existing plant and would be used to support its existing operations. In addition, this purchase would support an expansion at the company's existing site by adding 18,000 square feet that would include the installation of two new lyophilizers.

Prior Application: Yes

Existing Allocation: 2,000 kW of Replacement Power at 3159 Staley Road

Power Request: 1,600 kW

Power Recommended: 700 kW

Job Commitment:

Existing:	508 jobs
New:	60 jobs

New Jobs/Power Ratio: 86 jobs/MW

New Jobs - Avg. Wage and Benefits: \$28,000

Capital Investment: \$25 million

Capital Investment Per MW \$35.7 million/MW

Summary: American Pharmaceutical Partners is a specialty drug company that develops, manufactures and markets injectable pharmaceutical products, focusing on the oncology, anti-infective and critical care markets. The company is one the largest producers of injectables. A low-cost power allocation will help the company expand its operations, help it compete and lower its operating costs.

APPLICATION SUMMARY
Replacement Power

Company:	API Heat Transfer, Inc.
Location:	Buffalo
County:	Erie County
IOU:	National Grid
Business Activity:	Design and manufacture of heat exchangers
Project Description:	The project will include adding 32,000 square feet of manufacturing space and 6,000 square feet of office space to API's existing Buffalo site. In addition, the company will be purchasing and installing new equipment, including cranes, compressors, dryers and paint booths. Adding equipment will help the company grow in its existing markets and assist it in adding new product lines.
Prior Application:	No
Existing Allocation:	None
Power Request:	315 kW
Power Recommended:	300 kW
Job Commitment:	
Existing:	265 jobs
New:	75 jobs
New Jobs/Power Ratio:	250 jobs/MW
New Jobs - Avg. Wage and Benefits:	\$57,000
Capital Investment:	\$5.5 million
Capital Investment Per MW	\$18.33 million/MW
Summary:	API is a leader in the design and manufacture of heat exchangers. The company needs to add manufacturing space to achieve sales growth in its existing product lines and to grow into new ones. API is investigating two primary alternatives for this expansion, including western New York and China. A hydropower allocation will help API be competitive, reduce costs and find the best long-term solution for growth.

June 24, 2008
Exhibit "1c-A3"

APPLICATION SUMMARY
Replacement Power

Company:	Certified Fabrications, Inc.
Location:	Sanborn
County:	Niagara County
IOU:	National Grid
Business Activity:	Manufacturer of machined parts
Project Description:	The project includes expanding the company's existing building to increase manufacturing space. The company will be purchasing and installing new equipment, in addition to adding a new office building. Certified Fabrications is presently at full capacity and needs additional space, equipment and staff to accommodate its customer demand for products and services.
Prior Application:	No
Existing Allocation:	None
Power Request:	100 kW
Power Recommended:	100 kW
Job Commitment:	
Existing:	8 jobs
New:	8 jobs
New Jobs/Power Ratio:	80 jobs/MW
New Jobs - Avg. Wage and Benefits:	\$39,000
Capital Investment:	\$280,000
Capital Investment Per MW	\$2.8 million/MW
Summary:	Certified Fabrications' main customers are growing and the company is not able to competitively supply the increase in demand, causing customers to use out-of-state and overseas vendors. By implementing an expansion project, the company will be able to meet customer demand. Additional equipment will enable the company to establish a line to meet this growing demand. A low-cost power allocation will make Certified Fabrications' expansion cost effective and help the company be competitive.

1d. Replacement Power and Expansion Power - Service Tariff Amendments - Notice of Adoption

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve amendments to the Authority’s current production service tariffs applicable to Replacement Power (‘RP’) and Expansion Power (‘EP’) customers. Staff recommends that changes to the RP tariff (Schedule No. NP-F1 (‘NP-F1’)), the EP sale-for-resale tariff (Service Tariff No. ST-46 (‘ST-46’)) and the EP direct sale tariff (Service Tariff No. EP-1 (‘EP-1’)), each attached as Exhibits ‘1d-A,’ ‘1d-B’ and ‘1d-C’, respectively, become effective July 1, 2008.

BACKGROUND

“At their meeting of March 25, 2008, the Trustees authorized the Corporate Secretary to file a Notice of Proposed Rulemaking (‘NOPR’) with the New York State Department of State for publication in the *New York State Register* that the Authority proposed to amend service tariffs applicable to its RP and EP customers. These amendments were needed to consolidate various tariff provisions that were adopted at different times, include necessary updated terms, and improve the organization and formatting.

“The NOPR was published in the *New York State Register* on April 9, 2008. In addition, RP and EP customers and other interested parties were notified of the proposed service tariff amendments and invited to review the materials and submit comments. In accordance with the State Administrative Procedure Act (‘SAPA’), interested parties were afforded a 45-day comment period. The only party to submit comments on the NOPR was New York State Electric and Gas Corporation (‘NYSEG’). The public comment period closed on May 27, 2008.

DISCUSSION

“NYSEG’s written comments (‘NYSEG Comments’) are attached as Exhibit ‘1d-D.’ Staff has reviewed NYSEG’s written comments and its analysis and recommendations are set forth below. Revisions consistent with such recommendations will be incorporated into the service tariffs for which approval is requested today.

Issue 1: Collection of New York Independent System Operator (‘NYISO’) Charges Related to Expansion Power Sales under ST-46. NYSEG posits that the proposed provision in ST-46 on the collection of NYISO charges is flawed. Specifically, NYSEG objects that the Authority has not designated in Section III.G. whether the EP customer or NYSEG would be responsible for the NYISO charges arising under ST-46. NYSEG Comments at 5 (citing proposed Original Leaf No. 6).¹ NYSEG further states that a prior Federal Energy Regulatory Commission (‘FERC’) ruling does not permit the Authority to pass these charges to NYSEG, and suggests that the Authority can cure the situation by completely deleting subsection G or by clarifying that the EP customer shall compensate the Authority for these NYISO charges. *Id.* at 6-7.

“Staff Analysis: Authority staff agrees that the proposed provision should be changed but does not agree that NYSEG cannot be assessed such NYISO charges. In 2004, the Authority reformed ST-46 by rulemaking under SAPA to pass on NYISO costs that the Authority incurs in providing electric service to EP customers.² That tariff reform specified that the utility company would compensate the Authority for NYISO charges incurred unless there were ‘other arrangements’ between the Authority and the individual EP customers, and that, further, the Authority

¹ NYSEG notes that that section starts with the language, “With respect to the Expansion Power Service to Customer, the Authority *shall be compensated* for the following NYISO Charges assessed on Authority . . . ” (emphasis added). Although the only entities that can take purchase EP from the Authority under ST-46 are utility companies, *see* Sections I and II.C. on Original Leaf No. 3, the Authority acknowledges that the provision does not clearly indicate by whom the Authority shall be compensated.

² Notice of Adoption, I.D. No. PAS-52-03-00027-A, *New York State Register* (April 14, 2004) at 29-30.

would designate the NYISO charges that would apply to particular EP customers on an ‘account-by-account basis.’ Those changes are reflected in the tariff that is applicable today, which has allowed for the recovery of all appropriate NYISO charges.³

“Accordingly, Authority staff recommends that the existing tariff provision addressing the recovery of NYISO charges be largely retained, because such provision still reflects the sale-for-resale nature of EP sales under ST-46. This moots NYSEG’s complaint concerning the handling of NYISO charges under ST-46 because the Authority no longer seeks this particular tariff change. Staff, however, recommends the adoption of other changes it has proposed to update the description of the various NYISO charges that the Authority incurs or could incur in providing electric service to EP customers.

“Though no controversy exists in light of the recommendation to retain the existing tariff provision, staff points out that, on the merits, NYSEG’s reliance on a 2003 FERC order⁴ is misplaced. That order merely established that with respect to EP sales, the Authority was the transmission customer under the NYISO tariff, and that it, rather than NYSEG, needed to compensate the NYISO for its services performed in connection with the EP program.⁵ FERC only interpreted the NYISO tariff as requiring the Authority to pay the NYISO *in the first instance*. The Authority’s 2004 tariff revisions did not upset this determination because the Authority has continued to directly compensate the NYISO for providing such services. Moreover, while FERC has the complete jurisdiction to interpret who is responsible for paying the NYISO for services provided under the NYISO tariff, FERC’s reach does not extend to the cost-recovery decisions of the Authority, a non-jurisdictional entity. In fact, the NYISO charges that the Authority incurs are legitimate costs of the EP program and the Authority lawfully modified its tariff to pass on such costs in the 2004 SAPA proceeding noted above. In the course of that proceeding, Authority staff briefed NYSEG on the nature of those tariff modifications, and NYSEG filed no comments.⁶

“The Authority also notes that the above analysis renders moot NYSEG’s contention (NYSEG Comments at 3, 7) that the imposition of NYISO charges on NYSEG under ST-46 would conflict with the ‘Contract for the Sale and Resale of Expansion Power’ between the Authority and NYSEG dated December 19, 1988 (‘Resale Agreement’). There is no conflict. The Authority abides by the 2003 FERC order and directly compensates the NYISO. Thus, it is appropriate for the Authority to be able to require reimbursement for such NYISO charges from the utility companies that purchase EP from the Authority for resale to EP customers.

Issue 2: Collection of NYISO Charges under EP-1 and NP-F1. NYSEG also comments that the proposed provision on the collection of NYISO charges in these two tariffs needs to be reformed on the subject of which party is responsible for the NYISO charges. NYSEG Comments at 9-10.

“Staff Analysis: The Authority agrees with NYSEG’s observation with respect to EP-1. Because that tariff only concerns the Authority’s direct sales of EP to EP customers, Section IV.E.2 (Original Leaf No. 6) of EP-1 should be reformed to state that *the EP customer* shall compensate the Authority for the NYISO charges. Of course, the Authority still directly compensates the NYISO for these charges. As part of the cost of the EP service that it provides, however, the Authority’s sales under EP-1 require reimbursement by the EP customers for such NYISO charges.

“With respect to NP-F1, NYSEG raises similar concerns but also notes that it will not be a party to any sales for resale of RP. NYSEG Comments at 10. NYSEG is correct that all RP sales in the NYSEG service territory will be direct sales by the Authority to the RP customers. (The Authority continues to use NP-F1 to make RP sales to NIMO for resale to RP customers.) Thus, it is appropriate for the Authority to reform proposed Section III.G. of NP-F1 (Original Leaf No. 6) to indicate that either the ‘Contractor’ (the term proposed to be used for a utility company in NP-F1) or the RP customer, depending on the contractual relationship with the Authority, shall

³ In fact, because the Authority reached a separate agreement with most EP customers to bill them directly for the NYISO charges, the Authority has not needed to charge the utility companies for the NYISO charges in nearly all cases.

⁴ *New York State Electric & Gas Corporation*, 103 FERC ¶ 61,085 (2003).

⁵ *Id.* at PP 14-15.

⁶ Niagara Mohawk Power Corporation (“NIMO”) is also a purchaser for resale of EP and has managed its affairs while subject to the same tariff provision of ST-46.

compensate the Authority for the NYISO charges. Staff also notes that the pass-through of NYISO costs in NP-F1 was previously approved by the Trustees in the same 2004 SAPA proceeding that made related changes to ST-46. Staff recommends largely retaining the form of the existing provision on NYISO charges in NP-F1, but including improvements to make clear that either the utility company or the RP customer, as the case may be, will be assigned NYISO charges that the Authority incurs in providing RP service. The new provision will also include the appropriate updates of the descriptions of the various NYISO charges that the Authority incurs or could incur.

Issue 3: Consistency with Supplemental Agreement: NYSEG requests that the Authority insert clauses in EP-1 and NP-F1 to ensure that the Authority's direct sales to customers of EP and RP, respectively, adhere to the provisions of the 'Supplemental Agreement for the Delivery of Power Allocations Between [the Authority] and [NYSEG]' dated July 18, 2007 ('Supplemental Agreement'). NYSEG states that such changes are needed to 'avoid confusion and disputes' and to provide 'clarity and guidance' to EP and RP customers, respectively. NYSEG Comments at 8-11.

"Staff Analysis: The tariff modifications that NYSEG suggests are unnecessary. The Authority's agreements for direct sales to EP and RP customers in the NYSEG service territory already contain a provision which states that the applicable agreement between the Authority and NYSEG for the delivery of the allocation shall be incorporated into the customer's sales agreement, and that the customer is required to pay NYSEG for transmission and delivery service in accordance with that Authority/NYSEG agreement.⁷ Furthermore, each sales agreement states that any conflict between a sales agreement and EP-1 shall be resolved in favor of the sales agreement. The Supplemental Agreement's incorporation into the sales agreement establishes that the Supplemental Agreement shall have priority over EP-1 were a conflict to exist.

"In addition, NYSEG has not explained why there would be customer confusion with this arrangement. By all indications, the customers understand, and the sales agreements make clear, that the delivery of EP and RP in NYSEG's service territory with respect to the Authority's sales made under EP-1 and NP-F1 is governed by the Supplemental Agreement.

"Finally, the provisions that NYSEG has recommended are impractical because they are too specific to NYSEG. EP-1 and NP-F1 are tariffs of general applicability, and it would not make sense to highlight a 'Delivery Agreement' that is specific to the Authority/NYSEG relationship. For instance, there is no similar delivery agreement applicable to all sales made into NIMO's service territory under the tariffs EP-1 and NP-F1. As discussed above, the Authority's sales agreements with customers served in the NYSEG service territory make adequate reference to the required delivery provisions, and it would not make sense to reference the specific delivery service of NYSEG in EP-1 and NP-F1.

Issue 4: Other Requested Changes. NYSEG requests the addition or deletion of certain defined terms, confirmation as to the correctness of certain passages and other clarifications to the tariffs. Staff's analysis below will both describe NYSEG's issues and explain the recommended disposition of those issues.

"NYSEG states that ST-46 should be reformed to include the defined term 'Allocation and Service Agreement,' or 'ASA,' which is a three-party agreement between NYSEG, the Authority and the EP customer, and to delete the proposed tariff's references to the Authority's two-party agreements. NYSEG Comments at 4, 7. The Authority declines to include the requested defined term because it is no longer universally used for all EP sales that arise under ST-46.⁸

⁷ The Authority made a general reference to an Authority/NYSEG delivery agreement in its sales agreements that it offered customers in early 2007, because the Supplemental Agreement had not yet been finalized. Authority staff is willing to make this reference more specific in subsequent sales agreements, and explicitly identify the Supplemental Agreement.

⁸ For example, due to NIMO's view of itself as a "wires-only" company, recent three-party EP contracts involving NIMO are now known as "Allocation and Sales Agreements" (emphasis added) which reflects the fact that NIMO's transmission services are separate from its resale of Authority electricity, and thus such resale contracts no longer include any transmission provisions.

“However, because ST-46 is used only for sales for resale, it is appropriate to accept NYSEG’s request regarding Section II.F. (Original Leaf No. 3) and to clarify that the Authority is referring to the three-party agreements between the Authority, the utility company (*i.e.* ‘Company’ under the terms of ST-46) and the EP customer. This should ensure that the definition of ‘Firm Power’ is consistent with those three-party agreements. NYSEG is also correct to point out (Comments at 7) that the hierarchy of which instrument governs in the event of a conflict should be clarified in Section IV.B.4 (‘Rules and Regulations’) (Original Leaf No. 8), so that there is no conflict with the Resale Agreement. Authority staff recommends removing language that discusses other agreements, which should ensure that this ‘conflicts’ provision is consistent with the Resale Agreement. Instead, the provision will simply indicate that the Authority’s rules apply to this service tariff, and that any conflict between the Authority’s rules and ST-46 shall be resolved in favor of ST-46.

“Regarding ST-46, NYSEG further requests that the Authority confirm that the reference to ‘St. Lawrence-FDR’ used to describe the monthly base rates is correct. NYSEG Comments at 5. That provision, Section III.A (Original Leaf No. 5), states that the rates shall be the higher of either Niagara and St. Lawrence-FDR hydroelectricity rates for rural and domestic customers, or the base rates stated in ST-46. The Authority confirms that the reference to St. Lawrence-FDR is correct because that pricing provision is not describing the source of EP, but a pricing methodology that looks to the rates charged to rural and domestic customers, which is based on a cost-of-service that combines both the Niagara and St. Lawrence-FDR project costs.

“With respect to EP-1, NYSEG asks the Authority to ensure that its terms are consistent with the Supplemental Agreement, and in particular raises the concern that EP-1 refers to a ‘load splitter percentage’ in Section IV.F.1 (Original Leaf No. 7), which does not appear in the Supplemental Agreement. NYSEG Comments at 9. There is no inconsistency with the Supplemental Agreement. Load-splitting methodology issues are set forth in the Authority’s sales agreement with the EP customers in the NYSEG service territory, which must be in accordance with the delivery agreement between the Authority and NYSEG.⁹ The sales agreements also say that no changes in the load-splitting methodology can be effectuated without NYSEG’s consent. As for the Supplemental Agreement, it permits changes in the billing ratio methodology provided that the parties give their mutual consent, which is how a load-splitter percentage would be implemented, if at all.¹⁰ The Authority believes that all other terms of EP-1 are consistent with other agreements.

“With respect to NP-F1, NYSEG repeats its concern that all of its terms be consistent with the Supplemental Agreement, and asks the Authority to eliminate the new term ‘Contractor’ because it is not used in the other tariffs and may cause customer confusion. NYSEG Comments at 11-12. The Authority is sympathetic to NYSEG’s concern that there not be too many unfamiliar terms. Although the term ‘Contractor’ is new to NP-F1, it is a term that has been used to designate the utility purchaser in resale contracts with NIMO since 1961. Longstanding RP customers in the NIMO service territory are familiar with this term. The original wording of NP-F1 did not specify which entities could be purchasers. Because it is appropriate to include this information in these tariff reforms, for purposes of continuity it makes sense to carry forward the term ‘Contractor’ in NP-F1. On balance, there is little reason to believe this term will create customer confusion. The definition of ‘Contractor’ is clear on its face and the prospect of confusion due to the use of a different term in the EP tariffs seems remote.

“Finally, the Authority believes that NYSEG’s criticism of the ‘conflicts’ provision (*i.e.* ‘Rules and Regulations’) in ST-46 merits similar changes to both EP-1 and NP-F1. Namely, those tariffs should simply state that the Authority’s rules apply to service provided thereunder, and that any conflict between the Authority’s rules and the tariffs shall be resolved in favor of the tariffs. There should be no reference to other agreements. Because the types of agreements are too numerous to describe in the tariff, and because the ‘conflicts’ provisions of those other agreements speak for themselves, it is preferable not to attempt to describe the conflict resolution hierarchies in these tariffs.

⁹ Because the Supplemental Agreement was not finalized when those contracts were issued, the Authority made a generic reference to its agreement with NYSEG. Staff would be willing to explicitly identify the Supplemental Agreement in future contracts. As noted earlier, the Supplemental Agreement’s incorporation into the sales agreements gives priority to the Supplemental Agreement in the case of conflicts with EP-1.

¹⁰ This is further manifested in the three-party Sales Agreement Appendix (at Section 4) that is appended to the Supplemental Agreement, which permits the parties to indicate whether they have agreed to change the billing ratio methodology and, if so, to include a description of the “Alternate Billing Arrangement.”

Conclusion: Staff recommends the adoption of the proposed tariffs, with changes conforming to the analysis discussed above. Staff further recommends that these proposed service tariffs become effective at the start of the first billing period subsequent to Trustee approval, which is July 1, 2008.

FISCAL INFORMATION

“Adoption of the proposed RP and EP service tariffs will have no financial impact. The changes proposed are administrative in nature and have no effect on current production rates.

RECOMMENDATION

“The Manager – Contract Administration recommends that the attached service tariffs, amended in conformance with the discussion above, be approved and that the Trustees authorize the Corporate Secretary to file a Notice of Adoption with the New York State Department of State for publication in the *New York State Register* for the adoption of the service tariffs for the Authority’s Replacement Power and Expansion Power customers. The requested effective date of these tariffs is July 1, 2008.

“It is also recommended that the Senior Vice President – Marketing and Economic Development, or his designee, be authorized to issue a notice of final action to the affected customers.

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President – Energy Marketing and Corporate Affairs, 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 Trustees adopt the Authority’s service tariff amendments applicable to its Replacement Power and Expansion Power customers, as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file a Notice of Adoption for publication in the New York State Register in accordance with the State Administrative Procedure Act; and be it further

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to submit such other notice(s) as may be required by statute or regulation concerning the proposed tariff amendments; 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 resolution, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff.

Exhibit "1d-A"
June 20, 2008



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Schedule of Rates for Sale of Replacement Power

Schedule No. NP-F1

Date of Issue: June 24, 2008

Date Effective: July 1, 2008

Issued by James H. Yates, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

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Date of Issue: June 24, 2008

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Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

Schedule of Rates for Firm Power Service

I. Applicability

To sales of Replacement Power (as defined below) either directly to qualified business customers or to a Contractor (as defined below) for resale to qualified business customers for firm power service. Not applicable to standby or auxiliary service, except that service auxiliary to other purchased power supply will be permitted under appropriate contract terms.

II. Frequently used Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)
kVa	kilovolt-amperes
NYPA	New York Power Authority
NYISO	New York Independent System Operator
NY PAL	New York Public Authorities Law

B. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term "Contractor" means a utility purchasing Replacement Power from Authority for resale to any business customer who has received a Replacement Power allocation from the Authority.

D. The term "Customer" means a business customer who has received a Replacement Power allocation from the Authority and who purchases Replacement Power either directly from Authority or from Contractor engaging in the resale of Replacement Power.

E. The term "Project" means the Authority's Niagara Hydroelectric Project.

F. The term "Firm Power" means capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the applicable contract(s) between Authority and Customer, and if applicable Contractor. Firm Power shall not include peaking power.

G. The term "Firm Energy" means energy (kWh) associated with Firm Power.

- H. The term "Replacement Power" means Project Firm Power and Project Firm Energy made available by Authority to Customers for business purposes pursuant to section 1005 (13) of the NY PAL.
- I. The term "Schedule" means this Schedule No. NP-F1.

Date of Issue: June 24, 2008

Date Effective: July 1, 2008

Issued by James H. Yates, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly base rates for capacity and energy paid by Contractor or Customer to Authority and, if applicable, Customer to Contractor shall be either: (i) the rates charged by Authority from time to time for the sale of Niagara and St. Lawrence-FDR hydroelectricity for the benefit of domestic and rural consumers or (ii) the following base rates as adjusted in accordance with Section V, which ever results in a higher bill.

BASE RATES	
<u>Capacity</u> <u>Charge</u> \$/kW-month	<u>Energy</u> <u>Charge</u> Mills/kWh
3.80	6.50

The base rates set forth above shall be subject to an Annual Adjustment Factor in accordance with Section V and do not include any applicable costs for delivery services provided by the local utility. Such base rates will apply at the Project switchyard, subject to Section IV. B.2.

B. Minimum Monthly Charge

The product of the capacity charge set forth above and the contract demand.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month but subject to the billing cycle requirements of the local utility in whose service territory the Customer's facilities are located.

D. Billing Demand

The billing demand shall be determined by applying the applicable billing methodology to total meter readings during the billing period.

E. Billing Energy

The billing energy shall be determined by applying the applicable billing methodology to total meter readings during the billing period.

F. Contract Demand

The maximum kW(s) contracted for under this rate schedule.

G. NYISO Transmission and Related Charges ("NYISO Charges")

For sales for resale, Contractor shall compensate the Authority for NYISO Charges (defined below), unless there are other arrangements between Authority and individual Customers. For a Customer purchasing directly from Authority, the Customer shall compensate the Authority for NYISO Charges.

NYISO Charges are charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time):

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

6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law.

For sales for resale, the Authority shall designate to the Contractor which of the above NYISO Charges shall apply to the various Customers on an account-by-account basis and in accordance with all applicable agreements. The collection of such NYISO Charges from the Customers by the Contractor shall be accomplished in a manner as may be mutually agreed upon between the Contractor and the Authority consistent with the Contractor's applicable retail tariffs.

For all Replacement Power Sales (direct or sale for resale), such NYISO Charges are in addition to the Authority production charges that are charged to the Customers in accordance with other provisions of this Schedule.

H. Resale Without Mark-up

All resales of Replacement Power by Contractor to any Customer shall be made without mark-up and in accordance with the provisions of the NY PAL.

I. Customer Resales Prohibited

No Customer shall be permitted to resell any quantity of Replacement Power it has purchased in accordance with its allocation and sales agreement with NYPA.

IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Adjustment of Charges

1. Transformer Losses

If delivery is made at transmission voltage but metered on the low-voltage side of the Customer's substation, the meter readings will be increased two percent to compensate for transformer losses.

2. Distribution Losses

Rates contained in this Schedule apply at the Project's switchyard where Customer purchases power from Contractor. Where Customer purchases power directly from Authority, where applicable, appropriate adjustments will be made to compensate for distribution losses.

3. Power Factor

Power factor is the ratio of real power (kW) to apparent power (kVa) for any given load and time. Authority may require Customer to maintain a power factor of not less than 90%, lagging or leading, at the point of delivery, or as may otherwise be imposed upon Authority by the utility providing delivery and/or NYISO (or its successor).

4. Taxes and Other Charges

The charges under this Schedule shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority by Contractor or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Schedule.

5. Billing Methodology

The billing methodology to be used to render bills to Customer related to its Replacement Power allocation shall be determined in accordance with the underlying sales and delivery agreements between Authority and, as applicable, the Customer or local utility or both.

6. Deposits

Authority may require Customer to pay a cash deposit at any time to Authority equal to at least one month's estimated bill which shall be deemed security for the payment on unpaid bills or other claims. Any such cash deposits will be subject to the specific provisions set forth in the Customer's sales agreement with the Authority.

7. Rules and Regulations

The Authority's rules and regulations (16 NYCRR §450 *et seq.*) shall apply to the service provided under this Schedule. In the event of any inconsistencies, conflicts or differences between the provisions of this Schedule and the rules and regulations, the provisions of this Schedule shall govern.

8. Niagara and St. Lawrence-FDR Hydroelectricity Rates Notice

When the monthly rates charged by Authority for the sale of Niagara and St. Lawrence-FDR hydroelectricity for the benefit of domestic and rural consumers change, Authority shall so notify Contractor in writing thirty (30) days prior to such change.

V. Annual Adjustment Factor

A. Adjustment of Rate and Charges

1. An adjustment factor based upon four Indices ((a) through (d) noted below) shall be determined and applied to the base rates set forth in Section III, Monthly Rates and Charges for each Rate Year. The Rate Year is from May 1 to April 30 of the succeeding year. Each of the following four Indices shall be determined as provided below for each calendar year (the "Measuring Year") immediately preceding each Rate Year. The Measuring Year's values shall be compared to the Base Year's (CY 1990) values. The resulting comparison shall be the basis of the annual base rate adjustment.

- (a) the weighted average fuel cost (WAFC) replaced the New York Power Pool (NYPP) based fuel cost index, which ceased with the operation of the NYPP. The 1990 and 1998 NYPP weighted fuel cost indices and the 1998 PPI for Industrial Power remain fixed.

The measuring year (MY) value is the product of the 1998 NYPP fuel price and the ratio of the MY PPI Industrial Power to the 1998 PPI Industrial Power, or:

$$1998 \text{ NYPP fuel price} * \frac{\text{MY PPI Industrial Power}}{1998 \text{ PPI Industrial Power}}$$

- (b) the average of the monthly Producer Price Indexes, Industrial Commodities as published by the U.S. Department of Labor, Bureau of Labor statistics, and posted on stats.bls.gov/ (Series Id WPU03thru15);
- (c) the annual Implicit Price Deflator for Gross Domestic Product, as published by the United States Department of Commerce, Bureau of Economic Analysis, and posted on bea.gov/ (table titled "Implicit Price Deflators for Gross Domestic Product", currently table 1.1.9.);
- (d) the average of the monthly Producer Price Indexes, Industrial Electric Power as published by the U.S. Department of Labor, Bureau of Labor statistics, and posted on stats.bls.gov/ (Series Id WPU0543).

Such adjustment to the base rates shall be computed as follows:

- (i) for each of the four Indices divide the value for the Measuring Year by the value for the Base Year, then,

- (ii) calculate the arithmetic mean of the four quotients so determined to obtain the Annual Adjustment factor and then,
- (iii) multiply the base rates by the annual adjustment factor to obtain the adjusted base rates.

The foregoing calculation shall be performed by Authority in the manner shown in Section B below.

2. The Authority shall provide Customer with notice of any adjustment to base rates and with all data and calculations necessary to compute such adjustment by April 15 of each year to be effective on May 1 of such year, commencing in 1993; provided that if all necessary data is not provided to Customer by April 15, the rates will be adjusted by the Authority effective May 1 of such year and notice of the proposed increase or decrease and supporting data shall be furnished to Customer as soon thereafter as possible.
3. If any of the four Indices shall cease to be available, Customer and the Authority shall mutually select a substitute index. Pending agreement on a substitute index, the Authority will use the remaining three indices to calculate the Annual Adjustment factor in the manner set forth in paragraph 1 of Section V. A above. If during the term of Agreement, the methodology used in any of the reports or publications reference in paragraph 1 of Section V. A above changes, appropriate adjustment shall be made to all subsequent Measuring Year values so that such values are determined in a manner consistent with the Base Year values.

B. Calculation of the Adjustment Factor

1. Steps to calculate adjustment factor

- Step 1: Determine values for the Measuring Year and the Base Year for each of the four Indices.
- Step 2: For each of the four Indices divide the Measuring Year value by Base Year value.
- Step 3: Calculate Adjustment Factor by summing the results of Step 2 and divide by 4.
- Step 4: Multiply Base Capacity and Energy rates by Adjustment Factor calculated in Step 3.

2. Sample calculation of adjustment factor for May 1, 2006

Base Year = 1990
 Measuring Year = 2005

STEP 1

- Index 1 – Weighted Average Fuel Cost

$$125.08 \quad * \quad \frac{156.2}{130.1}$$

1998 NYPP Fuel Price = 125.08
 1998 PPI Industrial Power = 130.1
 MY PPI Industrial Power = 156.2
 BY NYPP Fuel Price = 177.23

- Index 2 – Producer Price Index, Industrial Commodities

	<u>Base Year</u>	<u>Measuring Year</u>
January	114.1	152.7
February	113.6	153.6
March	113.2	155.6
April	113.2	157.2
May	113.5	156.3
June	113.2	156.6
July	113.4	159.1
August	115.9	160.8
September	118.4	166.0
October	121.4	170.6
November	120.7	167.5
December	119.0	166.6
AVERAGE	115.8	160.2

- Index 3 – GNP Deflator

	<u>Base Year</u>	<u>Measuring Year</u>
	82.9	112.1

▪ Index 4 – Producer Price Index, Industrial Power

	<u>Base Year</u>	<u>Measuring Year</u>
January	114.9	148.9
February	115.0	148.0
March	115.4	148.1
April	115.1	148.7
May	117.0	151.1
June	123.9	159.7
July	124.4	162.1
August	124.6	162.5
September	125.0	162.8
October	121.2	159.5
November	120.2	161.5
December	118.9	161.8
AVERAGE	119.6	156.2

STEP 2

- Index 1 150.10 / 177.23 = 0.85
- Index 2 160.2 / 115.8 = 1.38
- Index 3 112.1 / 82.9 = 1.35
- Index 4 156.2 / 119.6 = 1.31

STEP 3

$$\frac{0.85 + 1.38 + 1.35 + 1.31}{4} = 1.22$$

STEP 4

Base Capacity Rate X Adjustment Factor = Adjusted Rate

$$\text{\$3.80/kW} \quad \times \quad 1.22 \quad = \quad \text{\$4.64/kW}$$

Base Energy Rate X Adjustment Factor = Adjusted Rate

$$6.50 \text{ mills/kWh} \quad \times \quad 1.22 \quad = \quad \text{7.93 mills/kWh}$$

Exhibit "1d-B"
June 20, 2008



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Schedule of Rates for Resale of Expansion Power

Service Tariff No. 46

Date of Issue: June 24, 2008

Date Effective: July 1, 2008

Issued by James H. Yates, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

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Schedule of Rates for Firm Power Service

I. Applicability

To sales of Expansion Power (as defined below) to a Company (as defined below) for resale to Expansion Power Customers (as defined below) for firm power service.

II. Frequently used Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator
NY PAL	New York Public Authorities Law

B. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term "Company" means a utility purchasing Expansion Power from Authority for resale to any business customer who has received an Expansion Power allocation from the Authority.

D. The term "Expansion Power Customer" or "Customer" means a business customer who has received an Expansion Power allocation from the Authority and who purchases Expansion Power from Company engaging in the resale of Expansion Power.

E. The term "Project" means the Authority's Niagara Hydroelectric Project.

F. The term "Firm Power" means capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the applicable three party contract(s) between Authority, Expansion Power Customer and Company. Firm Power shall not include peaking power.

G. The term "Firm Energy" means energy (kWh) associated with Firm Power.

- H. The term "Expansion Power" means Project Firm Power and Project Firm Energy made available by Authority to Expansion Power Customers for business purposes pursuant to Chapter 32 of the Laws of New York of 1987 designated by the Authority.
- I. The term "Service Tariff" means this Service Tariff No. 46.
- J. The term "Resale Agreement" means Contract for the Sale and Resale of Expansion Power between Authority and Company.

Date of Issue: June 24, 2008

Date Effective: July 1, 2008

Issued by James H. Yates, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly base rates for capacity and energy paid by Company to Authority and by Expansion Power Customer to Company shall be either: (i) the rates charged by Authority from time to time for the sale of Niagara and St. Lawrence-FDR hydroelectricity for the benefit of domestic and rural consumers or (ii) the following base rates as adjusted in accordance with Section V, which ever results in a higher bill.

BASE RATES	
<u>Capacity Charge</u> \$/kW-month	<u>Energy Charge</u> Mills/kWh
3.80	6.50

The base rates set forth above shall be subject to an Annual Adjustment Factor in accordance with Section V and do not include any applicable costs for delivery services provided by the local utility. Such base rates will apply at the Project switchyard.

B. Minimum Monthly Charge

The product of the capacity charge set forth above and the contract demand.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month but subject to the billing cycle requirements of the local utility in whose service territory the Expansion Power Customer's facilities are located.

D. Billing Demand

The billing demand shall be the sum of the demands billed to all Expansion Power Customers.

E. Billing Energy

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

F. Contract Demand

The amount of Expansion Power allocated to Company for resale to Expansion Power Customers during the billing period.

G. NYISO Transmission and Related Charges ("NYISO Charges")

Unless there are other arrangements between Authority and individual Expansion Power Customers, the Company shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time);

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

6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law.

The Authority shall designate to the Company which of the above NYISO Charges shall apply to particular Expansion Power 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 ultimately charged to the Expansion Power Customers in accordance with other provisions of this Service Tariff. The collection of such NYISO Charges from the Expansion Power Customers by the Company will be accomplished in a manner as may be mutually agreed upon between the Company and the Authority, consistent with the Company's applicable retail tariffs.

H. Resale Without Mark-up

All resales of Expansion Power by Company to any Expansion Power Customer shall be made without mark-up and in accordance with the provisions of the NY PAL.

I. Customer Resales Prohibited

No Expansion Power Customer shall be permitted to resell any quantity of Expansion Power it has purchased in accordance with its allocation and sales agreement with NYPA.

IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Adjustment of Charges

1. Transformer Losses

If delivery is made at transmission voltage but metered on the low-voltage side of the Expansion Power Customer's substation, the meter readings will be increased as stipulated in the Resale Agreements.

2. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Expansion Power Customer any rates, taxes, assessments charged to Authority by Company or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

3. Billing Methodology

The billing methodology to be used to render bills to Expansion Power Customer related to its Expansion Power allocation shall be determined in accordance with the underlying sales and delivery agreements between Authority and, as applicable, the Expansion Power Customer or local utility or both.

4. Rules and Regulations

The Authority's rules and regulations (16 NYCRR §450 *et seq.*) shall apply to the service provided under this Service Tariff. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the rules and regulations, the provisions of this Service Tariff shall govern.

5. Niagara and St. Lawrence-FDR Hydroelectricity Rates Notice

When the monthly rates charged by Authority for the sale of Niagara and St. Lawrence-FDR hydroelectricity for the benefit of domestic and rural consumers change, Authority shall so notify Company in writing thirty (30) days prior to such change.

V. Annual Adjustment Factor

A. Adjustment of Rate and Charges

1. An adjustment factor based upon four Indices ((a) through (d) noted below) shall be determined and applied to the base rates set forth in Section III, Monthly Rates and Charges for each Rate Year. The Rate Year is from May 1 to April 30 of the succeeding year. Each of the following four Indices shall be determined as provided below for each calendar year (the "Measuring Year") immediately preceding each Rate Year. The Measuring Year's values shall be compared to the Base Year's (CY 1990) values. The resulting comparison shall be the basis of the annual base rate adjustment.

- (a) the weighted average fuel cost (WAFC) replaced the New York Power Pool (NYPP) based fuel cost index, which ceased with the operation of the NYPP. The 1990 and 1998 NYPP weighted fuel cost indices and the 1998 PPI for Industrial Power remain fixed.

The measuring year (MY) value is the product of the 1998 NYPP fuel price and the ratio of the MY PPI Industrial Power to the 1998 PPI Industrial Power, or:

$$1998 \text{ NYPP fuel price} * \frac{\text{MY PPI Industrial Power}}{1998 \text{ PPI Industrial Power}}$$

- (b) the average of the monthly Producer Price Indexes, Industrial Commodities as published by the U.S. Department of Labor, Bureau of Labor statistics, and posted on stats.bls.gov/ (Series Id WPU03thru15);
- (c) the annual Implicit Price Deflator for Gross Domestic Product, as published by the United States Department of Commerce, Bureau of Economic Analysis, and posted on bea.gov/ (table titled "Implicit Price Deflators for Gross Domestic Product", currently table 1.1.9.);
- (d) the average of the monthly Producer Price Indexes, Industrial Electric Power as published by the U.S. Department of Labor, Bureau of Labor statistics, and posted on stats.bls.gov/ (Series Id WPU0543).

Such adjustment to the base rates shall be computed as follows:

- (i) for each of the four Indices divide the value for the Measuring Year by the value for the Base Year, then,
- (ii) calculate the arithmetic mean of the four quotients so determined to obtain the Annual Adjustment factor and then,
- (iii) multiply the base rates by the annual adjustment factor to obtain the adjusted base rates.

The foregoing calculation shall be performed by Authority in the manner shown in Section B below.

2. The Authority shall provide Customer with notice of any adjustment to base rates and with all data and calculations necessary to compute such adjustment by April 15 of each year to be effective on May 1 of such year, commencing in 1993; provided that if all necessary data is not provided to Customer by April 15, the rates will be adjusted by the Authority effective May 1 of such year and notice of the proposed increase or decrease and supporting data shall be furnished to Customer as soon thereafter as possible.
3. If any of the four Indices shall cease to be available, Customer and the Authority shall mutually select a substitute index. Pending agreement on a substitute index, the Authority will use the remaining three indices to calculate the Annual Adjustment factor in the manner set forth in paragraph 1 of Section V. A above. If during the term of Agreement, the methodology used in any of the reports or publications reference in paragraph 1 of Section V. A above changes, appropriate adjustment shall be made to all subsequent Measuring Year values so that such values are determined in a manner consistent with the Base Year values.

B. Calculation of the Adjustment Factor

1. Steps to calculate adjustment factor

- Step 1: Determine values for the Measuring Year and the Base Year for each of the four Indices.
- Step 2: For each of the four Indices divide the Measuring Year value by Base Year value.
- Step 3: Calculate Adjustment Factor by summing the results of Step 2 and divide by 4.
- Step 4: Multiply Base Capacity and Energy rates by Adjustment Factor calculated in Step 3.

2. Sample calculation of adjustment factor for May 1, 2006

Base Year = 1990
 Measuring Year = 2005

STEP 1

- Index 1 – Weighted Average Fuel Cost

$$125.08 \quad * \quad \frac{156.2}{130.1}$$

1998 NYPP Fuel Price = 125.08
 1998 PPI Industrial Power = 130.1
 MY PPI Industrial Power = 156.2
 BY NYPP Fuel Price = 177.23

- Index 2 – Producer Price Index, Industrial Commodities

	<u>Base Year</u>	<u>Measuring Year</u>
January	114.1	152.7
February	113.6	153.6
March	113.2	155.6
April	113.2	157.2
May	113.5	156.3
June	113.2	156.6
July	113.4	159.1
August	115.9	160.8
September	118.4	166.0
October	121.4	170.6
November	120.7	167.5
December	119.0	166.6
AVERAGE	115.8	160.2

- Index 3 – GNP Deflator

<u>Base Year</u>	<u>Measuring Year</u>
82.9	112.1

▪ Index 4 – Producer Price Index, Industrial Power

	<u>Base Year</u>	<u>Measuring Year</u>
January	114.9	148.9
February	115.0	148.0
March	115.4	148.1
April	115.1	148.7
May	117.0	151.1
June	123.9	159.7
July	124.4	162.1
August	124.6	162.5
September	125.0	162.8
October	121.2	159.5
November	120.2	161.5
December	118.9	161.8
AVERAGE	119.6	156.2

STEP 2

- Index 1 150.10 / 177.23 = 0.85
- Index 2 160.2 / 115.8 = 1.38
- Index 3 112.1 / 82.9 = 1.35
- Index 4 156.2 / 119.6 = 1.31

STEP 3

$$\frac{0.85 + 1.38 + 1.35 + 1.31}{4} = 1.22$$

STEP 4

Base Capacity Rate X Adjustment Factor = Adjusted Rate

\$3.80/kW X 1.22 = **\$4.64/kW**

Base Energy Rate X Adjustment Factor = Adjusted Rate

6.50 mills/kWh X 1.22 = **7.93 mills/kWh**

Exhibit "1d-C"
June 20, 2008



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Schedule of Rates for Sale of Expansion Power
Direct Service

Service Tariff No. EP-1

Date of Issue: June 24, 2008

Date Effective: July 1, 2008

Issued by James H. Yates, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207

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Schedule of Rates for Firm Power Service

I. Applicability

To sales of Expansion Power (as defined below) directly to Customer (as defined below) for firm power service.

II. Frequently used Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator
NY PAL	New York Public Authorities Law

B. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term "Customer" means a business customer who has received an Expansion Power allocation from the Authority and who purchases Expansion Power directly from Authority.

D. The term "Project" means the Authority's Niagara Hydroelectric Project.

E. The term "Firm Power" means capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the applicable contract(s) between Authority and Customer . Firm Power shall not include peaking power.

F. The term "Firm Energy" means energy (kWh) associated with Firm Power.

G. The term "Expansion Power" means Project Firm Power and Project Firm Energy made available by Authority to Customers for business purposes pursuant to Section 1005 (13) of the NY PAL.

H. The term "Service Tariff" means this Service Tariff No. EP-1.

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly base rates for capacity and energy paid by Customer to Authority shall be either: (i) the rates charged by Authority from time to time for the sale of Niagara and St. Lawrence-FDR hydroelectricity for the benefit of domestic and rural consumers or (ii) the following base rates as adjusted in accordance with Section V whichever results in a higher bill.

BASE RATES	
<u>Capacity Charge</u> \$/kW-month	<u>Energy Charge</u> Mills/kWh
3.80	6.50

The base rates set forth above shall be subject to an Annual Adjustment Factor in accordance with Section V and do not include any applicable costs for delivery services provided by the local utility. Such base rates will apply at the Project switchyard, subject to Section IV. J.1.

B. Minimum Monthly Charge

The sum of (i) the product of the Capacity Charge and the Contract Demand and (ii) a charge representing reimbursement to the Authority for all applicable taxes incurred by the Authority as a result of providing the Expansion Power allocated to the Customer.

C. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month, but subject to the billing cycle requirements of the utility in whose service area Customer's facilities at which Expansion Power is delivered are located.

D. Contract Demand

The Contract Demand of each Expansion Power Customer will be the amount of Expansion Power allocated to such Customer by the Authority which the Customer agrees to take and pay for.

IV. General Provisions

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and Service Tariff No. EP-1 with regard to deliveries to the Expansion Power Customer are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase.

B. Availability of Energy

1. The Authority shall provide in any Billing Period firm Energy to Customer (subject to hydrologic conditions, see subsection 2, below) in an amount equal to the amount of Expansion Power energy determined in accordance with the load splitting provisions, if applicable, set forth in the Agreement for the Sale of Expansion Power and Energy between Authority and Customer. The offer of Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Energy is taken by Customer.

2. The Authority will have the right to reduce on a pro rata basis the amount of energy provided to Customer if such reductions are necessary due to low flow (i.e., hydrologic) conditions at the Authority's Niagara and St. Lawrence-FDR hydroelectric generating stations. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to Customer in later billing periods.

C. Adjustment of Rates

To the extent not inconsistent with the Agreement for the Sale of Expansion Power and Energy between the Authority and the Customer, the rates contained in this Service Tariff EP-1 may be revised from time to time on not less than thirty (30) days written notice to Customer.

D. Delivery

For the purpose of this Service Tariff, Power and/or Energy shall be deemed to be offered when Authority is able to supply Power and Energy and NYISO transmits it to its designated points of interconnection with Customer's Transmission Agent(s). If, despite such offer, there is a failure of delivery by Customer or Designated Entities' Transmission Agents, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

E. Payment by Customer to Authority

1. The Expansion Power Customer shall pay the Authority for Firm Hydroelectric Power and Energy during any Billing Period the higher of either (i) the sum of a), b) and c) below or (ii) the Monthly Minimum Charge as defined herein:
 - a. The Capacity Charge per kilowatt for Firm Power & Energy specified in this Service Tariff or any modification thereof applied to the Expansion Power Customer's Billing Demand (as defined in General Provision F, below) for the Billing Period; and
 - b. The Energy Charge specified in this Service Tariff or any modification thereof applied to the amount of firm Energy delivered by Authority to the Expansion Power Customer during such Billing Period as determined by a load splitter percentage, if applicable, in accordance with the Agreement for the Sale of Expansion Power and Energy between Authority and Customer.
 - c. A charge representing reimbursement to the Authority for all applicable taxes incurred by the Authority as a result of providing the Expansion Power allocated to the Customer.
2. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO charges assessed on the Authority 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 maybe amended and in effect from time to time):

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;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customers or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customers that are

assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and

6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law.

Such NYISO Charges are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.

3. The Expansion Power Customer shall pay for Substitute Energy, if applicable, as specified in the power contract between the Expansion Power Customer and Authority.
4. Bills computed under Service Tariff EP-1 are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill and adjustments, if necessary, will be made thereafter.

F. Billing

1. Demand – Unless separately metered, the Billing Demand charged by the Authority to each Expansion Power Customer will be the highest 15-minute integrated demand during each Billing Period recorded on the Expansion Customer's meter multiplied by a load splitter percentage, if applicable, as determined in accordance with the Agreement for the Sale of Expansion Power and Energy between Authority and Customer.
2. Energy – Unless separately metered, the kilowatt-hours charged by the Authority to each Expansion Power Customer will be the total number of kilowatt-hours recorded on the Expansion Power Customer's meter for the Billing Period multiplied by a load splitter percentage, if applicable, as determined in accordance with the Agreement for the Sale of Expansion Power and Energy between Authority and Customer.

G. Delivery Point

The delivery point is the point where the incoming lines of the utility in whose service area the Expansion Power Customer's facilities for receipt of the Expansion Power are located are attached to such facilities of Customer.

H. Load Splitter Determination

The load splitter determination, if any, to be applied to render bills to the Customer related to its Expansion Power allocation shall be determined in accordance with the Agreement for the Sale of Expansion Power and Energy between the Authority and Customer. In order for any load splitter determination to become effective, the utility in whose service area the Customer's Expansion Power allocation is delivered must provide its consent.

I. Supplementary Provision

Sections 454.2 (c) and 454.5 of the Rules are inapplicable to this Service Tariff.

J. Adjustment of Charges

1. Distribution Losses

Rates contained in this Service Tariff apply at the Project's switchyard where Customer purchases power from Contractor. Where Customer purchases power directly from Authority, where applicable, appropriate adjustments will be made to compensate for distribution losses.

2. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority by Contractor or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

3. Deposits

Authority may require Customer to pay a cash deposit at any time to Authority equal to at least one month's estimated bill which shall be deemed security for the payment on unpaid bills or other claims. Any such cash deposits will be subject to the specific provisions set forth in the Customer's sales agreement with the Authority.

4. Rules and Regulations

The Authority's rules and regulations (16 NYCRR §450 *et seq.*) shall apply to the service provided under this Service Tariff. In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the rules and regulations, the provisions of this Service Tariff shall govern.

5. Niagara and St. Lawrence-FDR Hydroelectricity Rates Notice

When the monthly rates charged by Authority for the sale of Niagara and St. Lawrence-FDR hydroelectricity for the benefit of domestic and rural consumers change, Authority shall so notify Contractor in writing thirty (30) days prior to such change.

V. Annual Adjustment Factor

A. Adjustment of Rate and Charges

1. An adjustment factor based upon four Indices ((a) through (d) noted below) shall be determined and applied to the base rates set forth in Section III, Monthly Rates and Charges for each Rate Year. The Rate Year is from May 1 to April 30 of the succeeding year. Each of the following four Indices shall be determined as provided below for each calendar year (the "Measuring Year") immediately preceding each Rate Year. The Measuring Year's values shall be compared to the Base Year's (CY 1990) values. The resulting comparison shall be the basis of the annual base rate adjustment.

- (a) the weighted average fuel cost (WAFC) replaced the New York Power Pool (NYPP) based fuel cost index, which ceased with the operation of the NYPP. The 1990 and 1998 NYPP weighted fuel cost indices and the 1998 PPI for Industrial Power remain fixed.

The measuring year (MY) value is the product of the 1998 NYPP fuel price and the ratio of the MY PPI Industrial Power to the 1998 PPI Industrial Power, or:

$$1998 \text{ NYPP fuel price} * \frac{\text{MY PPI Industrial Power}}{1998 \text{ PPI Industrial Power}}$$

- (b) the average of the monthly Producer Price Indexes, Industrial Commodities as published by the U.S. Department of Labor, Bureau of Labor statistics, and posted on stats.bls.gov/ (Series Id WPU03thru15);
- (c) the annual Implicit Price Deflator for Gross Domestic Product, as published by the United States Department of Commerce, Bureau of Economic Analysis, and posted on bea.gov/ (table titled "Implicit Price Deflators for Gross Domestic Product", currently table 1.1.9.);
- (d) the average of the monthly Producer Price Indexes, Industrial Electric Power as published by the U.S. Department of Labor, Bureau of Labor statistics, and posted on stats.bls.gov/ (Series Id WPU0543).

Such adjustment to the base rates shall be computed as follows:

- (i) for each of the four Indices divide the value for the Measuring Year by the value for the Base Year, then,

- (ii) calculate the arithmetic mean of the four quotients so determined to obtain the Annual Adjustment factor and then,
- (iii) multiply the base rates by the annual adjustment factor to obtain the adjusted base rates.

The foregoing calculation shall be performed by Authority in the manner shown in Section B below.

2. The Authority shall provide Customer with notice of any adjustment to base rates and with all data and calculations necessary to compute such adjustment by April 15 of each year to be effective on May 1 of such year, commencing in 1993; provided that if all necessary data is not provided to Customer by April 15, the rates will be adjusted by the Authority effective May 1 of such year and notice of the proposed increase or decrease and supporting data shall be furnished to Customer as soon thereafter as possible.
3. If any of the four Indices shall cease to be available, Customer and the Authority shall mutually select a substitute index. Pending agreement on a substitute index, the Authority will use the remaining three indices to calculate the Annual Adjustment factor in the manner set forth in paragraph 1 of Section V. A above. If during the term of Agreement, the methodology used in any of the reports or publications reference in paragraph 1 of Section V. A above changes, appropriate adjustment shall be made to all subsequent Measuring Year values so that such values are determined in a manner consistent with the Base Year values.

B. Calculation of the Adjustment Factor

1. Steps to calculate adjustment factor

- Step 1: Determine values for the Measuring Year and the Base Year for each of the four Indices.
- Step 2: For each of the four Indices divide the Measuring Year value by Base Year value.
- Step 3: Calculate Adjustment Factor by summing the results of Step 2 and divide by 4.
- Step 4: Multiply Base Capacity and Energy rates by Adjustment Factor calculated in Step 3.

2. Sample calculation of adjustment factor for May 1, 2006

Base Year = 1990
 Measuring Year = 2005

STEP 1

- Index 1 – Weighted Average Fuel Cost

$$125.08 \quad * \quad \frac{156.2}{130.1}$$

1998 NYPP Fuel Price = 125.08
 1998 PPI Industrial Power = 130.1
 MY PPI Industrial Power = 156.2
 BY NYPP Fuel Price = 177.23

- Index 2 – Producer Price Index, Industrial Commodities

	<u>Base Year</u>	<u>Measuring Year</u>
January	114.1	152.7
February	113.6	153.6
March	113.2	155.6
April	113.2	157.2
May	113.5	156.3
June	113.2	156.6
July	113.4	159.1
August	115.9	160.8
September	118.4	166.0
October	121.4	170.6
November	120.7	167.5
December	119.0	166.6
AVERAGE	115.8	160.2

- Index 3 – GNP Deflator

	<u>Base Year</u>	<u>Measuring Year</u>
	82.9	112.1

- Index 4 – Producer Price Index, Industrial Power

	<u>Base Year</u>	<u>Measuring Year</u>
January	114.9	148.9
February	115.0	148.0
March	115.4	148.1
April	115.1	148.7
May	117.0	151.1
June	123.9	159.7
July	124.4	162.1
August	124.6	162.5
September	125.0	162.8
October	121.2	159.5
November	120.2	161.5
December	118.9	161.8
AVERAGE	119.6	156.2

STEP 2

- Index 1 $150.10 / 177.23 = 0.85$
- Index 2 $160.2 / 115.8 = 1.38$
- Index 3 $112.1 / 82.9 = 1.35$
- Index 4 $156.2 / 119.6 = 1.31$

STEP 3

$$\frac{0.85 + 1.38 + 1.35 + 1.31}{4} = 1.22$$

STEP 4

Base Capacity Rate X Adjustment Factor = Adjusted Rate

$$\text{\$3.80/kW} \quad \times \quad 1.22 \quad = \quad \text{\$4.64/kW}$$

Base Energy Rate X Adjustment Factor = Adjusted Rate

$$6.50 \text{ mills/kWh} \quad \times \quad 1.22 \quad = \quad \text{7.93 mills/kWh}$$

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May 27, 2008

Via Electronic Filing

Anne B. Cahill
Corporate Secretary
Power Authority of the
State of New York
123 Main Street
Whit Plains, NY 10601

Re: Power Authority of the State of New York
Proposed Rule Making
Rates for the Sale of Power and Energy

Dear Secretary Cahill:

On behalf of New York State Electric & Gas Corporation (“NYSEG”), this letter will constitute NYSEG’s comments in response to the Notice of Proposed Rulemaking (“NOPR”)¹ of the Power Authority of the State of New York (“NYPA” or the “Authority”) published in the New York State Register on April 9, 2008. In the NOPR, the Authority proposes to reformat and revise several tariffs (the “Tariffs”) related to Expansion Power and Replacement Power to

¹ The NOPR is designated as I.D. No. PAS-15-08-00007-P in the New York State Register dated April 9, 2008. Comments in response to the NOPR were due forty-five (45) days after its publication, or May 27, 2008, and NYSEG’s comments are therefore timely.

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render such tariffs easier to implement and to incorporate miscellaneous provisions, including an Annual Adjustment Factor.

NYSEG welcomes the opportunity to submit comments in response to the NOPR and, as a party who also has a relationship with the customers to whom NYPA provides service, NYSEG supports efforts to facilitate the implementation of tariff revisions that add clarity and consistency, and that minimize disputes. While the Authority has proposed a number of revisions to the Tariff to enhance clarity, a number of the recommended changes, as NYSEG explains below, are not advisable and should not be adopted by the Authority. As well, NYSEG offers several additional revisions designed to further clarify the Tariffs, and related observations, for the Authority's consideration.

A. Expansion Power

NYPA presents two tariffs related to Expansion Power for consideration in the NOPR: (a) Service Tariff No. 46 ("ST-46") for sales for resale of Expansion Power, and (b) Service Tariff No. EP-1 ("EP-1") for direct sales of Expansion Power. Expansion Power consists of 250 megawatts of firm hydroelectric power and associated energy from the Authority's Niagara Power Project that the Authority is required by statute to make available to eligible customers. *N.Y. Pub. Auth. Law* § 1005(13) (McKinney 2008).



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1. **ST-46**

a. **Background**

NYSEG and the Authority are parties to a “Contract for the Sale and Resale of Expansion Power” dated December 13, 1988 (the “Resale Agreement”). The Resale Agreement was filed with, and approved by, the Federal Energy Regulatory Commission (“FERC”) as NYSEG Rate Schedule No. 110.² The Resale Agreement reflects the terms and conditions under which the Authority shall make Expansion Power available to NYSEG for resale to eligible customers. In order to effect the delivery of Expansion Power to a particular customer, the Resale Agreement calls for the Authority, NYSEG and the Expansion Power customer to execute a three-party agreement referred to as an “Allocation and Service Agreement” (the “ASA”).

The Resale Agreement expressly provides that ST-46 is incorporated into the Resale Agreement (Resale Agreement, at 2), and that the Resale Agreement, ST-46, and the applicable rules of the Authority (the “Rules”) constitute the contract between NYPA and NYSEG for the sale for resale of Expansion Power. Any conflict among ST-46, an ASA, and the Rules shall be resolved in favor of the ASA (Resale Agreement, at 3).

² *New York State Electric & Gas Corporation*, Docket No. ER89-428-000, Letter Order, issued August 3, 1989.

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Under the Resale Agreement, the Authority is considered to be the load serving entity and, hence, the customer procuring transmission services.³ As FERC has noted, NYPA is the party selling Expansion Power to retail customers, but because it cannot reach many (if not all) of the businesses that qualify for this power, it must rely on public utilities, such as NYSEG, to transmit that power (e.g., under the Resale Agreement for sales for resale).⁴

b. NYPA's Proposed Changes to ST-46

NYSEG offers the following observations regarding the revisions that NYPA has proposed in the NOPR for ST-46:

i. Frequently Used Abbreviations and Terms

NYPA should define the ASA in addition to the Resale Agreement (which is defined). The ASA is a three-party agreement, but the definition of "Firm Power" includes references to two-party contracts between the Authority and the Expansion Power customer, or between the Authority and NYSEG. Those references are potentially confusing. NYPA should also ensure that the definition of "Firm Power" is consistent with the description of "firm" power in the Resale Agreement and the statutory provisions authorizing the allocation of Expansion Power (e.g., Section 1005(13) of the New York Public Authorities Law).

³ *New York State Electric & Gas Corporation*, 83 FERC ¶61,203 (1998).

⁴ *New York State Electric & Gas Corporation*, 77 FERC ¶61,044 (1996).

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ii. Monthly Rates and Charges

Subsection A of Section III introduces the Base Rates for Expansion Power and the concept that they are subject to adjustment by an Annual Adjustment Factor. The Authority has retained an adjustment clause (i.e., “... the following base rates as adjusted in accordance with Section V...”) in the first paragraph of this section, however, that appears to no longer be necessary. Furthermore, the first paragraph of this section retains a reference to “St. Lawrence – FDR” electricity, which should be confirmed for consistency with the definition of Expansion Power in the New York Public Authorities Law, which appears to restrict Expansion Power to power from the Authority’s Niagara Power Project.

Subsection G of Section III is extremely problematic. This subsection is introduced by the following language:

With respect to Expansion Power service to Customer, the Authority shall be compensated for the following NYISO charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff (“OATT”) or other tariffs ...

Proposed ST-46, Original Leaf No. 6, subsection G. The reference to “Expansion Power service to Customer” suggests a direct sale of Expansion Power to a customer, whereas the Resale Agreement and ST-46 are intended structurally to govern sales of Expansion Power to NYSEG for resale.

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More important, the language cited above does not expressly designate the entity that is responsible for the NYISO Charges (as defined in subsection G) in the first instance, namely, NYPA. Indeed, the language is ambiguous and vague, and it is susceptible to the interpretation that NYPA is to be compensated by NYSEG for such charges. Supporting such a misplaced interpretation is the last paragraph of subsection G, which describes the NYISO Charges as being “in addition to the Authority production charges that are charged to the Company or Customer.” Proposed ST-46, Original Leaf No. 7, subsection G (emphasis added). The underscored language, being proximate to the reference to “NYISO Charges,” seems to imply that the NYISO Charges could be imposed on the Company (i.e., NYSEG). Such an interpretation is completely erroneous and inconsistent with applicable FERC determinations. In 2003, NYSEG filed an amendment to its Rate Schedule No. 110 to require NYPA to pay the NYISO charges under the NYISO’s OATT associated with Expansion Power, and FERC accepted those amendments.⁵

NYPA can cure the deficiency in its ST-46 related to the recovery of NYISO Charges in a number of ways. A complete deletion of subsection G would effectively address the issue. The recovery of NYISO Charges is appropriately addressed in the Resale Agreement, and in the respective ASAs, each of which trumps ST-46. Hence, no party would be prejudiced by the complete removal of this provision. In lieu of a complete deletion of subsection G, NYPA should include language in this provision to the effect that (a) the Company shall not be liable for

⁵ See *New York State Electric & Gas Corporation*, 103 FERC ¶61,085 (2003).

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the NYISO Charges, and (b) the Authority may be compensated, if at all, for the NYISO Charges by the customer. For example, NYPA could insert the words “by Customer” after the phrase “shall be compensated” in the second line of the text quoted above from subsection G. These revisions would remove the ambiguity associated with the proposed language and would clarify, consistent with FERC precedent, the Resale Agreement, and the ASAs, that NYSEG is not liable for the NYISO Charges.

iii. General Provisions

Subsection 4 of the General Provisions section (Section IV) of ST-46 attempts to create a hierarchy among ST-46, the Rules, and any agreements concerning Expansion Power between the Authority and NYSEG, or the Authority and the Customer. As noted above, NYPA should remove references to two-party agreements and should refer instead to the Resale Agreement and an ASA, as defined terms. Moreover, NYPA should ensure that this provision is consistent with similar “conflicts” provisions of the Resale Agreement (e.g., Resale Agreement, at 3) and the ASA. The Resale Agreement is a FERC-approved rate schedule and cannot and should not be amended by virtue of modifications to ST-46.

2. EP-1

NYSEG is limited to a specific 38 MW threshold for deliveries of Expansion Power pursuant to the Resale Agreement. To accommodate deliveries of Expansion Power allocations

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above 38 MW, NYPA and NYSEG executed a “Supplemental Agreement for the Delivery of Power Allocation Between [NYPA] and [NYSEG],” dated as of July 18, 2007 (the “Supplemental Agreement”). NYPA and NYSEG agreed that excess allocations of Expansion Power would be structured as direct sales, and not sales for resales, to be delivered by NYSEG in accordance with NYSEG’s retail access tariffs.

The Supplemental Agreement contains all of the terms and conditions under which NYSEG shall deliver such excess Expansion Power allocations (defined as Additional EP Allocations in the Supplemental Agreement):

The Authority and NYSEG agree that any Additional EP Allocations made by the Authority after April 1, 2006, ... shall be delivered by NYSEG in accordance with the terms and conditions of this [Supplemental Agreement].

Supplemental Agreement, at 5. Under the Supplemental Agreement, the Expansion Power customer will be treated effectively as a retail access customer under NYSEG’s retail access tariffs.

The Supplemental Agreement does not contemplate the filing of additional tariffs or rate schedules by NYPA to effectuate the terms of the Supplemental Agreement. In NYSEG’s view, EP-1 does not govern NYSEG’s delivery of Expansion Power directly sold by NYPA to NYSEG’s customers. Such delivery is not consummated under the Resale Agreement but rather

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is governed by the Supplemental Agreement. To avoid confusion and disputes, EP-1 should be revised to include a provision that recognizes that the NYPA and NYSEG may contract separately for the delivery of Expansion Power sold directly by the Authority, and that the customer will be required to adhere to that agreement. Such a clause could read as follows:

The Authority acknowledges that it has contracted, or may contract, with a Company for the Company's delivery of Expansion Power sold by the Authority pursuant to this Tariff (each, a "Delivery Agreement"). The Authority agrees, and shall cause each customer to agree, that in the event of any conflict between (a) this Tariff or any contract entered into by Authority and the customer pursuant to this Tariff, and (b) a Delivery Agreement, the Delivery Agreement shall control.

The above language mirrors the identical hierarchy established in the Supplemental Agreement (i.e., a Delivery Agreement), thereby providing additional clarity and guidance to the Expansion Power customer.

In addition to the above revisions and considerations, NYSEG offers two general observations. First, the Authority should ensure that terms used in EP-1 are consistent with terms used in contracts, like the Supplemental Agreement, that NYPA may enter with NYSEG or a customer. For example, the EP-1 Tariff refers to a "load splitter percentage" (Proposed EP-1 Tariff, Original Leaf No. 9, subsection F(1)), but such a term is not to be found in the Supplemental Agreement. Second, while it does not believe that EP-1 is applicable to NYSEG's delivery of Expansion Power sold directly by NYPA to eligible customers, NYSEG urges the

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Authority to consider NYSEG's recommended changes to ST-46 (e.g., with respect to defining the Supplemental Agreement and specifying that the recovery of NYISO Charges is from the customer) for application to EP-1.

B. Replacement Power

NYPA presents a tariff, NP-F1, for the direct sale, and sale for resale, of Replacement Power. Replacement Power consists of 450 megawatts of firm hydroelectric power and associated energy from the Authority's Niagara Power Project that the Authority is required by statute to make available to eligible customers located within thirty (30) miles of the Niagara Power Project.

While NYSEG will not be a party to any sales for resales of Replacement Power, NYSEG has agreed – under the Supplemental Agreement – to deliver Replacement Power, to be sold directly by NYPA to customers, pursuant to the terms of the Supplemental Agreement. As noted above, the Supplemental Agreement does not contemplate the filing of additional tariffs or rate schedules by NYPA to effectuate the terms of the Supplemental Agreement. In NYSEG's view, NP-F1 does not govern NYSEG's delivery of Replacement Power directly sold by NYPA to NYSEG's customers. Such delivery is not consummated under any resale agreement but rather is governed exclusively by the Supplemental Agreement. Nevertheless, NYSEG repeats the comments submitted above with respect to EP-1 (direct sales of Expansion Power) and

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requests that the Authority consider such comments (e.g., with respect to the recovery of NYISO Charges) for application to NP-F1.

To avoid confusion and disputes, NP-F1 should be revised to include a provision that recognizes that the NYPA and NYSEG may contract separately for the delivery of Replacement Power sold directly by the Authority, and that the customer will be required to adhere to that agreement. Such a clause could read as follows:

The Authority acknowledges that it has contracted, or may contract, with a Company for the Company's delivery of Replacement Power sold by the Authority pursuant to this Tariff (each, a "Delivery Agreement"). The Authority agrees, and shall cause each customer to agree, that in the event of any conflict between (a) this Tariff or any contract entered into by Authority and the customer pursuant to this Tariff, and (b) a Delivery Agreement, the Delivery Agreement shall control.

As noted previously, the above language mirrors the identical hierarchy established in the Supplemental Agreement (i.e., a Delivery Agreement), thereby providing additional clarity and guidance to the Replacement Power customer.

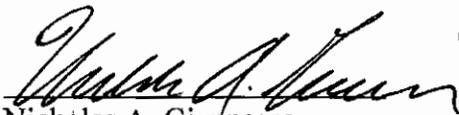
In addition to the above revisions and considerations, NYSEG recommends that the Authority should ensure that terms used in NP-F1 are consistent with terms used in contracts, like the Supplemental Agreement, that NYPA may enter with NYSEG or a Customer. For example, the NP-F1 Tariff refers to a "Contractor" as the entity that may purchase Replacement

Power for resale to a customer. See Proposed NP-F1, Original Leaf No. 4, Section C. The term “Contractor” is defined to mean the utility entity purchasing the Replacement Power, but NYPA typically refers to such an entity as the “Company” in other tariffs. NYSEG does not understand the rationale for introduction of this new term, and it may create customer confusion.

NYSEG thanks the Authority for the opportunity to submit the above comments in response to the NOPR and respectfully requests that the Authority give due consideration to incorporating NYSEG’s suggestions.

Very truly yours,

BLANK ROME LLP



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**1e. Procurement (Services) Contracts –
Business Groups/Units/Departments
and Facilities – Awards**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award and funding of the multiyear procurement contracts listed in Exhibit ‘1e-A’ for the Authority’s Business Groups/Units/ Departments and Facilities. Detailed explanations of the nature of such services, the bases for the new awards, if other than to the lowest-priced bidders and the intended duration of such contracts are set forth in the discussion below.

BACKGROUND

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

“The Authority’s Expenditure Authorization Procedures (‘EAPs’) require the Trustees’ approval for the award of non-personal services, construction 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.

DISCUSSION

“The terms of these contracts will be more than one year; therefore, the Trustees’ approval is required. Except as noted, all of these contracts contain provisions allowing the Authority to terminate the services for the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all contracts, which range in estimated value from \$150,000 to \$15.5 million. Except as noted, these contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

“The issuance of multiyear contracts is recommended from both cost and efficiency standpoints. In many cases, reduced prices can be negotiated for these long-term contracts. Since these services are typically required on a continuous basis, it is more efficient to award long-term contracts than to rebid these services annually.

Contracts in Support of Business Groups/Units/Departments and Facilities:

Corporate Services and Administration

Corporate Support Services

“Pursuant to the Authority’s lease agreement with the New York State Office of Alcoholism and Substance Abuse Services (‘OASAS’), the Authority is required to provide for janitorial services for the space leased by OASAS on the eighth and ninth floors of 501 Seventh Avenue in New York City. The contract with **Allied Cleaning Service (‘Allied’) (Q08-4260; PO# TBA)** would provide for such janitorial services for OASAS, as well as for the Authority’s New York Office at the same location. Services include, but are not limited to, removing rubbish; maintaining carpet, kitchen, coffee station, glass entrance door and partition and tile floor and providing lavatory supplies. Bid documents were downloaded electronically from the Authority’s Procurement website by 26 firms, including those that may have responded to a notice in the New York State Contract Reporter. Nine proposals were received and evaluated. A Post-Bid Addendum was subsequently issued to clarify pricing; four of the nine original bidders responded. Staff recommends the award of a contract to Allied, the lowest-priced bidder that is qualified and able to provide such services, and meets the bid requirements. The contract would become effective on July 1, 2008 for an intended term of 26 months (to coincide with the expiration of the Authority’s lease with the

Building on August 31, 2010), subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$124,000.

"The contract with **KONE, Inc. (Q08-4326; PO# TBA)** would provide for a complete maintenance agreement for elevators at the Authority's Clarence D. Rappleyea Building and garage. Services include, but are not limited to, at least 16 hours of maintenance per month implementing the KONE Maintenance Method, a structured approach to performing maintenance tailored to the building's needs. This award is made on a sole source basis, since KONE is the original equipment manufacturer; as such, KONE is intimately familiar with all the parts and controls for each elevator and, when needed, can get parts faster and at a much-reduced cost, thereby reducing downtime. The software that runs the logic controls for the Rappleyea building and garage elevators is proprietary to KONE; the contractor can implement upgrades to the system faster and at a much more reasonable price. In addition, KONE's service technicians are well trained, highly skilled, qualified and able to perform such work, and responsive to the Authority's needs. Based on the reasons outlined above, as well as KONE's excellent service record for routine preventive and emergency services performed under the existing contract and its attractive pricing, staff recommends the award of a new contract to KONE. It should also be noted that staff has negotiated three free months of maintenance from KONE, in addition to capping the labor rate increase at 5% for years two through four, and no increases will be passed on in the fifth year. The new contract would become effective on July 1, 2008 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$650,000.

Human Resources – Employee Benefits

"The Authority offers relocation benefits to eligible new and transferred employees, as set forth in Employee Policy 3.8. The contracts with **A-1 First Class - Viking Moving and Storage, Inc. ('Viking')** and **Meridian Moving Systems ('Meridian') (Q08-4279; PO#s TBA)** would provide for such corporate relocation moving services to the Authority's new and transferred employees on an 'as needed' basis. Services include assisting employees who have been transferred to a new work assignment on a non-temporary basis or new employees who must relocate to a new job location, as well as coordinating and managing the move of all household goods. Approximately 20 moves are anticipated (but not guaranteed) for 2008, of which one-third are expected to be from outside New York State. Bid documents were downloaded electronically from the Authority's Procurement website by 17 firms, including those that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated. Based on a pricing comparison drawn from fee worksheets, which indicate the estimated moving costs submitted by each bidder for a sample intrastate and interstate move, both firms offer comparable and competitive reductions on tariff rates, as well as other discounts. Both responding bidders are managed locally and are also agents of larger, national van lines: Viking with Atlas and Meridian with Mayflower Transit. Both bidders agreed to waive the peak-season transportation rates and use non-peak-season rates throughout the calendar year. Based on the foregoing, staff recommends the award of contracts to Viking and Meridian, which are qualified to perform such work and meet the bid requirements. The award of contracts to both firms would afford the Authority additional flexibility in case a van line is unavailable in a specific geographic area or during its busy season, or in the event of a billing dispute with or poor service by one company. This arrangement would benefit the Authority by better accommodating the Authority's needs and scheduling requirements (e.g., on short notice) and by taking advantage of the best pricing for intrastate and interstate moves. The contracts would become effective on July 1, 2008, for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total amount expected to be expended for the term of the contracts, \$500,000.

Energy Marketing and Corporate Affairs

Energy Services and Technology – Energy Services

"The three contracts with **Altran Solutions ('Altran')**, **BGA, LLC ('BGA')** and **Schuyler Engineering, PC ('Schuyler') (Q08-4236; PO#s TBA)** would provide for engineering and design services and/or specialty engineering consulting services in support of the Authority's Energy Services and Distributed Generation projects statewide on an 'as needed' basis. The projected volume of energy-saving implementation project work has increased steadily in recent years. Staff expects this trend to continue and anticipates that such firms and services will be used more heavily in the next several years to supplement the Authority's in-house engineering staff,

especially in view of new State initiatives such as the '15 by 15' Clean Energy Strategy. To this end, bid documents were downloaded electronically from the Authority's Procurement website by 90 firms, including those that may have responded to a notice in the New York State Contract Reporter. Eleven proposals were received and evaluated. Staff recommends award of contracts to three firms, Altran, BGA and Schuyler, the lowest-priced evaluated bidders, all of which are qualified to perform such work and meet the bid requirements. The contracts would become effective on June 25, 2008 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the aggregate total amount expected to be expended for the term of the contracts, \$750,000. All costs will be recovered by the Authority.

Internal Audit

"The Authority has been providing low-cost power to business and non-profit groups under various Economic Development Programs ('EDPs') enacted by State legislation. The companies applying for and receiving this low-cost power agree to maintain and/or create jobs in New York State. These customers are required to report their job levels annually to the Authority. In past years, the Authority has engaged outside auditors to perform on-site verifications of the job commitments based on a sample selection of customers. The contract with **Dannible & McKee, LLP (Q08-4267; PO# TBA)** would provide for such additional audit resources and services in connection with customer job commitments to the Authority's various Economic Development Programs, in order to verify that job levels reported by customers are accurate and in compliance with contractual requirements. To this end, bid documents were downloaded electronically from the Authority's Procurement website by 13 firms, including those that may have responded to a notice in the New York State Contract Reporter. Five proposals were received and evaluated. Staff recommends the award of a contract to Dannible & McKee, the lowest-priced bidder that is qualified to perform such services and meets the bid requirements. In addition, the firm has provided satisfactory services under an existing contract for such work. The new contract would become effective on July 1, 2008, for an intended term of up to three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$200,000.

Power Generation

"The two contracts with **DMJM + Harris, Inc. ('DMJM')** and **RCM Technologies, Inc. ('RCM') (Q08-4281; PO#s TBA)** would provide for on-call construction management and engineering services for the Authority's plants in the Southeastern New York ('SENY') Region, as well as construction management services for the Upstate Projects in the Western, Northern and Central Regions, as needed. To this end, bid documents were downloaded electronically from the Authority's Procurement website by 37 firms, including those that may have responded to a notice in the New York State Contract Reporter. Four proposals were received and evaluated. The evaluation criteria to determine the most responsive bidder included experience in engineering consulting, construction management and by region or locale, as well as hourly rates. Based on the foregoing, staff recommends the award of contracts to RCM and DMJM, the two lowest-priced and most responsive bidders that are qualified to perform such work and meet the bid requirements. The award of contracts to two firms would afford the Authority additional flexibility and an adequate resource pool for both SENY and Upstate long-term construction management staffing assignments, as well as engineering assignments for the SENY region. This arrangement would benefit the Authority by better accommodating the Authority's needs, scheduling and staffing requirements and by taking advantage of the best pricing as projects are assigned. The contracts would become effective on July 1, 2008 for an intended term of up to 3.5 years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the aggregate total amount expected to be expended for the term of the contracts, \$5 million.

"Due to the urgent need to commence services, the emergency sole source contract with **GE International, Inc. ('GEII') (PO# 4500158393)** became effective on May 22, 2008. The Trustees were briefed at the May 20, 2008 Trustees' meeting, with the contract subject to formal approval at the June 24, 2008 Trustees' meeting. The purpose of this contract is to provide for complete shop repairs of the compressors for the 7A and 7B rotors, as well as to supply compressor stator vanes, for the 500 MW Combined Cycle Plant. By way of background, shim migration and shim liberation are known issues documented by GE, the original equipment manufacturer, in a Technical Information Letter advising owners of this issue. Accordingly, the compressors on each 500 MW unit were last inspected in 2007 and there was no evidence of such issues. As a result of borescope inspections conducted in April 2008, serious shim migration and liberation issues throughout both machines were discovered. Additional testing and engineering analyses performed by GE and The Wood Group confirmed these results.

Various compressor repair options were discussed with the Trustees and the most complete and viable option offered by GE was accepted. The current maintenance contractor for the 500 MW plant, The Wood Group, is unable to provide all the required parts (e.g., GE is the only supplier of stator vanes in the current market) or to repair the units as expeditiously as GE. Therefore, GE will repair the units at the Authority's cost and The Wood Group will proceed with all the other outage requirements. Although GE has indicated that it will repair both machines and return them to the 500 MW site within four weeks from receipt of the units at its shop in Texas, the projected term of this contract may be up to five months, in the event that refurbishment of other parts is required. The Trustees are hereby requested to formally approve award of the subject contract with GE for the total not-to-exceed amount of \$15.5 million.

"The contract with **National Vacuum Corp. ('NVC') (1086440-62; PO# TBA)** would provide for industrial cleaning services for foundation drainage systems and galleries at the Niagara Power Project. Such services utilize high-pressure water jet and vacuum cleaning processes for various concrete decks, walls, hatch covers, structures and piping systems at the Robert Moses Niagara Power Project and Lewiston Pump Generating Plant. Bid documents were downloaded electronically from the Authority's Procurement website by eight firms, including those that may have responded to a notice in the New York State Contract Reporter. One proposal was received and evaluated. Based on its ability to perform the work and reasonable pricing, staff recommends award of a contract to NVS, the sole responding bidder that is qualified to perform such services, meets the bid requirements, and has provided satisfactory service under an existing contract for such work. The new contract would become effective on July 1, 2008 for an intended term of up to four years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$650,000.

"The two contracts with **Sienna Environmental Technologies, LLC ('Sienna')**, a New York State certified Minority and Women's Business Enterprise ('M/WBE'), and **Stohl Environmental, LLC ('Stohl') (10086440-61; PO#s 4600001922 and 4600001923)** would provide for sampling and consulting services for asbestos, lead and coatings at the Niagara Power Project in accordance with all applicable safety and health standards and Authority policy. Services include, but are not limited to, inspections, assessments, sampling-testing-analysis, abatement design and project monitoring. Bid documents were downloaded electronically from the Authority's Procurement website by 27 firms, including those that may have responded to a notice in the New York State Contract Reporter. Six proposals were received and evaluated. Staff recommends award of contracts to Sienna and Stohl, the lowest-priced evaluated bidders qualified to perform such work and meet the bid requirements, both of which have provided satisfactory service under existing contracts for such work. The new contracts would become effective on July 1, 2008 for an intended term of up to four years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total amount expected to be expended for the term of the contracts, \$600,000.

"The contract with Universal Office Cleaning ('Universal') (Q08-4247; PO# TBA) would provide for janitorial and other cleaning services for the Authority's Richard M. Flynn Power Plant and the Small Clean Power Plant at Brentwood. Bid documents were downloaded electronically from the Authority's Procurement website by 29 firms, including those that may have responded to a notice in the New York State Contract Reporter. Seven proposals were received and evaluated. Staff recommends award of a contract to Universal, the lowest-priced qualified bidder that meets the bid requirements, which has provided satisfactory service under an existing contract for such work. The new contract would become effective on July 1, 2008 for an intended term of three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$150,000.

FISCAL INFORMATION

"Funds required to support contract services for various Business Groups/Units/Departments and Facilities have been included in the 2008 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the project's Capital Expenditure Authorization Request. Payment for the contracts in support of Energy Services Programs will

be made from the Energy Conservation Effectuation and Construction Fund. All costs, including Authority overheads and the cost of advancing funds, will be recovered by the Authority consistent with other Energy Services and Technology Programs.

RECOMMENDATION

“The Vice President – Project Management, the Vice President – Engineering, the Vice President – Internal Audit, the Director – Employee Benefits, the Director – Energy Services, the Director – Corporate Support Services, the Manager – Environmental Operations, the Regional Manager – Northern New York, the Regional Manager – Western New York, the Regional Manager – Central New York and the Regional Manager – Southeastern New York recommend the Trustees’ approval of the award of multiyear procurement contracts to the companies listed in Exhibit ‘1e-A’ for the purposes and in the amounts set forth above.

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer, the Executive Vice President – Corporate Services and Administration, the Executive Vice President – Energy Marketing and Corporate Affairs, the Executive Vice President and Chief Engineer – Power Generation, the Senior Vice President – Energy Services and Technology and I concur in the recommendation.”

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement services contracts set forth in Exhibit “1e-A,” attached hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended 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, General Counsel and Chief of Staff.

**1f. Procurement (Services) and Other Contracts –
Business Groups/Units/Departments and Facilities –
Extensions, Additional Funding and Increases in
Compensation Ceilings**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the continuation and funding of the procurement (services) and other contracts listed in Exhibit ‘1f-A’ in support of projects and programs for the Authority’s Business Groups/Units/Departments and Facilities. The Trustees are also requested to approve increases in the compensation ceilings of the contracts with the Electric Power Research Institute, Inc. and GE Packaged Power, Inc. Detailed explanations of the nature of such services, the reasons for extension, the additional funding required and the projected expiration dates are set forth below.

BACKGROUND

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

“The Authority’s Expenditure Authorization Procedures (‘EAPs’) require the Trustees’ approval when the cumulative change order value of a personal services contract exceeds the greater of \$250,000 or 35% of the originally approved contract amount not to exceed \$500,000, or when the cumulative change order value of a non-personal services, construction, equipment purchase or non-procurement contract exceeds the greater of \$500,000 or 35% of the originally approved contract amount not to exceed \$1 million.

DISCUSSION

“Although the firms identified in Exhibit ‘1f-A’ have provided effective services, the issues or projects requiring these services have not been resolved or completed, and the need exists for continuing these contracts. The Trustees’ approval is required because the terms of these contracts exceed one year and/or because the cumulative change order limits will exceed the levels authorized by the EAPs in forthcoming change orders. All of the subject contracts contain provisions allowing the Authority to terminate the services at the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures.

“Extension of each of the contracts identified in Exhibit ‘1f-A’ is requested for one or more of the following reasons: (1) additional time is required to complete the current contractual work scope or additional services related to the original work scope; (2) to accommodate an Authority or external regulatory agency schedule change that has delayed, reprioritized or otherwise suspended required services; (3) the original consultant is uniquely qualified to perform services and/or continue its presence and re-bidding would not be practical or (4) the contractor provides a proprietary technology or specialized equipment, at reasonably negotiated rates, that the Authority needs to continue until a permanent system is put in place.

Contracts in Support of Business Groups/Units/Departments and Facilities:

Energy Marketing and Corporate Affairs

Energy Services and Technology – Energy Services

“The contract with **DMJM + Harris, Inc. (4500142555)** provides for consulting services in connection with the Authority’s application to the United States Green Building Council (‘USGBC’) for Leadership in Energy and Environmental Design – Existing Building (‘LEED-EB’) Certification of buildings at five Authority Facilities

(i.e., the Administrative Building at the Charles Poletti and Niagara Power Projects and the Clark Energy Center, and the Visitors Centers at the Blenheim-Gilboa and St. Lawrence/FDR Power Projects, respectively). The original award, which was competitively bid, became effective on June 6, 2007; it was anticipated that the certification process would be completed within one year. The analysis to determine the viability of attaining LEED certification for the respective buildings requires the installation of special metering at each location, followed by a three-month benchmarking period to determine the building's Energy Star score and analysis. This process has taken longer than anticipated, primarily because metering has not been completed within the anticipated timeframe. A short-term interim extension through June 24, 2008 was subsequently authorized in accordance with the Authority's Guidelines for Procurement Contracts. An additional one-year extension is now requested in order to complete the metering, Energy Star benchmarking, LEED analysis and certification process. The current contract amount is \$259,000; staff anticipates that no additional funding will be required for the extended term. The Trustees are requested to ratify the interim extension and approve an additional extension of the subject contract through June 24, 2009, with no additional funding requested.

Energy Services and Technology - Research and Technology Development

“The contract with **Kestrel Power Engineering, Inc. (4500140970)** provides for generator testing services and model development at the Blenheim-Gilboa Power Project ('B-G'). The purpose of this project is to obtain accurate dynamic model structure and model parameters for one refurbished generator unit at B-G, including its excitation system and associated governor controls, in order to assist the Authority's System Planning staff and the New York Independent System Operator ('NYISO') in establishing secure system operating limits. The original award, which was competitively bid, became effective on September 1, 2007 for a term of less than one year. Initial testing performed in September 2007 identified some open issues, which required that additional testing be performed on the second newly refurbished unit, in order to ensure that all outstanding issues had been successfully resolved and to validate the results. Staff planned to coordinate the additional testing with the May 2008 commissioning/start-up tests for the second unit, but due to the complexity of the start-up tests and the need to return the unit to service by June 1, the additional modeling tests had to be postponed. Although such testing is now tentatively scheduled for September 2008, an extension of up to nine months is requested to allow sufficient time to complete all testing and modeling, which can only be performed during a scheduled plant outage in a 'shoulder' season (i.e., spring or fall) and depends on plant and vendor availability. The current contract amount is \$34,000; staff anticipates that no additional funding will be required for the extended term. The Trustees are requested to approve the extension of the subject contract through May 31, 2009, with no additional funding requested.

“The contract with **Test Laboratories International, Inc. ('TLI') (4500143484)** provides for furnishing, installing, validating and performance monitoring of new Network Based Fault Data Analyzer ('NBFDA') software on existing Authority hardware platforms for Digital Fault Recorders ('DFRs'), which will enable Authority staff and crews to quickly detect, locate, analyze and repair transmission line faults. The original award, which was competitively bid, became effective on August 23, 2007 for a term of one year; all services were expected to be completed within the specified term. Due to the implementation of upgrades to Authority cyber network standards and architecture, pursuant to new cyber security requirements mandated by the North American Electric Reliability Corporation ('NERC'), services under this contract were temporarily suspended and the project was delayed. A nine-month extension is now requested to allow sufficient time to complete all services related to the NBFDA system per the original scope of work. The current contract amount is \$172,000; staff anticipates that no additional funding will be required for the extended term. The Trustees are requested to approve the extension of the subject contract through May 22, 2009, with no additional funding requested.

Increase in Compensation Ceiling:

“As part of its membership in the **Electric Power Research Institute, Inc. ('EPRI')**, the Authority participates in various projects that may benefit the operation of its hydroelectric plants. One such project is investigating whether power generation and water usage in hydroelectric plants can be better optimized if accurate water flow data are available to system operators by providing accurate, real-time water-flow measurement data for plant operations. To this end, the Tailored Collaboration/Co-Funding Agreement with EPRI (**4500127340**) provided for an evaluation of the feasibility of applying the Acoustic Doppler Current Profiler ('ADCP') technology to measure water flow velocities, diversions and water levels where water enters the transition area between the Lewiston Pump Generating Plant and the main Robert Moses Plant at the Niagara Power Project. The subject

contract became effective on July 25, 2006 for an initial term of less than one year, with initial funding for Phase I (Planning and Feasibility Analysis) only. The project contemplated three phases, with progress to the next phase depending on the results and findings of each previous phase. Upon successful completion of Phase I, authorization was obtained to proceed with Phase II (System Design, Installation and Calibration) and Phase III (Plant Integration and Application), and the commensurate funding was approved in accordance with the Authority's EAPs. Following the successful testing of the ADCP technology, the EPRI consultant's design was submitted for review by the Authority's site engineering and safety staff, who recommended that this installation be redesigned and made permanent (including a concrete platform, a track attached to the wall and an electrical reel retrieval system for the flow meter). An additional 11-month extension is now requested to allow for completion of the additional work scope for the upgraded permanent installation, as well as for completion of the Phase II and III work that cannot be performed until after the permanent system has been installed. The current contract amount is \$444,500; staff anticipates that an additional \$270,000 will be required for the additional work scope and the extended term. The Trustees are requested to approve the extension of the subject contract through December 31, 2009, and the additional funding requested, thereby increasing the compensation ceiling to \$714,500.

Law Department

"At their meeting of June 27, 2006, the Trustees approved the award of a two-year sole source contract to **Cravath, Swaine & Moore LLP (4500125893)**, in the amount of \$250,000, to provide for legal representation services to perform work related to legislative and State budget issues. At their meeting of March 27, 2007, the Trustees approved the expansion of such contract into a continuous service agreement with the assignment of litigation support for the Entergy Value Sharing Agreement and also to provide advice, counsel and representation on certain other transactions and legal proceedings as may be requested by the Authority. The Trustees also approved the consolidation of previous funding authorizations for various continuous service agreements into a single authorization and increased said aggregate authorization by \$2.5 million, to be funded through the Law Department budget for outside counsel. Since there is an ongoing need for the services of this firm, a two-year extension is now requested. The Trustees are requested to approve the extension of the subject contract through June 30, 2010. The current contract amount is \$1.1 million. Services provided under this agreement will be funded through the Law Department budget for outside counsel, consistent with the previously approved authorization for aggregate legal funding contained therein.

Power Generation

Increase in Compensation Ceiling:

"At their meeting of March 27, 2007, the Trustees approved the award of a five-year sole source contract to **GE Packaged Power, Inc. ('GEPP') (4600001798)**, in the amount of \$6 million, to provide for emergency repair support services, as well as necessary maintenance services that only GEPP is qualified to provide, for the LM6000 Small Clean Power Plants ('SCPPs'). Since the inception of the contract, the LM6000 units have experienced unanticipated emergency failures that are no longer covered by any warranty. Major repairs (e.g., hot section rotatable exchange, high-pressure compressor repair, stage 2 blade repairs, oil leaks, etc.) were required to support the Hell Gate, Harlem River, Pouch, Vernon and Kent SCPPs. The extent of such repairs could not be anticipated at the time of contract award, since they are not readily evident from operational data and field inspections. (It should be noted that such issues are not unique to the Authority and that GEPP has established a task force to analyze the failures that the Authority and other LM6000 users have experienced.) The Authority has benefitted from GEPP's expertise and quick responses. GEPP is the original equipment manufacturer and, as such, is uniquely qualified to perform such services. GEPP has the required engineering resources, parts and other assets available on a 24/7 basis. GEPP also has engines for lease during repairs, so that the Authority can maintain its New York Independent System Operator UCAP. GEPP will continue to provide all such required services under this one contract, enabling the Authority to receive discounts on GE's published rates, as well as an 18-month warranty for parts and services (an extension of GEPP's standard 12-month warranty). Based on the foregoing, staff recommends the continuation of the subject long-term service agreement with GEPP. The current 'Target Value' is \$6 million, of which approximately \$5.12 million has been released to date. The aforementioned unanticipated emergency repairs account for the accelerated rate of expenditures. Staff currently estimates that an additional \$5 million may be required to continue services through the end of the previously approved term, March 31, 2012. The Trustees are

therefore requested to approve the additional funding expected to be expended for the term of the contract, thereby increasing the compensation ceiling to \$11 million.

FISCAL INFORMATION

“Funds required to support contract services for various Headquarters Office Business Groups/Units/ Departments and Facilities have been included in the 2008 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

“Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the Project’s Capital Expenditure Authorization Request (‘CEAR’).

RECOMMENDATION

“The Vice President – Engineering, the Vice President – Project Management, the Director – Energy Services, the Chief Technology Development Officer, the Regional Manager – Northern New York, the Regional Manager – Western New York, the Regional Manager – Central New York and the Regional Manager – Southeastern New York recommend the Trustees’ approval of the extensions, funding and increases in compensation ceilings of the procurement (services) and other contracts discussed within the item and/or listed in Exhibit ‘1f-A.’

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer, the Executive Vice President – Corporate Services and Administration, the Executive Vice President – Energy Marketing and Corporate Affairs, the Executive Vice President and Chief Engineer – Power Generation, the Senior Vice President – Energy Services and Technology, the Senior Vice President – Transmission and I concur in the recommendation.”

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, each of the contracts listed in Exhibit “1f-A,” attached hereto, is hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures, increases in the compensation ceilings of the contracts with the Electric Power Research Institute, Inc. and GE Packaged Power, Inc., are hereby approved, as recommended in the foregoing report of the President and Chief Executive Officer, in the amounts and for the purposes listed below:

<u>O&M</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
Tailored Collaboration/ Co-Funding Agreement for Doppler water flow measurement project at the Niagara Project:		
Electric Power Research Institute, Inc. 4500127340		
Previously authorized amount	\$444,500	12/31/09
Additional amount requested	<u>270,000</u>	
REVISED COMP. CEILING	<u>\$ 714,500</u>	

<u>O&M / Capital</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
Provide for emergency repair support services and necessary maintenance services for the Small Clean Power Plants:		
GE Packaged Power, Inc. 4600001798		
Previously approved amount	\$6,000,000	03/31/12
Additional amount requested	<u>5,000,000</u>	
REVISED COMP. CEILING	<u>\$11,000,000</u>	

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, General Counsel and Chief of Staff.

Procurement (Services) and Other Contracts – Extensions
 (For Description of Contracts See "Discussion")

EXHIBIT "1f-A"
 June 24, 2008

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
Contracts in support of Headquarters Business Units and the Facilities:								
ENERGY MARKETING AND CORP AFFAIRS - ES&T / Energy Services	DMJM + HARRIS, INC. 4500142555	06/06/07	Provide for consulting services in connection with LEED certification for buildings at five (5) Authority Facilities	06/24/09	B/P	\$259,000	\$100,845	\$259,000*
						*Note: represents originally approved contract amount; NO ADDITIONAL FUNDING REQUESTED.		
ENERGY MARKETING AND CORP AFFAIRS - ES&T / R&TD and B-G	KESTREL POWER ENGINEERING, INC. 4500140970	09/01/07	Provide for generator testing and model development for B-G	05/31/09	B/P	\$34,000	\$19,300	\$34,000*
						*Note: includes originally approved amount of \$19,300 + an additional \$14,700 authorized per EAPs; NO ADDITIONAL FUNDING REQUESTED.		
ENERGY MARKETING AND CORP AFFAIRS - ES&T / R&TD	TEST LABORATORIES INTERNATIONAL, INC. 4500143484	08/23/07	Provide for new Network Based Fault Data Analyzer software, installation, validation and performance monitoring on existing Authority hardware platforms for Digital Fault Recorders	05/22/09	B/P	\$172,000	\$27,626	\$172,000*
						*Note: represents originally approved contract amount; NO ADDITIONAL FUNDING REQUESTED.		
Increase in Compensation Ceiling:								
ENERGY MARKETING AND CORP AFFAIRS - ES&T / R&TD + NIAGARA	ELECTRIC POWER RESEARCH INSTITUTE 4500127340	07/25/06	Tailored Collaboration / Co-Funding Agreement for Doppler water flow measurement project at the Niagara Project	12/31/09	S/N	\$444,500	\$72,500	\$714,500*
						*Note: includes originally approved contract amount of \$72,500 + an additional \$372,000 authorized per EAPs + CURRENT INCREASE OF \$270,000.		

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search

2 Contract Type: P= Personal Service; S= (Non-Personal) Service, C= Construction; E= Equipment; N= Non-Procurement

Procurement (Services) and Other Contracts – Extensions
 (For Description of Contracts See "Discussion")

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
LAW	CRAVATH, SWAINE & MOORE LLP 4500125893	06/06/06	Continuous Service Agreement for legal services, as needed	06/30/10	S/P	\$1,100,000	\$952,784	*
						*Note: to be funded through the Law Dept budget for outside counsel, consistent with the previously-approved authorization for aggregate legal funding contained therein. NO ADDITIONAL AGGREGATE FUNDING REQUESTED.		
<u>Increase in Compensation Ceiling:</u>								
POWER GEN - SCPPs	GE PACKAGED POWER, INC. 4600001798	04/01/07	Provide for emergency repair support services and necessary mainte- nance services for the SCPPs	03/31/12	S/S	\$6,000,000 ("Target Value")	\$5,118,095 ("Released Amount")	\$11,000,000*
						*Note: includes original amount of \$6M previously approved by the Trustees + CURRENT INCREASE OF \$5M.		

1 Award Basis: B= Competitive Bid; S= Sole Source; C= Competitive Search
 2 Contract Type: P= Personal Service; S= (Non-Personal) Service, C= Construction; E= Equipment; N= Non-Procurement

1g. Hydropower Contracts with Upstate Investor-Owned Utilities for the Benefit of Rural and Domestic Consumers - Transmittal to the Governor

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the attached contract extensions for sale to National Grid (formerly Niagara Mohawk Power Corporation), New York State Electric & Gas Corporation (‘NYSEG’) and Rochester Gas & Electric Corporation (‘RG&E’) (hereinafter referred to collectively as the ‘Utilities’) of a total of 455 MW of firm and 360 MW of firm peaking hydropower and authorize their transmittal to the Governor for his approval. The proposed contract extensions with National Grid, NYSEG and RG&E are attached as Exhibits ‘1g-A,’ ‘1g-B’ and ‘1g-C,’ respectively.

BACKGROUND

“The Utilities had been receiving firm power from the St. Lawrence/FDR and Niagara Power Projects and firm peaking hydropower from the Niagara Project for resale to rural and domestic consumers under contracts signed in 1990 that expired on August 31, 2007 (the ‘1990 Hydro Contracts’). The power is purchased at the cost-based hydropower rate and the benefits are passed on to the Utilities’ residential and small farm customers (the rural and domestic, or ‘R&D,’ customers) without markup under Public Service Commission tariffs.

“At their July 31, 2007 meeting, the Trustees approved an extension of the 1990 Hydro Contracts (the ‘2007 Contract Extensions’) to take effect on an interim basis on September 1, 2007, pending completion of the formal contract approval process under §1009 of the Public Authorities Law. At their meeting on September 25, 2007, the Trustees authorized the holding of a public hearing, pursuant to Section 1009 of the Public Authorities Law, on the 2007 Contract Extensions. The public hearing was held on November 8, 2007 at Syracuse City Hall. At their meeting on November 27, 2007, the Trustees approved transmitting the 2007 Contract Extensions to the Governor with the recommendation that they be approved. The Governor approved the 2007 Contract Extensions on February 4, 2008. The 2007 Contract Extensions will expire on June 30, 2008.

“Chapter 59 of the Laws of 2006 (Part U) authorized the creation by the Governor of a ‘Temporary State Commission on the Future of New York State Power Programs for Economic Development’ (‘Commission’). The charge to the Commission was to recommend to the Governor and the Legislature on or before December 1, 2006 ‘whether to continue, modify, expand or replace the state’s economic development power programs, including but not limited to the power for jobs program and the energy cost savings benefit program. . . .’

“On December 1, 2006, the Commission issued its report, which included an array of findings and recommendations. A key recommendation of the report was that, among other things, hydropower now sold to the Utilities be ‘redeployed’ for economic development purposes.

DISCUSSION

“The Power for Jobs and Energy Cost Savings Benefit Programs were extended for an additional year through June 30, 2008 (Chapter 89 of the Laws of 2007) with the understanding that a reformation of the State’s economic development power programs was necessary in order to create a long-term power resource with price stability for business, whether based on the recommendations of the Commission or some other approach. It was anticipated that this issue will be addressed before the current programs expire in mid-2008. These programs have since been further extended to June 30, 2009 (Chapter 59 of the Laws of 2008).

“Since the 2007 Contract Extensions are scheduled to expire on June 30, 2008, new contract extensions with the Utilities are necessary so that the benefits of low-cost hydropower can continue to flow to the Utilities’ R&D customers until such time as new legislation is enacted that redeploys this hydropower for other purposes. The new contract extensions (the ‘2008 Contract Extensions’) have a provision that will permit service to continue on a

month-to-month basis until the Governor approves them. Should the Governor reject the 2008 Contract Extensions, they will terminate on the last day of the month following the month during which the Governor disapproves them.

“The 2008 Contract Extensions would continue the sale of firm and firm peaking hydropower to the Utilities in the amounts approved by the Trustees at their July 31, 2007 meeting, specifically, for National Grid, 189 MW of firm and 175 MW of firm peaking; for NYSEG, 167 MW of firm and 150 MW of firm peaking and for RG&E, 99 MW of firm and 35 MW of firm peaking. The 2008 Contract Extensions would have a term of 18 months to December 31, 2009, subject to earlier termination by the Authority on 30 days’ advance written notice.

“In addition to the withdrawals specified above, the Authority may reduce or terminate service if it is determined to be necessary to comply with any ruling, order or decision by a regulatory or judicial body or the Trustees relating to hydropower and energy allocated under the proposed contracts.

“The 2008 Contract Extensions provide for the deletion of a provision in the 1990 Hydropower Contracts (Article K – Restoration of Withdrawn Power and/or Energy) that would restrict the sale of any industrial hydropower surrendered by Alcoa, Reynolds (now a part of Alcoa) or General Motors to certain geographic regions of the State or to certain classes of customers served by the Utilities. Specifically, Article K of the 1990 Hydro Contracts would require that the first 25 MW of surrendered power and energy be made available for permanent allocations to businesses served by National Grid and NYSEG within the counties of Franklin, Clinton and St. Lawrence. Surrendered power and energy in excess of the first 25 MW would be made available for direct allocations to businesses served by the Utilities. It is necessary to terminate Article K since its terms conflict with the more recently enacted Preservation Power legislation governing the reallocation of power and energy surrendered by these industries.

“At their meeting on April 29, 2008, the Trustees authorized the holding of a public hearing, pursuant to Section 1009 of the Public Authorities Law, on the 2008 Contract Extensions. Copies of the proposed form of the contracts were transmitted to the Governor and the leaders of the State Legislature. In accordance with Section 1009, notice of such public hearing was published once each week for at least 30 days in at least six newspapers throughout the State. During that period, copies of the form of the contracts were made available for public inspection in the offices of the Authority and at other places throughout the State designated by the Authority, as well as on the Authority’s website.

“The public hearing was held on June 4, 2008 at Syracuse City Hall. The final transcript of the hearing is attached hereto as Exhibit ‘5-D.’ Staff has reviewed the transcript of the hearing, including the seven written statements submitted for inclusion in the record.

“The six speakers at the hearing were: Richard D. Byrnes, Vice-President – Operations, Crucible Special Metals; Bruce T. Brach, Operations Manager, Harden Furniture Inc.; Ron Edwards, Manager of Engineering and Energy Conservation, Revere Copper Products, Inc.; Tom Slocum, Shop Chairman, UAW Local 2367, Revere Copper Products, Inc.; Mike C. Bambury, Citizen Action Program Chairman, UAW Local 2367, Revere Copper Products, Inc. and Randy Wolken, President, Manufacturers Association of Central New York.

“All of the speakers represented organizations that currently receive Authority power through one or more of its economic development programs. These speakers expressed their concern for the future of the Authority’s economic development programs, detailing how challenging it is for them to do business in New York State and how critical the Authority’s programs are to controlling some of their costs. The speakers outlined the steps they have taken to control their costs and expressed frustration with New York’s high electricity rates and emphasized how urgent it is for the State to do something for the long term in order to help them. They stated that, while the Power for Jobs (‘PFJ’) and Economic Development Power (‘EDP’) programs have provided some relief, a better, more comprehensive, long-term solution to reduce high electricity costs is necessary to retain manufacturing jobs in the State. They believe that the hydropower now being sold to the three upstate investor-owned utilities should be part of that solution.

“A written statement by Donald Wharton, President of the Gunlocke Company, which participates in the Economic Development Power (‘EDP’) and Energy Cost Savings Benefit programs, observed that without EDP cost savings, Gunlocke’s in-state plant would have power costs 66% higher than its other plant in Indiana. While the

entities that submitted statements would like to see the hydropower used differently, none of them objected to the proposed contract extensions with the Utilities, believing that the 2008 Contract Extensions should provide the State sufficient time to determine how the hydropower should best be used.

“NYSEG and RG&E requested that their versions of the 2008 Contract Extensions include reference to a February 14, 2008 letter agreement that modified the calculation of the monthly savings calculations that is shown on their residential consumers’ bills. Staff considers this a ministerial change and recommends that the 2008 Contract Extensions for NYSEG and RG&E sent to the Governor for his approval include this change.

FISCAL INFORMATION

“The 2008 Contract Extensions provide that the Utilities continue to pay for hydropower at the same rates they are currently charged, that is, determined in accordance with the ratemaking principles incorporated in the Auer Settlement and subsequent rate settlements. At their April 24, 2007 meeting, the Trustees approved an increase in these rates effective May 1, 2008. Accordingly, there will be no fiscal impact associated with the power sold on a month-to-month basis.

RECOMMENDATION

“The Manager – Power Contracts recommends that the Trustees authorize the transmittal of the 2008 Contract Extensions to the Governor for his approval.

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer, the Executive Vice President – Energy Marketing and Corporate Affairs, 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 contract extensions for the sale of hydroelectric power and energy generated by the Authority for sale to National Grid, New York State Electric & Gas Corporation and Rochester Gas & Electric Corporation are in the public interest and should be forwarded with a recommendation that they be approved, along with the record of the public hearing thereon, to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee; and be it further

RESOLVED, That the Chairman and the Corporate Secretary be authorized and directed to execute such contract extensions in the name of and on behalf of the Authority after the agreements have been approved by the Governor; and be it further

RESOLVED, That the Senior Vice President – Marketing and Economic Development or his designee be, and hereby is, authorized, subject to approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff, to negotiate and execute any and all documents necessary or desirable to implement the contract extensions with National Grid, New York State Electric & Gas Corporation and Rochester Gas & Electric Corporation as set forth in the foregoing report of the President and Chief Executive Officer; effectuate such contract extensions; and be it further

June 24, 2008

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, General Counsel and Chief of Staff.

2008 Amendment to and Extension of Service Agreement of Niagara Mohawk Power Corporation under Service Tariff No. 41 and Service Tariff No. 42

Niagara Mohawk Power Corporation, d/b/a National Grid ("Company") and the New York Power Authority ("Authority") are parties to an agreement dated February 22, 1989 under which the Authority sells certain quantities of hydroelectric power and energy from Authority's Niagara and St. Lawrence Projects to Company for resale to its rural and residential consumers (the "Service Agreement under ST No. 41 and ST No. 42"). Company and Authority have previously extended the Service Agreement under ST No. 41 and ST No. 42 to June 30, 2008 by letter agreement dated August 30, 2007 (the "2007 Amendment").

Company and Authority agree to terminate the 2007 Amendment effective July 1, 2008, and further extend and modify certain terms of the Company's Service Agreement under ST No. 41 and ST No. 42 as follows:

- 1) The amount of Firm Hydroelectric Power and Energy allocated to Company under Service Tariff No. 41 will be reduced from 230 MW to 189 MW. The Firm Peaking Power allocation of 175 MW under Service Tariff No. 42 will remain unchanged.
- 2) Article E – Rates. The current text is deleted in its entirety and is replaced with the following text.

"The rates charged by the Authority under this Agreement shall be established in accordance with this Article.

The Authority shall charge and Company shall pay the preference power rates adopted by the Authority on April 24, 2007, as such rates may be revised from time to time. Company waives any and all objections, suits, appeals or other challenges to the preference power rates adopted by the Authority on April 24, 2007, except as otherwise provided for below.

Company waives any challenges to any of the following methodologies and principles used by the Authority to set future preference power rates, numbers (ii) through (vii) as set forth in the "January 2003 Report on Hydroelectric Production Rates" as modified by the April 2003 "Staff Analysis of Public Comments and Recommendations":

- (i) The principles set forth in the March 5, 1986 Settlement Agreement settling *Auer v. Dyson*, No. 81-124 (Sup. Ct. Oswego Co.), *Auer v. Power Authority*, Index No. 11999-84 (Sup. Ct. N.Y. Co.) and *Delaware County Electric Cooperative, Inc. v. Power Authority*, 82 Civ. 7256 (S.D.N.Y.) (the "Auer Settlement").

- (ii) Recovery of capital costs using Trended Original Cost and Original Cost methodologies.
- (iii) Treatment of sales to third parties, including the New York Independent System Operator.
- (iv) Allocation of Indirect Overheads.
- (v) Melding of costs of the Niagara Power Project and St. Lawrence-FDR Power Project for ratemaking.
- (vi) Post-employment benefits other than pensions (*i.e.*, retiree health benefits).
- (vii) Rate Stabilization Reserve (RSR) methodology.

In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Company shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of the remaining methodologies and principles that continue to be employed by the Authority.'

- 3) Article F – Transmission. The current text is deleted in its entirety and is replaced with the following text.

“In accordance with the terms of the existing transmission service agreement, which by its terms will expire on August 31, 2007, Company will cease taking transmission service from Authority and will instead take transmission service under the New York Independent System Operator's ("NYISO") Open Access Transmission Tariff. Company agrees to settle any outstanding transmission charges that may apply prior to September 1, 2007 including any subsequent NYISO true up settlements.”

- 4) Article G – Notification. In the contact address for Authority replace “10 Columbus Circle, New York, NY 10019” with 123 Main Street, White Plains, NY 10601”.
- 5) Article K - Restoration of Withdrawn Power and/or Energy is deleted in its entirety.
- 6) Article L – Term of Service, is revised to read as follows:

”Service under this contract shall commence at 12:01 A.M. on January 1, 1990 and shall continue unless cancelled as provided for in the “Withdrawals of Power and/or Energy” or the “Cancellation or Reduction” provisions until December 31, 2009, subject to earlier termination by the Authority with respect

to any or all of the quantities of power and energy provided hereunder on at least thirty (30) days' prior written notice to Company."

- 7) Article M – Availability of Energy – Firm and Firm Peaking Hydroelectric Power Service. In the third paragraph, line 1, starting with the words "In the event that . . ." through ". . . minimize the impact of such reductions." on line 10, replace with the following:

"The Authority will have the right to reduce on a pro rata basis the amount of energy provided to Company under Service Tariffs Nos. 41 and 42 if such reductions are necessary due to low flow (i.e. hydrologic) conditions at the Authority's Niagara and St. Lawrence-FDR hydroelectric generating stations. In the event that hydrologic conditions require the Authority to reduce the amount of energy provided to Company, reductions as a percentage of the otherwise required energy deliveries will be the same for all firm Niagara and St. Lawrence-FDR Project customers. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to Company in later billing periods. The offer of Energy for delivery shall fulfill Authority's obligations for purposes of this Provision whether or not the Energy is taken by Company. The Authority shall provide reasonable notice to Company of any condition or activities that could result, or have resulted, in low flow conditions consistent with the notice provided to other similarly affected customers."

- 8) This amendment shall be referred to as the "2008 Amendment to the Company's Service Agreement under ST No. 41 and ST No. 42".
- 9) Continuation of service under this 2008 Amendment to the Company's Service Agreement under ST No. 41 and ST No. 42 shall be subject to ultimate approval by the Governor of the State of New York pursuant to Section 1009 of the Power Authority Act. If the Governor does not approve this amendment, service will cease on the last day of the month following the month during which the Governor disapproved these Contract Extensions.

Except as expressly provided in this 2008 Amendment to the Company's Service Agreement under ST No. 41 and ST No. 42, the Service Agreement under ST No. 41 and ST No. 42 shall remain unchanged and in full force and effect.

This 2008 Amendment to the Company's Service Agreement under ST No. 41 and ST No. 42 shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts and to be performed in such state, without regard to conflict of laws principles.

This 2008 Amendment to the Company's Service Agreement under ST No. 41 and ST No. 42 may be signed in any number of counterparts, each of which shall be an original,

with the same effect as if the signature thereto and hereto were upon the same instrument.

Upon approval of the Governor of the State of New York pursuant to Section 1009 of the Public Authorities Law, and upon execution by the Chairman of the Authority, this 2008 Amendment shall come into full force and effect, provided however that pending such gubernatorial approval and execution this 2008 Amendment shall take effect upon the expiration of the 2007 Amendment and continue on a month to month basis.

If the foregoing changes are acceptable to your organization, please so indicate by executing both copies of this amendment and returning them to us.

AGREED:

Niagara Mohawk Power Corporation d/b/a National Grid

By: _____

Title: _____

Date: _____

Power Authority of the State of New York

By: _____

Roger B. Kelley
President and Chief Executive Officer

Date: _____

ACCEPTED:

By: _____

Frank S. McCullough, Jr.
Chairman

Date: _____

2008 Amendment to 1990 Hydropower Contract

New York State Electric & Gas Corporation ("Company") and the New York Power Authority ("Authority") are parties to an agreement dated February 22, 1989 under which the Authority sells certain quantities of hydroelectric power and energy from Authority's Niagara and St. Lawrence Projects to Company for resale to its rural and residential consumers (the "1990 Hydropower Contract"). Company and Authority have previously extended the 1990 Hydropower Contract to June 30, 2008 by letter agreement dated August 29, 2007 (the "2007 Amendment").

Authority, Rochester Gas and Electric Corporation ("RGE") and Company are also parties to a letter agreement dated February 14, 2008 ("February 14, 2008 Letter Agreement"). The February 14, 2008 Letter Agreement modified Article D – Regulation of Rates and Charges as it pertained to the calculation of the monthly savings realized by the customers of Company and RGE from the purchase of Authority hydropower.

Company and Authority agree to terminate the 2007 Amendment effective July 1, 2008, and further extend and modify certain terms of 1990 Hydropower Contract as follows:

- 1) The amount of Firm Hydroelectric Power and Energy allocated to Company under Service Tariff No. 41 will be reduced from 203 MW to 167 MW. The Firm Peaking Power allocation of 150 MW under Service Tariff No. 42 will remain unchanged.
- 2) Article E – Rates. The current text is deleted in its entirety and is replaced with the following text.

"The rates charged by the Authority under this Agreement shall be established in accordance with this Article.

The Authority shall charge and Company shall pay the preference power rates adopted by the Authority on April 24, 2007, as such rates may be revised from time to time. Company waives any and all objections, suits, appeals or other challenges to the preference power rates adopted by the Authority on April 24, 2007, except as otherwise provided for below.

Company waives any challenges to any of the following methodologies and principles used by the Authority to set future preference power rates, numbers (ii) through (vii) as set forth in the "January 2003 Report on Hydroelectric Production Rates" as modified by the April 2003 "Staff Analysis of Public Comments and Recommendations":

- (i) The principles set forth in the March 5, 1986 Settlement Agreement settling *Auer v. Dyson*, No. 81-124 (Sup. Ct. Oswego Co.), *Auer v.*

Power Authority, Index No. 11999-84 (Sup. Ct. N.Y. Co.) and *Delaware County Electric Cooperative, Inc. v. Power Authority*, 82 Civ. 7256 (S.D.N.Y.) (the “Auer Settlement”).

- (ii) Recovery of capital costs using Trended Original Cost and Original Cost methodologies.
- (iii) Treatment of sales to third parties, including the New York Independent System Operator.
- (iv) Allocation of Indirect Overheads.
- (v) Melding of costs of the Niagara Power Project and St. Lawrence-FDR Power Project for ratemaking.
- (vi) Post-employment benefits other than pensions (*i.e.*, retiree health benefits).
- (vii) Rate Stabilization Reserve (RSR) methodology.

In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Company shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of the remaining methodologies and principles that continue to be employed by the Authority.’

- 3) Article F – Transmission. The current text is deleted in its entirety and is replaced with the following text.

“In accordance with the terms of the existing transmission service agreement, which by its terms will expire on August 31, 2007, Company will cease taking transmission service from Authority and will instead take transmission service under the New York Independent System Operator's ("NYISO") Open Access Transmission Tariff. Company agrees to settle any outstanding transmission charges that may apply prior to September 1, 2007 including any subsequent NYISO true up settlements.”

- 4) Article G – Notification. In the contact address for Authority replace “10 Columbus Circle, New York, NY 10019” with “123 Main Street, White Plains, NY 10601”. In the contact address for Company, first and second lines, replace “Senior Vice President Electric System Operations and Engineering” with, “Dave Kimiecik, Vice President, Energy Supply”. On lines four and five, replace “4500 Vestal Parkway, Binghamton, New York, 13903” with “18 Link Drive, P.O. Box 5224, Binghamton, New York 13902-5224”.

5) Article K - Restoration of Withdrawn Power and/or Energy is deleted in its entirety.

6) Article L – Term of Service, is revised to read as follows:

”Service under this contract shall commence at 12:01 A.M. on January 1, 1990 and shall continue unless cancelled as provided for in the “Withdrawals of Power and/or Energy” or the “Cancellation or Reduction” provisions until December 31, 2009, subject to earlier termination by the Authority with respect to any or all of the quantities of power and energy provided hereunder on at least thirty (30) days’ prior written notice to Company.”

7) Article M – Availability of Energy – Firm and Firm Peaking Hydroelectric Power Service. In the third paragraph, line 1, starting with the words ”In the event that . . . “ through “. . . minimize the impact of such reductions.” on line 10, replace with the following:

“The Authority will have the right to reduce on a pro rata basis the amount of energy provided to Company under Service Tariffs Nos. 41 and 42 if such reductions are necessary due to low flow (i.e. hydrologic) conditions at the Authority’s Niagara and St. Lawrence-FDR hydroelectric generating stations. In the event that hydrologic conditions require the Authority to reduce the amount of energy provided to Company, reductions as a percentage of the otherwise required energy deliveries will be the same for all firm Niagara and St. Lawrence-FDR Project customers. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to Company in later billing periods. The offer of Energy for delivery shall fulfill Authority’s obligations for purposes of this Provision whether or not the Energy is taken by Company. The Authority shall provide reasonable notice to Company of any condition or activities that could result, or have resulted, in low flow conditions consistent with the notice provided to other similarly affected customers.”

8) This amendment shall be referred to as the “2008 Amendment to the 1990 Hydropower Contract”.

9) Continuation of service under this 2008 Amendment to the 1990 Hydropower Contract shall be subject to ultimate approval by the Governor of the State of New York pursuant to Section 1009 of the Power Authority Act. If the Governor does not approve this amendment, service will cease on the last day of the month following the month during which the Governor disapproved these Contract Extensions.

Except as expressly provided in this 2008 Amendment to the 1990 Hydropower Contract, the 1990 Hydropower Contract as modified by the February 14, 2008 Letter Agreement shall remain unchanged and in full force and effect.

This 2008 Amendment to the 1990 Hydropower Contract shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts and to be performed in such state, without regard to conflict of laws principles.

This 2008 Amendment to the 1990 Hydropower Contract may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.

Upon approval of the Governor of the State of New York pursuant to Section 1009 of the Public Authorities Law, and upon execution by the Chairman of the Authority, this 2008 Amendment shall come into full force and effect, provided however that pending such gubernatorial approval and execution this 2008 Amendment shall take effect upon the expiration of the 2007 Amendment and continue on a month to month basis.

If the foregoing changes are acceptable to your organization, please so indicate by executing both copies of this amendment and returning them to us.

AGREED:

New York State Electric & Gas Corporation

By: _____

Title: _____

Date: _____

Power Authority of the State of New York

By: _____

Roger B. Kelley
President and Chief Executive Officer

Date: _____

ACCEPTED:

By: _____

Frank S. McCullough, Jr.
Chairman

Date: _____

2008 Amendment to 1990 Hydropower Contract

Rochester Gas and Electric Corporation ("Company") and the New York Power Authority ("Authority") are parties to an agreement dated February 22, 1989 under which the Authority sells certain quantities of hydroelectric power and energy from Authority's Niagara and St. Lawrence Projects to Company for resale to its rural and residential consumers (the "1990 Hydropower Contract"). Company and Authority have previously extended the 1990 Hydropower Contract to June 30, 2008 by letter agreement dated August 29, 2007 (the "2007 Amendment").

Authority, New York State Electric & Gas Corporation ("NYSEG") and Company are also parties to a letter agreement dated February 14, 2008 ("February 14, 2008 Letter Agreement"). The February 14, 2008 Letter Agreement modified Article D – Regulation of Rates and Charges as it pertained to the calculation of the monthly savings realized by the customers of Company and NYSEG from the purchase of Authority hydropower.

Company and Authority agree to terminate the 2007 Amendment effective July 1, 2008, and further extend and modify certain terms of 1990 Hydropower Contract as follows:

- 1) The amount of Firm Hydroelectric Power and Energy allocated to Company under Service Tariff No. 41 will be reduced from 120 MW to 99 MW. The Firm Peaking Power allocation of 35 MW under Service Tariff No. 42 will remain unchanged.
- 2) Article E – Rates. The current text is deleted in its entirety and is replaced with the following text.

"The rates charged by the Authority under this Agreement shall be established in accordance with this Article.

The Authority shall charge and Company shall pay the preference power rates adopted by the Authority on April 24, 2007, as such rates may be revised from time to time. Company waives any and all objections, suits, appeals or other challenges to the preference power rates adopted by the Authority on April 24, 2007, except as otherwise provided for below.

Company waives any challenges to any of the following methodologies and principles used by the Authority to set future preference power rates, numbers (ii) through (vii) as set forth in the "January 2003 Report on Hydroelectric Production Rates" as modified by the April 2003 "Staff Analysis of Public Comments and Recommendations":

- (i) The principles set forth in the March 5, 1986 Settlement Agreement settling *Auer v. Dyson*, No. 81-124 (Sup. Ct. Oswego Co.), *Auer v.*

Power Authority, Index No. 11999-84 (Sup. Ct. N.Y. Co.) and *Delaware County Electric Cooperative, Inc. v. Power Authority*, 82 Civ. 7256 (S.D.N.Y.) (the “Auer Settlement”).

- (ii) Recovery of capital costs using Trended Original Cost and Original Cost methodologies.
- (iii) Treatment of sales to third parties, including the New York Independent System Operator.
- (iv) Allocation of Indirect Overheads.
- (v) Melding of costs of the Niagara Power Project and St. Lawrence-FDR Power Project for ratemaking.
- (vi) Post-employment benefits other than pensions (*i.e.*, retiree health benefits).
- (vii) Rate Stabilization Reserve (RSR) methodology.

In the event the Authority ceases to employ any of the methodologies and principles enumerated above, the Company shall have the right to take any position whatsoever with respect to such methodology or principle, but shall not have the right to challenge any of the remaining methodologies and principles that continue to be employed by the Authority.’

- 3) Article F – Transmission. The current text is deleted in its entirety and is replaced with the following text.

“In accordance with the terms of the existing transmission service agreement, which by its terms will expire on August 31, 2007, Company will cease taking transmission service from Authority and will instead take transmission service under the New York Independent System Operator's ("NYISO") Open Access Transmission Tariff. Company agrees to settle any outstanding transmission charges that may apply prior to September 1, 2007 including any subsequent NYISO true up settlements.”

- 4) Article G – Notification. In the contact address for Authority replace “10 Columbus Circle, New York, NY 10019” with 123 Main Street, White Plains, NY 10601”. For Company, delete the current reference in its entirety and replace with the following “Dave Kimiecik, Vice President, Energy Supply, New York State Electric & Gas Corporation, 18 Link Drive, P.O. Box 5224, Binghamton, New York 13902-5224”.
- 5) Article K - Restoration of Withdrawn Power and/or Energy is deleted in its entirety.

6) Article L – Term of Service, is revised to read as follows:

”Service under this contract shall commence at 12:01 A.M. on January 1, 1990 and shall continue unless cancelled as provided for in the “Withdrawals of Power and/or Energy” or the “Cancellation or Reduction” provisions until December 31, 2009, subject to earlier termination by the Authority with respect to any or all of the quantities of power and energy provided hereunder on at least thirty (30) days’ prior written notice to Company.”

7) Article M – Availability of Energy – Firm and Firm Peaking Hydroelectric Power Service. In the third paragraph, line 1, starting with the words ”In the event that . . . “ through “. . . minimize the impact of such reductions.” on line 10, replace with the following:

“The Authority will have the right to reduce on a pro rata basis the amount of energy provided to Company under Service Tariffs Nos. 41 and 42 if such reductions are necessary due to low flow (i.e. hydrologic) conditions at the Authority’s Niagara and St. Lawrence-FDR hydroelectric generating stations. In the event that hydrologic conditions require the Authority to reduce the amount of energy provided to Company, reductions as a percentage of the otherwise required energy deliveries will be the same for all firm Niagara and St. Lawrence-FDR Project customers. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to Company in later billing periods. The offer of Energy for delivery shall fulfill Authority’s obligations for purposes of this Provision whether or not the Energy is taken by Company. The Authority shall provide reasonable notice to Company of any condition or activities that could result, or have resulted, in low flow conditions consistent with the notice provided to other similarly affected customers.”

8) This amendment shall be referred to as the “2008 Amendment to the 1990 Hydropower Contract”.

9) Continuation of service under this 2008 Amendment to the 1990 Hydropower Contract shall be subject to ultimate approval by the Governor of the State of New York pursuant to Section 1009 of the Power Authority Act. If the Governor does not approve this amendment, service will cease on the last day of the month following the month during which the Governor disapproved these Contract Extensions.

Except as expressly provided in this 2008 Amendment to the 1990 Hydropower Contract, the 1990 Hydropower Contract as modified by the February 14, 2008 Letter Agreement shall remain unchanged and in full force and effect.

This 2008 Amendment to the 1990 Hydropower Contract shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts and to be performed in such state, without regard to conflict of laws principles.

This 2008 Amendment to the 1990 Hydropower Contract may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.

Upon approval of the Governor of the State of New York pursuant to Section 1009 of the Public Authorities Law, and upon execution by the Chairman of the Authority, this 2008 Amendment shall come into full force and effect, provided however that pending such gubernatorial approval and execution this 2008 Amendment shall take effect upon the expiration of the 2007 Amendment and continue on a month to month basis.

If the foregoing changes are acceptable to your organization, please so indicate by executing both copies of this amendment and returning them to us.

AGREED:

Rochester Gas and Electric Corporation

By: _____

Title: _____

Date: _____

Power Authority of the State of New York

By: _____

Roger B. Kelley
President and Chief Executive Officer

Date: _____

ACCEPTED:

By: _____

Frank S. McCullough, Jr.
Chairman

Date: _____

1 POWER AUTHORITY OF THE STATE OF NEW YORK

2 PUBLIC HEARING

3 Wednesday, June 4, 2008 - 10:30 a.m.
4 Syracuse, New York

5 Common Council Chamber
6 City Hall
7 233 East Washington Street
8 Syracuse, New York

9 HYDROPOWER CONTRACTS WITH UPSTATE INVESTOR-OWNED
10 UTILITIES FOR RESALE TO RURAL AND DOMESTIC CONSUMERS

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12
13 Public Hearing held at the Common Council
14 Chamber, City Hall, 233 East Washington Street,
15 Syracuse, New York on June 4, 2008 commencing at 10:30
16 a.m.

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20
21 REPORTED BY: David T. Robinson, CSR
22 P. O. Box 605
23 Skaneateles, New York 13152
24 [315] 685-3371
25

DAVID T. ROBINSON, CSR [315] 685-3371
P. O. Box 605, Skaneateles, New York 13152

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BEFORE: POWER AUTHORITY OF THE STATE OF NEW YORK
Anne Cahill, Corporate Secretary
123 Main Street
White Plains, New York 10601

Also Present: Mary Jean Frank,
Associate Corporate Secretary

Caroline Garcia,
Manager of Power Contracts

DAVID T. ROBINSON, CSR [315] 685-3371
P. O. Box 605, Skaneateles, New York 13152

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I N D E X T O S P E A K E R S

<u>SPEAKER:</u>	<u>PAGE:</u>
Anne B. Cahill, Corporate Secretary, Power Authority of the State of New York	5
Caroline G. Garcia, Manager of Power Contracts, Power Authority of the State of New York	7
Randy Wolken, President, Manufacturers Association of Central New York	11
Richard D. Byrnes, Vice President-Operations, Crucible Specialty Metals	16
Bruce T. Brach, Operations Manager Harden Furniture, Inc.	21
Ron Edwards, Manager of Engineering and Energy Conservation Revere Copper Products, Inc.	24
Thomas G. Slocum, Shop Chairman, UAW Local 2367, Revere Copper Products, Inc.	28
Mike C. Bambury, Citizen Action Program Chairman, UAW Local 2367, Revere Copper Products, Inc.	31

DAVID T. ROBINSON, CSR [315] 685-3371
P. O. Box 605, Skaneateles, New York 13152

I N D E X T O E X H I B I T S

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<u>EXHIBIT:</u>	<u>DESCRIPTION</u>
Exhibit #1	Written statement from: Crucible Materials Corporation, Syracuse, New York Richard D. Byrnes, Vice President-Operations, Crucible Specialty Metals
Exhibit #2	Written statement from: The Gunlocke Company Donald Wharton, President
Exhibit #3	Written statement from: Harden Furniture, Inc. McConnellsville, New York Bruce T. Brach, Operations Manager
Exhibit #4	Written statement from: Manufacturers Association of Central New York Syracuse, New York Randy Wolken, President
Exhibit #5	Written statement from: Revere Copper Products, Inc., Rome, New York Mike C. Bambury, Citizen Action Program Chairman, UAW Local 2367
Exhibit #6	Written statement from: Revere Copper Products, Inc., Rome, New York Ron Edwards, Manager of Engineering and Energy Conservation
Exhibit #7	Written statement from: Revere Copper Products, Inc., Rome, New York Thomas G. Slocum, Shop Chairman, UAW Local 2367

PROCEEDINGS, JUNE 4TH, 2008 - 10:30 AM

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MS. CAHILL: Good morning. I'm going to start the hearing now.

Good morning. My name is Anne Cahill and I'm the Corporate Secretary of the New York Power Authority. This public hearing is being conducted by the Power Authority to provide an overview and receive public comment on extensions of contracts for the sale of hydropower for three upstate investor-owned utilities for resale to rural and domestic consumers.

Pursuant to Section 1009(1) of the Public Authorities Law, notice of this hearing was published in the following seven newspapers once a week for the four weeks leading up to the hearing: the Buffalo News, the Rochester Democrat & Chronicle, the Syracuse Post-Standard, the Watertown Times, the Utica Observer-Dispatch, the Albany Times Union and Newsday. During the 30-day period prior to today's hearing, copies of the proposed contracts have been available for inspection at the Authority's office in White Plains, as well as on the Authority's website.

Also pursuant to Section 1009(1) of the Public

DAVID T. ROBINSON, CSR [315] 685-3371
P. O. Box 605, Skaneateles, New York 13152

1 Authorities Law, notice of this hearing and copies
2 of the proposed contracts were sent to Governor
3 David Paterson; President Pro Tem of the New York
4 State Senate Joseph Bruno; Speaker of the Assembly
5 Sheldon Silver; Chairman of the Senate Finance
6 Committee Owen Johnson; Chairman of the Assembly
7 Ways and Means Committee Herman Farrell; Senate
8 Minority Leader Malcolm Smith and Assembly Minority
9 Leader James Tedisco.

10 If you plan to make an oral statement this
11 morning and have not yet filled out the form at the
12 sign-in desk, please do so now. We ask that you
13 give copies of your written statement to the
14 reporter and me either before or after you deliver
15 your remarks. Although your written statement can
16 be whatever length you like, we would ask those
17 presenting an oral statement to limit their remarks
18 to five minutes. If your oral statement summarizes
19 a written statement, both will appear in the record
20 of the hearing.

21 The record of this hearing will remain open
22 through close of business tomorrow, June 5, 2008,
23 for the submission of any additional comments or
24 statements. These should be addressed to the
25 Authority's Corporate Secretary at 123 Main Street,

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1 15-M, White Plains, New York 10601; or may be
2 faxed to (914) 681-6949; or e-mailed to
3 secretarys.office@nypa.gov. I will spell that for
4 you. It's S-E-C-R-E-T-A-R-Y-S dot
5 O-F-F-I-C-E-@-N-Y-P-A dot GOV. Please see Ms.
6 Frank, the Associate Corporate Secretary, on your
7 way out if you have additional questions.

8 Full stenographic minutes of the hearing will
9 be made and will be incorporated, along with the
10 written submissions, into the record that will be
11 reviewed by the Authority's Trustees.

12 Copies of the stenographic transcript of this
13 hearing will be available to the public. You should
14 contact the reporter to make arrangements to
15 purchase such a copy of it. A copy of today's
16 transcript will also be available for review at the
17 Authority's office in White Plains and on the
18 Authority's website, www.nypa.gov.

19 At this point, I will turn the microphone over
20 to Caroline Garcia, the Manager of Power Contracts
21 at the Authority, who will provide additional
22 details on the proposed contract extensions.

23 I will then call on speakers, starting with
24 any elected officials. Ms. Garcia.

25 MS. GARCIA: Thank you, and good

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morning.

My name is Caroline Garcia. I am the Manager of Power Contracts at the New York Power Authority. I am here today to present an overview of contracts for the sale of hydropower to three upstate investor-owned utilities for resale to rural and domestic consumers.

These three utilities -- National Grid (formerly Niagara Mohawk Power Corporation), New York State Electric and Gas Corporation (or NYSEG), and Rochester Gas and Electric Corporation (or RG&E) -- had been receiving firm power from the St. Lawrence/FDR and Niagara Power Projects and firm peaking hydropower from the Niagara Project for resale to rural and domestic consumers under contracts that went into effect in 1990 and which were to expire on August 31, 2007.

At their July 31, 2007 meeting, the Authority's Trustees approved an extension of the 1990 contracts to take effect on an interim basis on September 1, 2007, pending completion of the formal contract approval process under Section 1009 of the Public Authorities Law. Under this process, the contracts are subject to public notice, hearing and approval by the Governor. The contract

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extensions are for a total of 455 MW of firm power and 360 MW of firm peaking hydropower to be sold to the three utilities. The power is purchased at the cost-based hydropower rate and these rates are passed on to the utilities' residential and small farm customers without markup under Public Service Commission tariffs.

Specifically, the proposed contracts provide for the sale of 189 MW of firm and 175 MW of firm peaking to National Grid; 167 MW of firm and 150 MW of firm peaking to NYSEG and 99 MW of firm and 35 MW of firm peaking to RG&E. These amounts would be sold to the utilities through December 31, 2009 subject to withdrawal upon 30 days' written notice by the Authority for reallocation as may be authorized by law or as otherwise may be determined by the Authority's Trustees.

In addition to the withdrawals specified above, the Authority may reduce or terminate service if it is determined to be necessary to comply with any ruling, order or decision by a regulatory or judicial body or the Authority's Trustees relating to hydropower and energy allocated under the proposed contracts.

Chapter 59 of the Laws of 2006 (Part U)

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1 authorized the creation by the Governor of a
2 "Temporary State Commission on the Future of New
3 York State Power Programs for Economic
4 Development". The charge to the Commission was to
5 recommend to the Governor and the Legislature on or
6 before December 1, 2006, "whether to continue,
7 modify expand or replace the state's economic
8 development power programs, including but not
9 limited to the power for jobs program and the
10 energy cost savings benefit program."

11 On December 1, 2006 the Commission issued its
12 report, which included an array of recommendations
13 and findings. A key recommendation of the report
14 was that, among other things, hydropower now sold
15 to the utilities ought to be "redeployed" for
16 economic development purposes.

17 The short term and withdrawal provisions of
18 the proposed contracts will allow the Legislature
19 to consider the use of the subject block of power
20 for economic development or other purposes.

21 The 2008 Contract Extensions provide for
22 deletion of a provision in the 1999 Contracts
23 (Article K - Restoration of Withdrawn Power and/or
24 Energy) that would restrict the sale of any
25 industrial hydropower surrendered by Alcoa,

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Reynolds (now a part of Alcoa) or General Motors to certain geographic regions of the State or to certain classes of customers served by the utilities. It is necessary to terminate Article K since its terms conflict with the more recently enacted Preservation Power legislation governing the reallocation of power and energy surrendered by these industries.

As Ms. Cahill stated earlier, the Power Authority will accept your comments on the proposed contracts until the close of business tomorrow, June 5, 2008. I will now turn the forum back over to Ms. Cahill.

MS. CAHILL: Thank you very much, Ms. Garcia. I am now calling for the first speaker, who is Mr. Randy Wolken, President of the Manufacturers Association of Central New York.

MR. RANDY WOLKEN:

Good morning.

On behalf of the Manufacturers Association of Central New York, I would like to thank the New York Power Authority for facilitating this hearing and allowing us this opportunity to speak on behalf of manufacturers throughout Central and Upstate New York. My name is Randy Wolken, and I am the

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President of MACNY.

MACNY is the State's premier manufacturing trade association, representing 325 companies with over 55,000 employees across 19 counties in Upstate New York. Founded in 1913, we pride ourselves on not only being the largest association of manufacturers in New York, but also one of the oldest and most widely recognized associations in the nation. We continue to advocate for causes that will enable New York State manufacturers to thrive in today's competitive global market, because manufacturing is a critical component of a vibrant economy.

Today I am here on behalf of our membership to express my support for an extension of the R&D hydropower contracts until December 31, 2009, with a 30-day-out period allowing for the reallocation of power within that year. I think it's important to note that this is the second time that I have addressed the New York Power Authority in this capacity. I was also here in November asking for the same type of extension. As you are well aware, this coveted source of reliable, low cost energy has been a source of debate for where it would best be utilized to better the interests of New York

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1 State. Taking into account the drastic changes in
2 political leadership that New York State has
3 experienced in the past year, I strongly believe
4 that further education and discussions are needed
5 before going ahead and deciding where the best
6 allocation of this valuable resource of low-cost
7 energy is for the long-term. The one-year
8 extension I am advocating for would give the State
9 a sufficient amount of time to adequately decide
10 where the hydropower would be best utilized.

11 For years, our members have struggled with the
12 rapidly increasing costs of energy in New York
13 State, a cost which has increased exponentially
14 over the last few years. Manufacturing is the most
15 energy-intensive sector of the economy. In order
16 to make long-term decisions about future
17 operations, manufacturers must be assured that they
18 can continue to operate competitively, including
19 the ability to obtain low-cost energy resources.
20 New York manufacturers need a long-term solution to
21 produce energy rates that are comparable to the
22 national average, rather than at the top of the
23 list in terms of cost and rate. Long-term plans
24 must be laid by the State for the provision of
25 low-cost power to the sector driving our economy,

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manufacturing -- the same sector that is the most energy reliant and intensive in day-to-day operations.

MACNY has been a leader in lobbying the New York State Legislature for a comprehensive, long-term solution to alleviate the high energy costs inflicted on New York State manufacturers. This year, we were victorious in extending the current power programs, including Power for Jobs, Economic Development Power and High Load Factor programs, until June 30, 2009, as part of the State's budget. Unfortunately, despite the current programs acting as buffers for business against the increasing energy costs in the State, the programs were originally created as short-term solutions, and because of this, they are beginning to outdate themselves and their usefulness to the businesses who participate in them. MACNY would like to see these current programs, upon their scheduled date of expiration, phased into a single, state wide comprehensive and long-term economic development power program.

A large contributor to the success of such a program relies on reassessing current power sources and where they are most effective. As part of our

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1 proposed solution, MACNY urges the State government
2 to consider allocating the 455 MW of hydropower
3 from the Niagara and St. Lawrence/FDR hydroelectric
4 projects to economic development power programs,
5 supporting jobs in New York State and improving the
6 quality of life for your constituents.

7 Throughout the years, we have debated the best
8 use of the 455 MW of hydropower in New York. MACNY
9 firmly believes that allocating this resource to
10 energy-intensive manufacturers will make the State
11 of New York a better place to live. Many
12 out-of-state manufacturers are currently looking to
13 relocate, but choose not to do so in New York
14 because of our high energy costs. MACNY strongly
15 believes that allocating the hydropower to the
16 business community will not only help New York
17 retain businesses already located here, but also
18 attract and retain strong, growing out-of-state
19 manufacturers. Low-price hydropower cuts the
20 bottom line for businesses, making them more
21 competitive with out-of-state businesses for
22 capital dollars, investments and expansion.
23 Businesses with continuous low cost energy can plan
24 for the future with confidence because of price
25 predictability from long-term hydropower

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1 contracts. Creating a strong energy plan with a
2 reliable resource such as this hydropower will
3 enhance the ability of manufacturers and businesses
4 to expand and create new family-supporting jobs for
5 New York State residents.

6 I am here today with a number of our members
7 who will be discussing in further detail the
8 importance of having low-cost energy, and the
9 importance of extending the hydropower until
10 December 31, 2009. Additionally, I will leave with
11 you written testimony from a number of our other
12 members who, despite being unable to attend today's
13 hearing in person, felt the need to submit
14 testimony stressing how important our hydropower is
15 to the future success of their businesses and
16 communities. Simply put, we want to retain jobs,
17 and the residents who benefit from those jobs, in
18 New York. This valued resource is an integral part
19 of the solution, if allocated appropriately. Thanks
20 for your time.

21 MS. CAHILL: Thank you, Mr. Wolken. The
22 next speaker is Mr. Richard Byrnes, who is the Vice
23 President of Manufacturing for Crucible Specialty
24 Metals.

25 **MR. RICHARD BYRNES:**

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Good morning. My name is Richard Byrnes. I am Vice President of Operations, Crucible Specialty Metals.

Crucible has been manufacturing specialty steels in Syracuse, New York for over 130 years. In 1986, the employees purchased the company through an ESOP from Colt Industries, the parent company during the peak of the steel industry in the 1960s. This newly formed Crucible Materials Corporation, headquartered in Central New York, continues to survive global competition with a tradition of metallurgical expertise and technological innovation.

Today Crucible is a company that directly employs nearly 700 people in Central New York with a payroll in excess of \$57 million, and will have revenues close to \$350 million in 2008. In the last few years, we have grown significantly both in sales and in volume, which has allowed us to hire approximately 275 new employees since January 1, 2004, in part to replace those that have retired but also fueled by business growth. This hiring trend is projected to continue throughout 2008.

For the Syracuse plant, Crucible purchases approximately \$150 million in goods and services

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1 from over 800 active suppliers, 50% of which are
2 located in New York State. This year we will spend
3 over \$22 million of that amount in utility expenses
4 alone. Crucible has used \$100,000 of NYSERDA
5 grants on a number of energy-related capital
6 expenditure projects, as well as \$75,000 from the
7 DOE to study ways to reduce dependence on energy.
8 Power consumption has been reduced, in part due to
9 these grants, by 350 W per ton over the last five
10 years, yet our total cost of power has increased by
11 close to 37% over that same period.

12 It is difficult to visualize a steel producer
13 as "Green;" however, Crucible is one of the largest
14 recyclers in Central New York. In 2007, of the
15 50,000 tons charged into our melt furnace, less
16 than 12% is mined material; the remaining 88% was
17 recycled materials. In 2007, we recycled over 95%
18 of our total waste stream and are forecasting to
19 do over 98% in 2008.

20 New York State has the second highest power
21 rates in the nation, and as a primary steel
22 producer, we are heavily dependent on energy.
23 Energy accounts for 19.8% of our manufacturing
24 costs, making it second only to wages at 23% and
25 out of line with any other manufacturing costs.

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Since 1997, over 33 American steel companies have declared bankruptcy due to inability to compete. Crucible competes for the specialty steel market domestically, globally and in our own State of New York with Dunkirk Specialty Steel. Without a long-term energy program in New York State to level the playing field with the national average, we will be forced to make decisions negatively affecting capital spending, select product lines and employment levels.

A workable long-term energy program is vital to the survival of energy-dependent manufacturing in New York. In the past, programs like Power for Jobs were developed in good faith to aid manufacturing but ultimately resulted in Crucible paying a premium for Power for Jobs power over the market price. A new long-term program cannot be allowed to follow in this same path. We believe that a discount power program only puts the cost of the allocated power slightly behind the market curve and does nothing to bring energy costs for manufacturing down to the U. S. average. In just the last 12 months, the cost of electricity in this area of the State has increased 15%. Although Crucible is not opposed to the State's Renewable

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1 Energy Portfolio Standard and its involvement in
2 the Regional Greenhouse Gas Initiative, a
3 conservative estimate of a 15%-20% increase in
4 electrical costs to customers must be recognized as
5 a result of these programs. With these projected
6 increases on the horizon, the implementation of a
7 discount energy cost program would be negated in
8 just a few short years.

9 We believe that a successful solution to a
10 long-term power program for energy-reliant
11 manufacturers lies in the proper allocation of the
12 450 MW of hydropower. Extending the current
13 hydropower contracts on a month-to-month basis is
14 necessary to allow sufficient time to craft and
15 pass legislation ensuring the future of
16 manufacturing in New York State and providing
17 compensation for those currently benefiting from
18 this power.

19 Crucible has proven to be an excellent
20 employer in Central New York for 130 years, a good
21 ecologically conscious neighbor providing good
22 paying jobs, innovative business practices and a
23 positive impact on the local and State economy. Our
24 commitment to continue in this role is totally
25 dependent on our ability to remain competitive.

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1 Thank you.

2 MS. CAHILL: Thank you, Mr. Byrnes. Our
3 next speaker is Mr. Bruce Brach, Operations Manager
4 of Harden Furniture.

5 MR. BRUCE T. BRACH:

6 Good morning, members of the Power Authority.
7 My name is Bruce Brach and I'm the Operations
8 Manager of Harden Furniture. Harden Furniture was
9 founded in 1844 and is the oldest family-owned
10 furniture manufacturer in the United States. Our
11 current President and CEO, Greg Harden, is the
12 fifth generation of our company.

13 Harden Furniture is located in the hamlet of
14 McConnellsville, New York in Oneida County. We are
15 an equal opportunity employer, providing jobs and
16 benefits for over 350 employees and their families
17 at an annual payroll of over \$13 million. Harden is
18 a vertically integrated operation, encompassing all
19 forms of manufacturing from land management and
20 logging, furniture manufacturing and upholstering,
21 through trucking and distribution. As such, we are
22 a tremendous job multiplier. Just last year, we
23 returned over \$5 million to the local economy
24 through log procurement. On an average year, we
25 invest \$500,000 in our trucking operations with

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1 distributors that are located in Syracuse and
2 Utica, New York. The 10,000 acres of company-owned
3 land, located in Central New York, is certified
4 under the Sustainable Forestry Initiative.

5 Harden Furniture's last major expansion was in
6 1997 and was a direct result of the Economic
7 Development Power contract that was awarded to us.
8 The capital investment, totaling over \$6 million,
9 included the addition of a new sawmill, dry kilns
10 and an expansion to our finishing room. At that
11 time, we closed our upholstery plant that operated
12 in North Carolina and moved that product and those
13 jobs back to New York. We continue to invest in our
14 facility and the marketing of our product. The
15 Harden Home Studio is our largest marketing
16 strategy ever, with an investment of over \$1.5
17 million. Any increase in our electricity rates
18 will force us to reduce future investments.

19 In 2007, our electricity charges eclipsed
20 \$700,000. If we lose our Economic Development
21 Power contract we'll see our electricity bill
22 nearly double. The past three years have been
23 extremely difficult for Harden Furniture, and the
24 business environment in New York State bears much
25 of the blame. Fortunately, we have not suffered the

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1 same fate as many other manufacturers in our
2 State. We continue to manufacture and invest in
3 New York, despite the increasing burden of our
4 location. Though our rates are above the national
5 average, Harden Furniture is not asking for less
6 expensive power. We are just asking to keep, to
7 have a permanent solution that keeps our delivered
8 rates at their current level. Any increase in our
9 rates will force us to reduce our investments.

10 New York State needs a long-term economic
11 development power program and we feel that an
12 allocation of hydropower is the only current
13 solution. Manufacturing is still a backbone of
14 Central New York's economy and without such a
15 program, we'll not remain competitive. While we
16 understand that every household is struggling with
17 their budgets and a few dollars a month is
18 difficult to absorb for some households, the impact
19 of the loss of several thousand high-paying
20 manufacturing jobs would be catastrophic. Let's not
21 let this happen.

22 New York State's hydropower is one of our most
23 valuable assets. We need to determine the usage
24 that is going to provide the best long-term
25 benefits to the State and its residents. If these

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1 contracts are extended, we'll not be given the time
2 nor have the discussions necessary to make the most
3 informed decision. Thank you.

4 MS. CAHILL: Thank you, Mr. Brach.

5 Our next speaker is Mr. Ron Edwards, Manager
6 with Revere Copper Products.

7 **MR. RON EDWARDS:**

8 Yes. Good morning. My name is Ron Edwards
9 and I represent Revere Copper Products located in
10 Rome, New York. At Revere, I am the Manager of
11 Engineering and Energy Conservation.

12 Revere is the largest manufacturing company in
13 Rome with more than 400 employed manufacturing
14 copper and brass sheets, strip and coil products,
15 along with electrical buss bar and extruded shapes.
16 Our markets include architecture,
17 telecommunications, electrical and electronics,
18 transportation, power generation and many others.
19 We are the largest supplier of architectural copper
20 and the second largest supplier of buss bar in the
21 United States.

22 Our electric power demand is 14,000 kilowatts
23 and we consume about 80 million kilowatt hours per
24 year. Our manufacturing processes are energy
25 intensive, as we have to melt all of the metal

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1 before we process it. Revere spends \$8.5 million
2 per year on all energy resources, with about half
3 of that in electricity. Although Revere receives
4 allocations of Economic Development Power and Power
5 For Jobs, Revere's cost for electricity remains
6 higher than competitors in other states and
7 Buffalo, resulting in a competitive disadvantage
8 because of our location.

9 Ownership of Revere is shared with all its
10 employees and all of the stock is held by them and
11 their families. Revere does not pay dividends and
12 reinvests all the cash flow it generates to
13 maintain and upgrade its facilities.

14 To reinvest requires profitability. Energy
15 program benefits create some opportunity to
16 maintain a cost structure that can allow for
17 reinvestment opportunities. The economic power
18 allocations we receive are absolutely essential to
19 our survival. The cost savings of these programs
20 are far beyond our minimal profits and are entirely
21 reinvested in capital expenditures to maintain the
22 business.

23 To illustrate that point, I have included this
24 chart, and this chart depicts the impact of the
25 power programs on Revere's operating income during

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1 the last five years. The first bar shows that
2 Revere was able to sustain a positive operating
3 income under current conditions with the existing
4 power programs. Revere has referred to this benefit
5 as our lifeblood to survival. EDP and PFJ has given
6 us some relief from the very high market rates for
7 electricity, putting us closer to a level playing
8 field with our competitors.

9 The second bar shows the negative impact that
10 Revere would have faced if we were not included in
11 the existing power programs. Revere could not have
12 remained in business paying New York State market
13 rates.

14 Proposals by the State administration have
15 been made to create a new power program. These
16 plans would offer a discount off market rates. The
17 orange bar illustrates that even with the three and
18 a half cent discount, the approach of applying a
19 discount to market rates falls short of creating an
20 environment of economic vitality for business.

21 A discount off market rates is not the answer
22 and it is further illustrated by the red bar.
23 Applying the same discount program but discounting
24 three and a half cents off more recent market
25 rates, in fact in April of 2008, shows that Revere

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1 would have sustained considerable losses in a
2 monetized power program.

3 Why do I show this? The State has a very
4 important decision. Manufacturers can be sustained
5 in this State if the energy climate is favorable to
6 compete with other states. Low-cost hydropower
7 allocations have helped many manufacturers in the
8 western and northern areas of New York.

9 Revere was founded in 1801 by Paul Revere, a
10 patriot and prominent silversmith. He started the
11 new company to meet our country's need to establish
12 a strong manufacturing base.

13 Over 200 years later, we have the same need
14 for a strong manufacturing base. Manufacturing is
15 still absolutely essential to the vitality of our
16 communities. Creating conditions to preserve
17 economic vitality is a choice that can be made and
18 hydropower for manufacturing is a necessary step to
19 insure jobs for upstate communities.

20 We need a long-term solution that is not a
21 monetization of credits against power costs but the
22 allocation of low-cost hydro, long term, so
23 business decisions can be made with a clear
24 understanding of power costs and not dependent upon
25 the whims of government, which can change.

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Thank you for your time.

MS. CAHILL: Thank you, Mr. Edwards.
The next speaker is Mr. Tom Slocum, the Shop
Chairman, UAW Local 2367, Revere Copper Products.

MR. THOMAS G. SLOCUM:

Good morning. Thanks for the opportunity to
be here this morning. I'm Tom Slocum, Shop Chairman
for 300 union members at Revere Copper Products
located in Rome, New York. As an officer and leader
of the local, it's my obligation to come here today
to speak about their job security. For the last few
years, our local has joined other UAW locals from
across our region along with the Steel Workers
Union to lobby in Albany for both the Power for
Jobs and Economic Development Power programs
because we know how important these programs were
to the places that employ our members. These
programs have been extended the last couple of
years. Before that our facility has been involved
in the State programs since the days of the
Fitzpatrick power agreements. Now, even with our
nuclear capacity, there is a shortage of available
low-cost competitive power for our manufacturing
base. Without programs such as Power for Jobs and
Economic Development Power, the outlook for

1 survival is in question. Within our monthly
2 electric bill is a small savings of perhaps \$3 per
3 household we realize from the use of hydropower.
4 As much as 400 megawatts, as I understand it, is
5 used for this purpose. This could and should be
6 used to protect our jobs in the, the manufacturing
7 jobs in our State, instead of reading in the
8 newspaper about another plant closing only to hear,
9 "if we only knew beforehand we could have helped."

10 I have been speaking with State Assembly
11 members and our State Senators for three years. For
12 three years, we have been telling our elected
13 officials we need help.

14 When I was growing up in Taberg, New York our
15 home was only half a mile from the east branch of
16 Fish Creek, a waterway that originates in the Tug
17 Hill Plateau. It's a beautiful waterway that
18 already has two dams on it: One at Swancott Mills
19 and the other north of Taberg. Both of these dams
20 supply drinking water to the City of Rome. North of
21 Rome, Delta Dam holds back water from the Mohawk
22 River to supply water to the canal system and for
23 other uses. On the West Branch of Fish Creek
24 flowing from Westdale down through Camden, there
25 are several small dams to help control flooding and

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1 help supply water for International Wire and for
2 Harden Furniture and for others. It was these very
3 waterways that allowed towns and us to grow. We
4 used water back then to power our mills, a power
5 source that now would not efficiently run our
6 bigger and more energy-laden mills.

7 I mention these waterways because over the
8 years the State has utilized about every water
9 system to capacity. We cannot tell ourselves we are
10 going to dam up yet another river to help produce
11 more hydropower. It just isn't there for us to
12 utilize. Our other choices for a low-cost power
13 supply would be a couple more nuclear plants, but
14 even if the State agrees to build them we would be
15 looking at years before completion.

16 Although I personally like wind power because
17 of its renewable capabilities, that is not the
18 answer for power needs for our State's
19 manufacturing base. There is perhaps a chance to
20 buy additional hydropower from Canada, but until
21 that becomes a reality, our options are very
22 limited.

23 As I stated earlier, there is, as I
24 understand, 400 megawatts of hydropower used to
25 lower our residential monthly electrical bills.

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1 This power could and should be used to support jobs
2 in our State. I have told our elected officials in
3 Albany this is not a union issue, this is a jobs
4 issue. But not just from union jobs, but for our
5 neighbors and friends, those people who volunteer
6 as firemen, coach our little leagues and make our
7 communities a better place to live. If a person
8 doesn't take care of his job and he loses it
9 because of that, shame on him. But if we lose jobs
10 in New York State because our elected officials or
11 people who supply power to our State cannot supply
12 that low-cost power, then shame on them. And I
13 thank you for your time.

14 MS. CAHILL: Thank you, Mr. Slocum. Our
15 next speaker is Mike Bambury. He is the Citizen
16 Action Program Chairman, UAW Local 2367, Revere
17 Copper Products.

18 **MR. MIKE BAMBURY:**

19 Good morning. Mike Bambury. I'm the machine
20 operator for Copper Products and also being the CAP
21 rep for 300 union members. I also have the honor of
22 representing over 17,000 union members through the
23 Central New York Labor Council in Utica, New York
24 as their COPE chairman. It's my job to be the
25 representative to understand and be involved in

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1 political issues seen in our great State. I like
2 living in Central New York and working over here at
3 Copper Products for the past four years, but my
4 livelihood is being put in jeopardy, not only by
5 unfair free trade agreements but also because our
6 State leadership cannot agree on proper power
7 allotment or an energy policy for our manufacturing
8 base.

9 We have an opportunity to use over 400
10 megawatts of hydropower currently being used to
11 subsidize a small savings we all enjoy on our
12 electric bill, rather than using this relatively
13 cheaper power to help maintain our jobs and to help
14 strengthen our State's manufacturing base. We need
15 manufacturing jobs in our State, but without
16 affordable power, we are in danger of losing these
17 jobs. Since 1990, this State has lost over 400,000
18 manufacturing jobs.

19 According to the Kearney Report, the theme was
20 about "Delivering on the Promise of New York
21 State." Yet viewed as a whole, New York State's
22 economy has staggered over the last three decades,
23 listing between the prosperity of New York City and
24 the increasing dire economic plight of our upstate
25 communities. We have heard that net job growth in

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P. O. Box 605, Skaneateles, New York 13152

1 the State has been positive, but not all new jobs
2 are an even trade. Manufacturing jobs paid on an
3 average \$20,000 more than these new jobs, many of
4 which depend on public funding to be realized. In
5 his first State of the State address, then Governor
6 Spitzer called for a revolution in how New York
7 approaches business attraction, retention and
8 growth; using cheaper hydropower for our
9 manufacturing basic deliver that promise.

10 If broad-based economic development in New
11 York State is a goal, then existing manufacturing
12 jobs deserve increased attention, since they have
13 already demonstrated a positive impact in our
14 State's economy. Any consideration in economic
15 development should not pit one section of New York
16 against another, or homeowners against the folks
17 who provide jobs in our State. I do know that
18 sitting on our hands avoiding the issue or blaming
19 the State Assembly or State Senate members will not
20 get this State where we need to be. Someone once
21 said "You can't make an omelet without breaking a
22 few eggs." There are no easy fixes to our State's
23 problems. Where we help this sector, we may hurt
24 someone else. Nevertheless, if our State is truly
25 going to move forward, decisions on power allotment

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P. O. Box 605, Skaneateles, New York 13152

1 will have to be made.

2 In closing, I'd like to say this is my third
3 manufacturing job since graduating from high
4 school. I have lost the other two jobs because they
5 closed their doors. All types of business
6 flourished in New York State in the past, earning
7 our State name, The Empire State. Our State once
8 led this nation in the electoral votes for our
9 presidential candidates because of our population,
10 a population that's slowly moving away along with
11 our jobs. Our plant uses a substantial amount of
12 energy-making products used by our other
13 manufacturing businesses throughout the country.
14 This hydropower would help insure the jobs at
15 Revere Copper Products in Rome, New York and others
16 across our State. Thank you.

17 MS. CAHILL: Thank you. Is there anyone
18 else who wanted to make a statement? Okay.

19 Having heard all the speakers who signed in
20 today to speak, this portion of the public hearing
21 is now concluded. I'd like to remind everyone that
22 the record of the hearing will remain open through
23 the close of business tomorrow, June 5, 2008 for
24 the submission of any additional comments or
25 statements. Thank you very much.

DAVID T. ROBINSON, CSR [315] 685-3371
P. O. Box 605, Skaneateles, New York 13152

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(WHEREUPON the proceedings were concluded at
this time.)

[11:07]

DAVID T. ROBINSON, CSR [315] 685-3371
P. O. Box 605, Skaneateles, New York 13152

C E R T I F I C A T I O N

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This is to certify that I am an Official Senior Court Reporter of the State of New York (retired); that I attended and reported the foregoing proceedings; that the foregoing is a true, accurate and correct transcript of the proceedings had therein, to the best of my knowledge and ability. The indication of double dashes [--] within this transcript indicates an interruption in speaking or incomplete thought, and under no circumstances is an indication or an omission of the spoken word from this transcript.



David T. Robinson,
Official Court Reporter

DATED: June 7th, 2008

DAVID T. ROBINSON, CSR [315] 685-3371
P. O. Box 605, Skaneateles, New York 13152



Crucible Materials Corporation
575 State Fair Boulevard
P.O. Box 977
Syracuse, New York 13201

Richard D. Byrnes
Vice President – Operations Crucible Specialty Metals

Testimony at the public hearing of NYPA on June 4, 2008, to be held in Syracuse, New York

Crucible has been manufacturing Specialty Steels in Syracuse for over 130 years. In 1986 the employees purchased the company through an ESOP from Colt Industries, the parent company during the peak of the steel industry in the 1960's. This newly formed Crucible Materials Corporation (CMC), headquartered in Central New York (CNY) continues to survive global competition with a tradition of metallurgical expertise and technological innovation.

Today Crucible is a company that directly employs nearly 700 people in CNY with a payroll in excess of \$57 million, and will have revenues close to \$350 million in 2008. In the last few years, we have grown significantly both in sales and in volume which has allowed us to hire approximately 275 new employees since January 1, 2004, in part to replace those that have retired but also fueled by business growth. This hiring trend is projected to continue throughout 2008.

For the Syracuse plant, Crucible purchases approximately \$150 million in goods and services from over 800 active suppliers, of which 50% are located in New York State (NY). This year we will spend over \$22 million of that amount in utility expenses alone. Crucible has used \$100,000 of NYSERDA grants on a number of energy-related capital expenditure projects as well as \$75,000 from the DOE to study ways to reduce dependence on energy. Power consumption has been reduced, in part due to these grants, by 350 KWH/ton over the last five years, yet our total cost of power has increased by close to 37% over that same period.

It is difficult to visualize a steel producer as "Green" however; Crucible is one of the largest recyclers in CNY. In 2007, of the 50,000 tons charged into our melt furnace, less than 12% is mined material; the remaining 88% was recycled materials. In 2007 we recycled over 95% of our total waste stream and are forecasting 98% in 2008.

New York State has the second highest power rates in the nation, and as a primary steel producer, we are heavily dependent on energy. Energy accounts for 19.8% of our manufacturing costs making it second only to wages at 23.7% and out of line with any other manufacturing cost.

Since 1997, over thirty-three American steel companies have declared bankruptcy due to inability to compete. Crucible competes for the Specialty Steel market domestically, globally and in our own state of New York with Dunkirk Specialty Steel. Without a long term energy program in New York State to level the playing field with the National average, we will be forced to make decisions negatively affecting capital spending, select product lines and employment levels.

A workable long term energy program is vital to the survival of energy dependent manufacturing in NY. In the past, programs like Power for Jobs were developed in good faith to aid manufacturing but ultimately resulted in Crucible paying a premium for PFJ power over market price. A new long term program cannot be allowed to follow in this same path. We believe that a discount power program only puts the cost of the allocated power slightly behind the market curve and does nothing to bring energy costs for manufacturing down to the US average. In just the last 12 months the cost of electricity in this area of the state has increased 15%. Although Crucible is not opposed to the state's Renewable Energy Portfolio Standard and their involvement in the Regional Greenhouse Gas Initiative (RGGI), a conservative estimate of a 15% -20% increase in electrical costs to customers must be recognized as a result of these programs. With these projected increases on the horizon, the implementation of a discount energy cost program would be negated in a few short years.

We believe that a successful solution to a long term power program for energy-reliant manufacturers lies in the proper allocation of the 450 MW of hydro-power. Extending the current hydro-power contracts on a month to month basis is necessary to allow sufficient time to craft and pass legislation ensuring the future of manufacturing in NYS and providing compensation for those currently benefiting from this power.

Crucible has proven to be an excellent employer in CNY for 130 years, a good ecological conscious neighbor providing good paying jobs, innovative business practices, and a positive impact on the local and state economy. Our commitment to continue in this role is totally dependant on our ability to remain competitive.

Exhibit 2

Performance Report

One Gunlocke Drive
Wayland, NY 11972

608 719 6111
608 726 2357

May 30, 2008

Power Authority of the State of New York
Anne Cahill
Corporate Secretary
123 Main Street
White Plains, New York 10601

Re: PFJ/EDP Testimonials

Dear Ms. Cahill:

The Gunlocke Company has been receiving energy through the Economic Development Power Program and Economic Energy Cost Savings Benefit Program. The amount of energy allocated was 4100KW. Should these benefits no longer be available to Gunlocke, our energy costs would increase by approximately \$900,000 annually. Utility expenses are our number two overhead cost item.

The office furniture industry is a highly competitive industry and like many other industries is also battling rising operational costs, foreign competition, etc. Loss of the benefits under EDP would negatively impact our ability to achieve an acceptable level of financial performance.

Additionally, in 2004 the HNI Corporation (Gunlocke's parent company) acquired additional wood manufacturing capacity in Indiana. This facility has in excess of 50% more manufacturing space than Gunlocke's manufacturing facility in Wayland, NY and has the ability to absorb the Gunlocke manufacturing operations. Should the energy benefits of the EDP Program be lost, electrical costs at the Indiana plant would then be 66.7% less than projected Gunlocke costs.

The current Gunlocke employment level is around 967 members and expanding at a double digit growth rate. The associated payroll is approximately \$34 million. Should the Gunlocke operation be consolidated with the Indiana facility, the impact to the local economy in Wayland, NY and surrounding communities in Steuben County would be vast. In addition Gunlocke spends \$10,750,000 with other New York State Businesses and contributes between \$35,000 and \$40,000 annually to local charitable organizations within the Wayland Community.

Gunlocke is committed to growing and providing meaningful employment opportunities in Western New York. The benefits provided under the EDP Program are a critical component of this mission.

Thank you for your support.

Sincerely,

Donald Wharton
President Gunlocke

**Harden Furniture Inc. Testimony to the New York
Power Authority**

Extension of Domestic and Rural Hydro-Electric Contracts

Wednesday, June 4, 2008
Common Council Chamber
City Hall
233 East Washington Street
Syracuse, New York

Submitted By:
Bruce T. Brach
Operations Manager, Harden Furniture Inc.

Good morning members of the Power Authority. My name is Bruce Brach and I'm the Operation Manager at Harden Furniture. Harden Furniture Inc was founded in 1844 and is the oldest family owned furniture manufacturer in the United States. Our current President and CEO, Greg Harden, is the fifth generation to lead our company.

Harden Furniture Inc. is located in the Hamlet of McConnellsville, New York in Oneida County. We are an Equal Opportunity Employer providing jobs and benefits for over 350 employees and their families at an annual payroll of over 13 million dollars. Harden is a vertically integrated operation, encompassing all forms of manufacturing from land management and logging, furniture manufacturing and upholstery, through trucking and distribution. As such, we are a tremendous job multiplier. Just last year we returned over five million dollars to the local economy through log procurement. On an average year, we invest \$500,000 in our trucking operations with distributors that are located in Syracuse and Utica, New York. The 10,000 acres of company owned land, located in Central New York, is certified under the Sustainable Forestry Initiative.

Harden Furniture's last major expansion was in 1997 and was a direct result of the EDP contract that was awarded to us. The capital investment, totaling over 6 million dollars, included the addition of a new sawmill, dry kilns and an expansion to our finishing room. We also closed an upholstery plant that operated in North Carolina and moved that product and those jobs back to New York. We continue to invest in our facility and marketing of our product. The Harden Home Studio is our largest marketing strategy ever, with an investment of over 1.5 million dollars. Any increase in our electricity rates will force us to reduce future investments accordingly.

In 2007 our electricity charges eclipsed \$700,000. If we lose our EDP contract we will see our electricity bill nearly double. The past three years have been extremely difficult for Harden Furniture, and the business environment in New York State bears much of the blame. Fortunately, we have not suffered the same fate as many other manufacturers in our state. We continue to manufacture and invest in New York, despite the increasing burden of our location - New York. Though our rates are above the national average,

Harden Furniture is not asking for less expensive power. We are asking for a permanent solution that keeps our delivered rates at their current level. Any increase in our rates will force us to reduce our investments accordingly.

New York State needs a long term economic development power program and we feel that an allocation of Hydro Power is the only current solution. Manufacturing is still the backbone of Central New York's economy and without such a program, we will not remain competitive. While we understand that every household is struggling with their budgets and a few dollars a month is difficult to absorb, the impact of the loss of several thousand, high paying manufacturing jobs would be catastrophic. Let's not let this happen.

New York State's Hydro Power is one of our most valuable assets. We need to determine the usage that is going to provide the best long term benefit to the state and its residents. If these contracts are extended, we will not be given the time nor have the discussions necessary to make the most informed decision.

NYPA Public Hearing

**Randy Wolken
MACNY, The Manufacturers Association
June 4, 2008**

On behalf of the Manufacturer's Association of Central New York, I would like to thank the New York Power Authority for facilitating this hearing and allowing us this opportunity to speak on behalf of manufacturers throughout Central and Upstate New York. My name is Randy Wolken, and I am the President of MACNY.

MACNY is the State's premier manufacturing trade association, representing 325 companies with over 55,000 employees across nineteen counties in Upstate New York. Founded in 1913, we pride ourselves on not only being the largest association of manufacturers in New York, but also one of the oldest and most widely recognized associations in the nation. We continue to advocate for causes that will enable New York State manufacturers to thrive in today's competitive global market, because manufacturing is a critical component of a vibrant economy.

Today I am here on behalf of our membership to express my support for an extension of the R&D hydropower contracts until December 31, 2009, with a 30 day out period allowing for the reallocation of power within that year. I think it is important to note that this is the second time I have addressed the New York Power Authority in this capacity, as I was also here in November asking for the very same extension. As you are well aware, this coveted source of reliable low cost energy has been a source of debate for where it would best be utilized to better the interests of New York State. Taking into account the drastic changes in political leadership that New York State has experienced this past year, I strongly believe that further education and discussions are needed before going ahead and deciding where to best allocate this valued resource of low cost energy in the long-term. The one year-extension I am advocating for would give the State a sufficient amount of time to adequately decide where the hydropower would be best utilized.

For years, our members have struggled with the rapidly increasing costs of energy in New York State, a cost which has increased exponentially over the last few years. Manufacturing is the most energy intensive sector of the economy. In order to make long term decisions about future operations, manufacturers must be assured that they can continue to operate competitively, including the ability to obtain low cost energy resources. New York manufacturers need a

long term solution to produce energy rates that are comparable to the national average, rather than at the top of the list in terms of cost and rate. Long term plans must be laid by the State for the provision of low-cost power to the sector driving our economy, manufacturing – the same sector that is the most energy reliant and intensive in day to day operations.

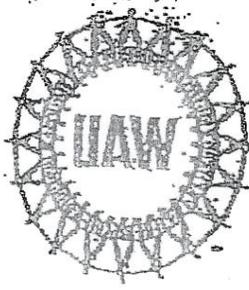
MACNY has been a leader in lobbying the New York State Legislature for a comprehensive, long-term solution to alleviate the high energy costs inflicted on New York State manufacturers. This year, we were victorious in extending the current power programs, including Power for Jobs, Economic Development Power and High Load Factor programs until June 30, 2009, as part of the State's budget. Unfortunately, despite the current programs acting as buffers for businesses against the increasing energy costs in the State, the programs were originally created as short-term solutions, and because of this, they are beginning to outdate themselves and their usefulness to the businesses who participate in them. MACNY would like to see these current programs, upon their scheduled date of expiration, phase into a single, state-wide comprehensive and long-term economic development power program.

A large contributor to the success of such a program relies on reassessing current power sources and where they are most effective. As part of our proposed solution, MACNY urges the state

government to consider allocating the 455 megawatts of hydropower from the Niagara and Saint Lawrence-FDR hydroelectric projects to economic development power programs, supporting jobs in New York State and improving the quality of life for your constituents.

Throughout the years, many have debated the best use of the 455 mw of hydropower in New York. MACNY firmly believes that allocating this resource to energy intensive manufacturers will make the State of New York a better place to live. Many out-of-state manufacturers are currently looking to relocate, but choose not to do so in New York because of our high energy costs. MACNY strongly believes that allocating the hydropower to the business community will not only help New York retain businesses already located here, but also attract and retain strong, growing out-of-state manufacturers. Low-price hydropower cuts the bottom line for businesses, making them more competitive with out-of-state businesses for capital dollars, investments and expansion. Businesses with continuous low-cost energy can plan for the future with confidence because of price predictability from long-term hydropower contracts. Creating a strong energy plan with a reliable resource such as this hydropower will enhance the ability of manufacturers and businesses to expand and create new family-supporting jobs for New York State residents.

I am here today with a number of our members who will be discussing in further detail the importance of having low-cost energy, and the importance of extending the hydropower until December 31, 2009. Additionally, I leave with you written testimony from a number of our members who, despite being unable to attend today's hearing in person, felt the need to submit testimony stressing how important this hydropower is to the future success of their businesses and communities. Simply put, we want to retain jobs, and the residents who benefit from those jobs, in New York. This valued resource is an integral part of the solution, if allocated appropriately. Thank you for your time.



Chairman of the Shop Committee
Thomas G. Slocum

President of the Local
Michael Murphy

Local - 2367
P.O. Box 4217
Rome, New York, 13442
Phone: (315) 338-2268

Mike Bambury - CAP Representative
Region 9 - UAW Local 2367
P.O. Box 4217
Rome, N.Y. 13442

June 4, 2008
NYPA Hearings

Good morning, along with being CAP (Citizen Action Program) Representative for our 300 union members, I also have the honor of representing over 17,000 union members through the CNY Labor Council in Utica, New York as their COPE (Committee on Political Education) Chairman. It is my job as their representative to understand and be involved in the political scene of our great state. I like living in Central New York and working at Revere Copper Products, Inc. for the last 4-years, but my livelihood is being put in jeopardy, not only by unfair "free trade agreements" but also because our state leadership cannot agree on proper power allocation or an energy policy for our manufacturing base.

We have an opportunity to use over 400 mega watts of hydropower currently being used to subsidize a small savings we all enjoy on our electric bill, rather than using this relatively cheaper power to help maintain our jobs and to help strengthen our state's manufacturing base. We need manufacturing jobs in our state, but without affordable power, we are in danger of losing these jobs, since 1990 this state has lost over 400,000 manufacturing jobs.

To illustrate this point please refer to the attached chart. This chart depicts the impact of the power programs on Revere's operating income during the last five years. The first bar shows that Revere was able to sustain a positive operating income under current conditions with the existing power programs. Revere has referred to this benefit as our lifeblood to survival. EDP and PFJ have given us some relief from very high market rates for electricity, putting us closer to a level playing field with our competitors.

The second bar shows the negative impact that Revere would have faced if we were not included in the existing power programs. Revere could not have remained in business paying NYS market rates.

Proposals by the state administration have been made to create a new power program. These plans would offer a discount off market rates. The orange bar illustrates that even with a 3.5 cent discount, the approach of applying a discount to market rates falls short of creating an environment of economic vitality for business.

A discount off market rates is not the answer and is further illustrated by the final bar on the chart. Applying the same discount program but discounting 3.5 cents off more recent market rates shows that Revere would have sustained considerable losses in a monetized power program.

Why do I show this? The state has a very important decision. Manufacturers can be sustained in this state if the energy climate is favorable to compete with other states. Low cost hydropower allocations have helped many manufacturers in the Western and Northern areas of New York.

Revere was founded in 1801 by Paul Revere, a patriot and prominent silversmith. He started the new company to meet our countries need to establish a strong manufacturing base to preserve and protect its independence.

Over 200 years later we have the same need for a strong manufacturing base. Manufacturing is still absolutely essential to the vitality of communities. Creating conditions to preserve economic vitality is a choice that can be made and hydropower for manufacturing is a necessary step to insure jobs for upstate communities.

We need a long term solution that is not a monetization of credits against power costs but the allocation of low cost hydro, long term so business decisions can be made with a clear understanding of power costs and not dependent on the whims of governments which can change.

Thank you for the time.

According to the Kearney Report, the theme was about "Delivering on the Promise of New York State", yet viewed as a whole, New York State's economy has staggered over the last three decades, listing between the prosperity of New York City and the increasing dire economic plight of our upstate communities. We have heard that net job growth in the state has been positive, but not all new jobs are an even trade, manufacturing jobs paid on an average \$ 20,000 dollars more than these "new jobs" many of which depend on public funding to be realized In his first State of the State address, then Governor Spitzer called for a revolution in how New York approaches business attraction, retention and growth, using cheaper hydropower for our manufacturing base can; Deliver that Promise.

If broad-based economic development in New York State is a goal, then existing manufacturing jobs deserve increase attention, since they have already demonstrated a sustainable positive impact in our state's economy. Any consideration in economic development should not pit one section of New York against another, or homeowners against the folks who provide jobs in our state. I do know this, sitting on our hands, avoiding the issue or blaming the State Assembly or State Senate members will not get this state where we need to be, someone once said, "You can't make an omelet without breaking a few eggs". There is no easy fixes to our state's problems, where we help this sector, we may hurt someone else, nevertheless, if our state is truly going to move forward, decisions on power allotment will have to be decided.

In closing, I'd like to say, this is my third manufacturing job since graduating from school, I've lost the other two jobs because they closed their doors. All types of business flourished in New York State in years past, earning our state name The Empire State, our state once led this nation in the electoral votes for our presidential candidates, because of our population, a population that is slowly moving away along with our jobs. Our plant uses a substantial amount of energy in making products used by other manufacturing businesses throughout our country, this hydropower would help ensure the jobs at Revere Copper Products, in Rome, New York, and others across our state, thank you for your time.

Mike Bambury

Revere Copper Products, Inc.



**Ron Edwards
Revere Copper Products, Inc.
One Revere Park
Rome, NY 13440**

**June 4, 2008
NYPA Hearing**

My name is Ron Edwards and I represent Revere Copper Products, Inc., located in Rome, New York. At Revere I am the Manager of Engineering and Energy Conservation.

Revere is the largest manufacturing company in Rome with more than 400 employed manufacturing copper and brass sheets, strip and coil products along with electrical buss bar and extruded shapes. Our markets include architecture, telecommunications, electrical and electronics, transportation, power generation and many others. We are the largest supplier of architectural copper and the second largest supplier of buss bar in the US.

Our electric power demand is 14,000 kilowatts and we consume about 80 million kilowatt hours per year. Our manufacturing processes are energy intensive as we have to melt all of the metal before we process it. Revere spends \$8.5 million dollars per year on all energy resources, with about half of that in electricity. Although Revere receives allocations of Economic Development Power (EDP) and Power for Jobs (PFJ), Revere's cost for electricity remains higher than competitors in other states and Buffalo resulting in a competitive disadvantage because of our location.

Ownership of Revere is shared with all its employees and all the stock is held by them and their family members. Revere does not pay dividends and reinvests all the cash flow it generates to maintain and upgrade its facilities in Rome, NY.

To reinvest requires profitability. Energy program benefits create some opportunity to maintain a cost structure that can allow for reinvestment opportunities. The economic power allocations we receive are absolutely essential for our survival. The cost savings of these programs are far beyond our minimal profits and are entirely reinvested in capital expenditures to maintain the business.

To illustrate this point please refer to the attached chart. This chart depicts the impact of the power programs on Revere's operating income during the last five years. The first bar shows that Revere was able to sustain a positive operating income under current conditions with the existing power programs. Revere has referred to this benefit as our lifeblood to survival. EDP and PFJ have given us some relief from very high market rates for electricity, putting us closer to a level playing field with our competitors.

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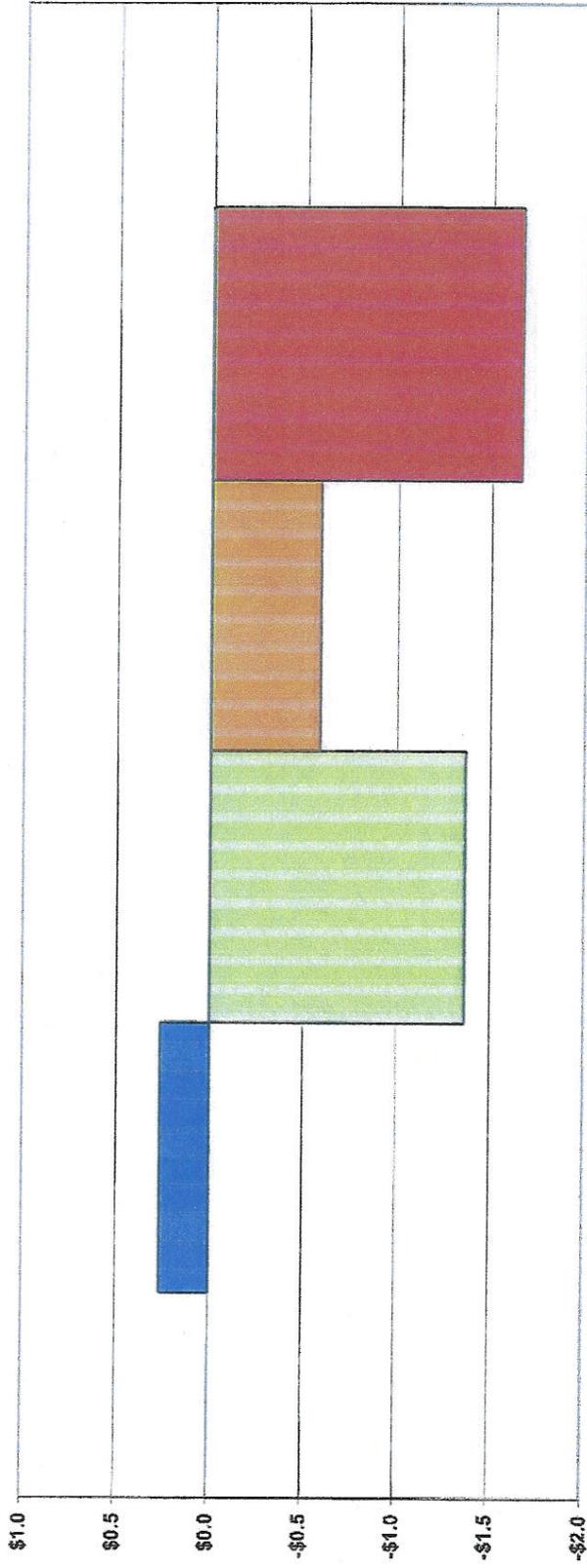
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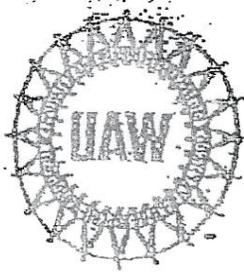
Thank you for the time.

Power Program Impacts on Revere's Operating Income (Millions of Dollars)



5 Yr Avg

- Operating Income with EDP & PFJ
- Operating Income w/o EDP & PFJ
- Operating Income with Proposed Discount Program at 3.5 cents off Market Rates
- Operating Income with Proposed Discount Program at 3.5 cents off April 2008 Market Rates



Chairman of the Shop Committee
Thomas G. Slocum

President of the Local
Michael Murphy

Local - 2367
P.O. Box 4217
Rome, New York, 13442
Phone: (315) 338-2268

Tom Slocum - Shop Chairman
Region 9 - UAW Local 2367
P.O. Box 4217
Rome, N.Y. 13442

June 4, 2008
NYPA Hearings

Good morning, I'm Tom Slocum, Shop Chairman for our 300 union members at Revere Copper Products located in Rome, N.Y., as an officer and leader in our local I feel its my obligation to come here today to speak about their job security. For the last few years our local has joined other UAW local's from across our region along with the Steel Workers Union to lobby in Albany for both the PFJ and EDP power programs because we knew how important it was to the places that employed our members. These programs have been extended the last couple of years; before that our facility has been involved with state programs since the days of the Fitzpatrick plant agreements. Now even with our nuclear capacity there is a shortage of available low-cost competitive power for our manufacturing base and without programs such as PFJ and EDP the outlook for survival is in question. Within our monthly electric bill is a small savings of perhaps \$ 3.00 per household we realize for the use of hydropower, as much as 400 mega watts, as I understand is used for this purpose. This could and should be used to protect our manufacturing jobs in this state, instead of reading in the newspaper about another plant closing only to hear, "if we only knew beforehand we might have been able to help".

I have been speaking with our state's assembly members and our state senators for three years now, that's right, for three years we been telling our elected officials, WE NEED HELP.

When I was growing up in Taberg, N.Y., our home was only a half-mile from the east branch of Fish Creek, a waterway that originates in the Tug Hill Plateau. A beautiful waterway that already has two dams on it, one in Swancott Mills the other north of Taberg, both dams to supply drinking water to the City of Rome. North of Rome, Delta Dam holds back the water of the Mohawk River to supply the canal system and for other uses. On the West Branch of Fish Creek flowing from Westdale down through Camden, there are several small dams to help control flooding, and to supply water for International Wire, for Harden Furniture and others. It was these very waterways that allowed towns and villages to grow; we used water back then to power our mills, a power source that now would not efficiently run our bigger more energy-laden mills.

I mention these waterways because over the years this state has utilized about every water system to capacity, we cannot tell ourselves we are going to dam up yet another river to help produce hydropower, it just isn't there for us to utilize. Our other choices for a low-cost power supply would be a couple of more nuclear plants, but even if the state agreed to build them, we would be looking at years for completion.

Although I personally like the wind power because of its renewable capabilities, that is not an answer for the power needs of our state's manufacturing base. There is perhaps a chance to buy additional hydropower for Canada, but until that becomes a reality, our options are limited.

As I stated earlier, there is, as I understand 400 Mega Watts of hydropower used to lower our residential monthly electric bills, this power could and should be used to support jobs in our state. I have told our elected officials in Albany, this is not a union issue, this is a jobs issue, not just union jobs, but for our neighbors and friends, those people who volunteer as fireman, coach our little league and make our communities a better place to live. If a person doesn't take care of their job and loses it because of that, shame on them, but if we lose these jobs because the state cannot bring our manufactures low-cost competitive power, then shame on our elected leaders and those who supply power to our state, thank you for your time.

Tom Slocum

1 POWER AUTHORITY OF THE STATE OF NEW YORK

2 PUBLIC HEARING

3 Wednesday, June 4, 2008 - 10:30 a.m.
4 Syracuse, New York

5 Common Council Chamber
6 City Hall
7 233 East Washington Street
8 Syracuse, New York

9 HYDROPOWER CONTRACTS WITH UPSTATE INVESTOR-OWNED
10 UTILITIES FOR RESALE TO RURAL AND DOMESTIC CONSUMERS

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13 Public Hearing held at the Common Council
14 Chamber, City Hall, 233 East Washington Street,
15 Syracuse, New York on June 4, 2008 commencing at 10:30
16 a.m.

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21 REPORTED BY: David T. Robinson, CSR
22 P. O. Box 605
23 Skaneateles, New York 13152
24 [315] 685-3371
25

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BEFORE: POWER AUTHORITY OF THE STATE OF NEW YORK
Anne Cahill, Corporate Secretary
123 Main Street
White Plains, New York 10601

Also Present: Mary Jean Frank,
Associate Corporate Secretary

Caroline Garcia,
Manager of Power Contracts

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I N D E X T O S P E A K E R S

<u>SPEAKER:</u>	<u>PAGE:</u>
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Randy Wolken, President, Manufacturers Association of Central New York	11
Richard D. Byrnes, Vice President-Operations, Crucible Specialty Metals	16
Bruce T. Brach, Operations Manager Harden Furniture, Inc.	21
Ron Edwards, Manager of Engineering and Energy Conservation Revere Copper Products, Inc.	24
Thomas G. Slocum, Shop Chairman, UAW Local 2367, Revere Copper Products, Inc.	28
Mike C. Bambury, Citizen Action Program Chairman, UAW Local 2367, Revere Copper Products, Inc.	31

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I N D E X T O E X H I B I T S

<u>EXHIBIT:</u>	<u>DESCRIPTION</u>
Exhibit #1	Written statement from: Crucible Materials Corporation, Syracuse, New York Richard D. Byrnes, Vice President-Operations, Crucible Specialty Metals
Exhibit #2	Written statement from: The Gunlocke Company Donald Wharton, President
Exhibit #3	Written statement from: Harden Furniture, Inc. McConnellsville, New York Bruce T. Brach, Operations Manager
Exhibit #4	Written statement from: Manufacturers Association of Central New York Syracuse, New York Randy Wolken, President
Exhibit #5	Written statement from: Revere Copper Products, Inc., Rome, New York Mike C. Bambury, Citizen Action Program Chairman, UAW Local 2367
Exhibit #6	Written statement from: Revere Copper Products, Inc., Rome, New York Ron Edwards, Manager of Engineering and Energy Conservation
Exhibit #7	Written statement from: Revere Copper Products, Inc., Rome, New York Thomas G. Slocum, Shop Chairman, UAW Local 2367

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PROCEEDINGS, JUNE 4TH, 2008 - 10:30 AM

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MS. CAHILL: Good morning. I'm going to start the hearing now.

Good morning. My name is Anne Cahill and I'm the Corporate Secretary of the New York Power Authority. This public hearing is being conducted by the Power Authority to provide an overview and receive public comment on extensions of contracts for the sale of hydropower for three upstate investor-owned utilities for resale to rural and domestic consumers.

Pursuant to Section 1009(1) of the Public Authorities Law, notice of this hearing was published in the following seven newspapers once a week for the four weeks leading up to the hearing: the Buffalo News, the Rochester Democrat & Chronicle, the Syracuse Post-Standard, the Watertown Times, the Utica Observer-Dispatch, the Albany Times Union and Newsday. During the 30-day period prior to today's hearing, copies of the proposed contracts have been available for inspection at the Authority's office in White Plains, as well as on the Authority's website.

Also pursuant to Section 1009(1) of the Public

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1 Authorities Law, notice of this hearing and copies
2 of the proposed contracts were sent to Governor
3 David Paterson; President Pro Tem of the New York
4 State Senate Joseph Bruno; Speaker of the Assembly
5 Sheldon Silver; Chairman of the Senate Finance
6 Committee Owen Johnson; Chairman of the Assembly
7 Ways and Means Committee Herman Farrell; Senate
8 Minority Leader Malcolm Smith and Assembly Minority
9 Leader James Tedisco.

10 If you plan to make an oral statement this
11 morning and have not yet filled out the form at the
12 sign-in desk, please do so now. We ask that you
13 give copies of your written statement to the
14 reporter and me either before or after you deliver
15 your remarks. Although your written statement can
16 be whatever length you like, we would ask those
17 presenting an oral statement to limit their remarks
18 to five minutes. If your oral statement summarizes
19 a written statement, both will appear in the record
20 of the hearing.

21 The record of this hearing will remain open
22 through close of business tomorrow, June 5, 2008,
23 for the submission of any additional comments or
24 statements. These should be addressed to the
25 Authority's Corporate Secretary at 123 Main Street,

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1 15-M, White Plains, New York 10601; or may be
2 faxed to (914) 681-6949; or e-mailed to
3 secretarys.office@nypa.gov. I will spell that for
4 you. It's S-E-C-R-E-T-A-R-Y-S dot
5 O-F-F-I-C-E-@-N-Y-P-A dot GOV. Please see Ms.
6 Frank, the Associate Corporate Secretary, on your
7 way out if you have additional questions.

8 Full stenographic minutes of the hearing will
9 be made and will be incorporated, along with the
10 written submissions, into the record that will be
11 reviewed by the Authority's Trustees.

12 Copies of the stenographic transcript of this
13 hearing will be available to the public. You should
14 contact the reporter to make arrangements to
15 purchase such a copy of it. A copy of today's
16 transcript will also be available for review at the
17 Authority's office in White Plains and on the
18 Authority's website, www.nypa.gov.

19 At this point, I will turn the microphone over
20 to Caroline Garcia, the Manager of Power Contracts
21 at the Authority, who will provide additional
22 details on the proposed contract extensions.

23 I will then call on speakers, starting with
24 any elected officials. Ms. Garcia.

25 MS. GARCIA: Thank you, and good

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morning.

My name is Caroline Garcia. I am the Manager of Power Contracts at the New York Power Authority. I am here today to present an overview of contracts for the sale of hydropower to three upstate investor-owned utilities for resale to rural and domestic consumers.

These three utilities -- National Grid (formerly Niagara Mohawk Power Corporation), New York State Electric and Gas Corporation (or NYSEG), and Rochester Gas and Electric Corporation (or RG&E) -- had been receiving firm power from the St. Lawrence/FDR and Niagara Power Projects and firm peaking hydropower from the Niagara Project for resale to rural and domestic consumers under contracts that went into effect in 1990 and which were to expire on August 31, 2007.

At their July 31, 2007 meeting, the Authority's Trustees approved an extension of the 1990 contracts to take effect on an interim basis on September 1, 2007, pending completion of the formal contract approval process under Section 1009 of the Public Authorities Law. Under this process, the contracts are subject to public notice, hearing and approval by the Governor. The contract

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extensions are for a total of 455 MW of firm power and 360 MW of firm peaking hydropower to be sold to the three utilities. The power is purchased at the cost-based hydropower rate and these rates are passed on to the utilities' residential and small farm customers without markup under Public Service Commission tariffs.

Specifically, the proposed contracts provide for the sale of 189 MW of firm and 175 MW of firm peaking to National Grid; 167 MW of firm and 150 MW of firm peaking to NYSEG and 99 MW of firm and 35 MW of firm peaking to RG&E. These amounts would be sold to the utilities through December 31, 2009 subject to withdrawal upon 30 days' written notice by the Authority for reallocation as may be authorized by law or as otherwise may be determined by the Authority's Trustees.

In addition to the withdrawals specified above, the Authority may reduce or terminate service if it is determined to be necessary to comply with any ruling, order or decision by a regulatory or judicial body or the Authority's Trustees relating to hydropower and energy allocated under the proposed contracts.

Chapter 59 of the Laws of 2006 (Part U)

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1 authorized the creation by the Governor of a
2 "Temporary State Commission on the Future of New
3 York State Power Programs for Economic
4 Development". The charge to the Commission was to
5 recommend to the Governor and the Legislature on or
6 before December 1, 2006, "whether to continue,
7 modify expand or replace the state's economic
8 development power programs, including but not
9 limited to the power for jobs program and the
10 energy cost savings benefit program."

11 On December 1, 2006 the Commission issued its
12 report, which included an array of recommendations
13 and findings. A key recommendation of the report
14 was that, among other things, hydropower now sold
15 to the utilities ought to be "redeployed" for
16 economic development purposes.

17 The short term and withdrawal provisions of
18 the proposed contracts will allow the Legislature
19 to consider the use of the subject block of power
20 for economic development or other purposes.

21 The 2008 Contract Extensions provide for
22 deletion of a provision in the 1999 Contracts
23 (Article K - Restoration of Withdrawn Power and/or
24 Energy) that would restrict the sale of any
25 industrial hydropower surrendered by Alcoa,

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Reynolds (now a part of Alcoa) or General Motors to certain geographic regions of the State or to certain classes of customers served by the utilities. It is necessary to terminate Article K since its terms conflict with the more recently enacted Preservation Power legislation governing the reallocation of power and energy surrendered by these industries.

As Ms. Cahill stated earlier, the Power Authority will accept your comments on the proposed contracts until the close of business tomorrow, June 5, 2008. I will now turn the forum back over to Ms. Cahill.

MS. CAHILL: Thank you very much, Ms. Garcia. I am now calling for the first speaker, who is Mr. Randy Wolken, President of the Manufacturers Association of Central New York.

MR. RANDY WOLKEN:

Good morning.

On behalf of the Manufacturers Association of Central New York, I would like to thank the New York Power Authority for facilitating this hearing and allowing us this opportunity to speak on behalf of manufacturers throughout Central and Upstate New York. My name is Randy Wolken, and I am the

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President of MACNY.

MACNY is the State's premier manufacturing trade association, representing 325 companies with over 55,000 employees across 19 counties in Upstate New York. Founded in 1913, we pride ourselves on not only being the largest association of manufacturers in New York, but also one of the oldest and most widely recognized associations in the nation. We continue to advocate for causes that will enable New York State manufacturers to thrive in today's competitive global market, because manufacturing is a critical component of a vibrant economy.

Today I am here on behalf of our membership to express my support for an extension of the R&D hydropower contracts until December 31, 2009, with a 30-day-out period allowing for the reallocation of power within that year. I think it's important to note that this is the second time that I have addressed the New York Power Authority in this capacity. I was also here in November asking for the same type of extension. As you are well aware, this coveted source of reliable, low cost energy has been a source of debate for where it would best be utilized to better the interests of New York

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1 State. Taking into account the drastic changes in
2 political leadership that New York State has
3 experienced in the past year, I strongly believe
4 that further education and discussions are needed
5 before going ahead and deciding where the best
6 allocation of this valuable resource of low-cost
7 energy is for the long-term. The one-year
8 extension I am advocating for would give the State
9 a sufficient amount of time to adequately decide
10 where the hydropower would be best utilized.

11 For years, our members have struggled with the
12 rapidly increasing costs of energy in New York
13 State, a cost which has increased exponentially
14 over the last few years. Manufacturing is the most
15 energy-intensive sector of the economy. In order
16 to make long-term decisions about future
17 operations, manufacturers must be assured that they
18 can continue to operate competitively, including
19 the ability to obtain low-cost energy resources.
20 New York manufacturers need a long-term solution to
21 produce energy rates that are comparable to the
22 national average, rather than at the top of the
23 list in terms of cost and rate. Long-term plans
24 must be laid by the State for the provision of
25 low-cost power to the sector driving our economy,

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manufacturing -- the same sector that is the most energy reliant and intensive in day-to-day operations.

MACNY has been a leader in lobbying the New York State Legislature for a comprehensive, long-term solution to alleviate the high energy costs inflicted on New York State manufacturers. This year, we were victorious in extending the current power programs, including Power for Jobs, Economic Development Power and High Load Factor programs, until June 30, 2009, as part of the State's budget. Unfortunately, despite the current programs acting as buffers for business against the increasing energy costs in the State, the programs were originally created as short-term solutions, and because of this, they are beginning to outdate themselves and their usefulness to the businesses who participate in them. MACNY would like to see these current programs, upon their scheduled date of expiration, phased into a single, state wide comprehensive and long-term economic development power program.

A large contributor to the success of such a program relies on reassessing current power sources and where they are most effective. As part of our

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1 proposed solution, MACNY urges the State government
2 to consider allocating the 455 MW of hydropower
3 from the Niagara and St. Lawrence/FDR hydroelectric
4 projects to economic development power programs,
5 supporting jobs in New York State and improving the
6 quality of life for your constituents.

7 Throughout the years, we have debated the best
8 use of the 455 MW of hydropower in New York. MACNY
9 firmly believes that allocating this resource to
10 energy-intensive manufacturers will make the State
11 of New York a better place to live. Many
12 out-of-state manufacturers are currently looking to
13 relocate, but choose not to do so in New York
14 because of our high energy costs. MACNY strongly
15 believes that allocating the hydropower to the
16 business community will not only help New York
17 retain businesses already located here, but also
18 attract and retain strong, growing out-of-state
19 manufacturers. Low-price hydropower cuts the
20 bottom line for businesses, making them more
21 competitive with out-of-state businesses for
22 capital dollars, investments and expansion.
23 Businesses with continuous low cost energy can plan
24 for the future with confidence because of price
25 predictability from long-term hydropower

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1 contracts. Creating a strong energy plan with a
2 reliable resource such as this hydropower will
3 enhance the ability of manufacturers and businesses
4 to expand and create new family-supporting jobs for
5 New York State residents.

6 I am here today with a number of our members
7 who will be discussing in further detail the
8 importance of having low-cost energy, and the
9 importance of extending the hydropower until
10 December 31, 2009. Additionally, I will leave with
11 you written testimony from a number of our other
12 members who, despite being unable to attend today's
13 hearing in person, felt the need to submit
14 testimony stressing how important our hydropower is
15 to the future success of their businesses and
16 communities. Simply put, we want to retain jobs,
17 and the residents who benefit from those jobs, in
18 New York. This valued resource is an integral part
19 of the solution, if allocated appropriately. Thanks
20 for your time.

21 MS. CAHILL: Thank you, Mr. Wolken. The
22 next speaker is Mr. Richard Byrnes, who is the Vice
23 President of Manufacturing for Crucible Specialty
24 Metals.

25 **MR. RICHARD BYRNES:**

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Good morning. My name is Richard Byrnes. I am Vice President of Operations, Crucible Specialty Metals.

Crucible has been manufacturing specialty steels in Syracuse, New York for over 130 years. In 1986, the employees purchased the company through an ESOP from Colt Industries, the parent company during the peak of the steel industry in the 1960s. This newly formed Crucible Materials Corporation, headquartered in Central New York, continues to survive global competition with a tradition of metallurgical expertise and technological innovation.

Today Crucible is a company that directly employs nearly 700 people in Central New York with a payroll in excess of \$57 million, and will have revenues close to \$350 million in 2008. In the last few years, we have grown significantly both in sales and in volume, which has allowed us to hire approximately 275 new employees since January 1, 2004, in part to replace those that have retired but also fueled by business growth. This hiring trend is projected to continue throughout 2008.

For the Syracuse plant, Crucible purchases approximately \$150 million in goods and services

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1 from over 800 active suppliers, 50% of which are
2 located in New York State. This year we will spend
3 over \$22 million of that amount in utility expenses
4 alone. Crucible has used \$100,000 of NYSERDA
5 grants on a number of energy-related capital
6 expenditure projects, as well as \$75,000 from the
7 DOE to study ways to reduce dependence on energy.
8 Power consumption has been reduced, in part due to
9 these grants, by 350 W per ton over the last five
10 years, yet our total cost of power has increased by
11 close to 37% over that same period.

12 It is difficult to visualize a steel producer
13 as "Green;" however, Crucible is one of the largest
14 recyclers in Central New York. In 2007, of the
15 50,000 tons charged into our melt furnace, less
16 than 12% is mined material; the remaining 88% was
17 recycled materials. In 2007, we recycled over 95%
18 of our total waste stream and are forecasting to
19 do over 98% in 2008.

20 New York State has the second highest power
21 rates in the nation, and as a primary steel
22 producer, we are heavily dependent on energy.
23 Energy accounts for 19.8% of our manufacturing
24 costs, making it second only to wages at 23% and
25 out of line with any other manufacturing costs.

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Since 1997, over 33 American steel companies have declared bankruptcy due to inability to compete. Crucible competes for the specialty steel market domestically, globally and in our own State of New York with Dunkirk Specialty Steel. Without a long-term energy program in New York State to level the playing field with the national average, we will be forced to make decisions negatively affecting capital spending, select product lines and employment levels.

A workable long-term energy program is vital to the survival of energy-dependent manufacturing in New York. In the past, programs like Power for Jobs were developed in good faith to aid manufacturing but ultimately resulted in Crucible paying a premium for Power for Jobs power over the market price. A new long-term program cannot be allowed to follow in this same path. We believe that a discount power program only puts the cost of the allocated power slightly behind the market curve and does nothing to bring energy costs for manufacturing down to the U. S. average. In just the last 12 months, the cost of electricity in this area of the State has increased 15%. Although Crucible is not opposed to the State's Renewable

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1 Energy Portfolio Standard and its involvement in
2 the Regional Greenhouse Gas Initiative, a
3 conservative estimate of a 15%-20% increase in
4 electrical costs to customers must be recognized as
5 a result of these programs. With these projected
6 increases on the horizon, the implementation of a
7 discount energy cost program would be negated in
8 just a few short years.

9 We believe that a successful solution to a
10 long-term power program for energy-reliant
11 manufacturers lies in the proper allocation of the
12 450 MW of hydropower. Extending the current
13 hydropower contracts on a month-to-month basis is
14 necessary to allow sufficient time to craft and
15 pass legislation ensuring the future of
16 manufacturing in New York State and providing
17 compensation for those currently benefiting from
18 this power.

19 Crucible has proven to be an excellent
20 employer in Central New York for 130 years, a good
21 ecologically conscious neighbor providing good
22 paying jobs, innovative business practices and a
23 positive impact on the local and State economy. Our
24 commitment to continue in this role is totally
25 dependent on our ability to remain competitive.

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1 Thank you.

2 MS. CAHILL: Thank you, Mr. Byrnes. Our
3 next speaker is Mr. Bruce Brach, Operations Manager
4 of Harden Furniture.

5 **MR. BRUCE T. BRACH:**

6 Good morning, members of the Power Authority.
7 My name is Bruce Brach and I'm the Operations
8 Manager of Harden Furniture. Harden Furniture was
9 founded in 1844 and is the oldest family-owned
10 furniture manufacturer in the United States. Our
11 current President and CEO, Greg Harden, is the
12 fifth generation of our company.

13 Harden Furniture is located in the hamlet of
14 McConnellsville, New York in Oneida County. We are
15 an equal opportunity employer, providing jobs and
16 benefits for over 350 employees and their families
17 at an annual payroll of over \$13 million. Harden is
18 a vertically integrated operation, encompassing all
19 forms of manufacturing from land management and
20 logging, furniture manufacturing and upholstering,
21 through trucking and distribution. As such, we are
22 a tremendous job multiplier. Just last year, we
23 returned over \$5 million to the local economy
24 through log procurement. On an average year, we
25 invest \$500,000 in our trucking operations with

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1 distributors that are located in Syracuse and
2 Utica, New York. The 10,000 acres of company-owned
3 land, located in Central New York, is certified
4 under the Sustainable Forestry Initiative.

5 Harden Furniture's last major expansion was in
6 1997 and was a direct result of the Economic
7 Development Power contract that was awarded to us.
8 The capital investment, totaling over \$6 million,
9 included the addition of a new sawmill, dry kilns
10 and an expansion to our finishing room. At that
11 time, we closed our upholstery plant that operated
12 in North Carolina and moved that product and those
13 jobs back to New York. We continue to invest in our
14 facility and the marketing of our product. The
15 Harden Home Studio is our largest marketing
16 strategy ever, with an investment of over \$1.5
17 million. Any increase in our electricity rates
18 will force us to reduce future investments.

19 In 2007, our electricity charges eclipsed
20 \$700,000. If we lose our Economic Development
21 Power contract we'll see our electricity bill
22 nearly double. The past three years have been
23 extremely difficult for Harden Furniture, and the
24 business environment in New York State bears much
25 of the blame. Fortunately, we have not suffered the

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1 same fate as many other manufacturers in our
2 State. We continue to manufacture and invest in
3 New York, despite the increasing burden of our
4 location. Though our rates are above the national
5 average, Harden Furniture is not asking for less
6 expensive power. We are just asking to keep, to
7 have a permanent solution that keeps our delivered
8 rates at their current level. Any increase in our
9 rates will force us to reduce our investments.

10 New York State needs a long-term economic
11 development power program and we feel that an
12 allocation of hydropower is the only current
13 solution. Manufacturing is still a backbone of
14 Central New York's economy and without such a
15 program, we'll not remain competitive. While we
16 understand that every household is struggling with
17 their budgets and a few dollars a month is
18 difficult to absorb for some households, the impact
19 of the loss of several thousand high-paying
20 manufacturing jobs would be catastrophic. Let's not
21 let this happen.

22 New York State's hydropower is one of our most
23 valuable assets. We need to determine the usage
24 that is going to provide the best long-term
25 benefits to the State and its residents. If these

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1 contracts are extended, we'll not be given the time
2 nor have the discussions necessary to make the most
3 informed decision. Thank you.

4 MS. CAHILL: Thank you, Mr. Brach.

5 Our next speaker is Mr. Ron Edwards, Manager
6 with Revere Copper Products.

7 **MR. RON EDWARDS:**

8 Yes. Good morning. My name is Ron Edwards
9 and I represent Revere Copper Products located in
10 Rome, New York. At Revere, I am the Manager of
11 Engineering and Energy Conservation.

12 Revere is the largest manufacturing company in
13 Rome with more than 400 employed manufacturing
14 copper and brass sheets, strip and coil products,
15 along with electrical buss bar and extruded shapes.
16 Our markets include architecture,
17 telecommunications, electrical and electronics,
18 transportation, power generation and many others.
19 We are the largest supplier of architectural copper
20 and the second largest supplier of buss bar in the
21 United States.

22 Our electric power demand is 14,000 kilowatts
23 and we consume about 80 million kilowatt hours per
24 year. Our manufacturing processes are energy
25 intensive, as we have to melt all of the metal

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1 before we process it. Revere spends \$8.5 million
2 per year on all energy resources, with about half
3 of that in electricity. Although Revere receives
4 allocations of Economic Development Power and Power
5 For Jobs, Revere's cost for electricity remains
6 higher than competitors in other states and
7 Buffalo, resulting in a competitive disadvantage
8 because of our location.

9 Ownership of Revere is shared with all its
10 employees and all of the stock is held by them and
11 their families. Revere does not pay dividends and
12 reinvests all the cash flow it generates to
13 maintain and upgrade its facilities.

14 To reinvest requires profitability. Energy
15 program benefits create some opportunity to
16 maintain a cost structure that can allow for
17 reinvestment opportunities. The economic power
18 allocations we receive are absolutely essential to
19 our survival. The cost savings of these programs
20 are far beyond our minimal profits and are entirely
21 reinvested in capital expenditures to maintain the
22 business.

23 To illustrate that point, I have included this
24 chart, and this chart depicts the impact of the
25 power programs on Revere's operating income during

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1 the last five years. The first bar shows that
2 Revere was able to sustain a positive operating
3 income under current conditions with the existing
4 power programs. Revere has referred to this benefit
5 as our lifeblood to survival. EDP and PFJ has given
6 us some relief from the very high market rates for
7 electricity, putting us closer to a level playing
8 field with our competitors.

9 The second bar shows the negative impact that
10 Revere would have faced if we were not included in
11 the existing power programs. Revere could not have
12 remained in business paying New York State market
13 rates.

14 Proposals by the State administration have
15 been made to create a new power program. These
16 plans would offer a discount off market rates. The
17 orange bar illustrates that even with the three and
18 a half cent discount, the approach of applying a
19 discount to market rates falls short of creating an
20 environment of economic vitality for business.

21 A discount off market rates is not the answer
22 and it is further illustrated by the red bar.
23 Applying the same discount program but discounting
24 three and a half cents off more recent market
25 rates, in fact in April of 2008, shows that Revere

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1 would have sustained considerable losses in a
2 monetized power program.

3 Why do I show this? The State has a very
4 important decision. Manufacturers can be sustained
5 in this State if the energy climate is favorable to
6 compete with other states. Low-cost hydropower
7 allocations have helped many manufacturers in the
8 western and northern areas of New York.

9 Revere was founded in 1801 by Paul Revere, a
10 patriot and prominent silversmith. He started the
11 new company to meet our country's need to establish
12 a strong manufacturing base.

13 Over 200 years later, we have the same need
14 for a strong manufacturing base. Manufacturing is
15 still absolutely essential to the vitality of our
16 communities. Creating conditions to preserve
17 economic vitality is a choice that can be made and
18 hydropower for manufacturing is a necessary step to
19 insure jobs for upstate communities.

20 We need a long-term solution that is not a
21 monetization of credits against power costs but the
22 allocation of low-cost hydro, long term, so
23 business decisions can be made with a clear
24 understanding of power costs and not dependent upon
25 the whims of government, which can change.

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1 Thank you for your time.

2 MS. CAHILL: Thank you, Mr. Edwards.

3 The next speaker is Mr. Tom Slocum, the Shop
4 Chairman, UAW Local 2367, Revere Copper Products.

5 **MR. THOMAS G. SLOCUM:**

6 Good morning. Thanks for the opportunity to
7 be here this morning. I'm Tom Slocum, Shop Chairman
8 for 300 union members at Revere Copper Products
9 located in Rome, New York. As an officer and leader
10 of the local, it's my obligation to come here today
11 to speak about their job security. For the last few
12 years, our local has joined other UAW locals from
13 across our region along with the Steel Workers
14 Union to lobby in Albany for both the Power for
15 Jobs and Economic Development Power programs
16 because we know how important these programs were
17 to the places that employ our members. These
18 programs have been extended the last couple of
19 years. Before that our facility has been involved
20 in the State programs since the days of the
21 Fitzpatrick power agreements. Now, even with our
22 nuclear capacity, there is a shortage of available
23 low-cost competitive power for our manufacturing
24 base. Without programs such as Power for Jobs and
25 Economic Development Power, the outlook for

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1 survival is in question. Within our monthly
2 electric bill is a small savings of perhaps \$3 per
3 household we realize from the use of hydropower.
4 As much as 400 megawatts, as I understand it, is
5 used for this purpose. This could and should be
6 used to protect our jobs in the, the manufacturing
7 jobs in our State, instead of reading in the
8 newspaper about another plant closing only to hear,
9 "if we only knew beforehand we could have helped."

10 I have been speaking with State Assembly
11 members and our State Senators for three years. For
12 three years, we have been telling our elected
13 officials we need help.

14 When I was growing up in Taberg, New York our
15 home was only half a mile from the east branch of
16 Fish Creek, a waterway that originates in the Tug
17 Hill Plateau. It's a beautiful waterway that
18 already has two dams on it: One at Swancott Mills
19 and the other north of Taberg. Both of these dams
20 supply drinking water to the City of Rome. North of
21 Rome, Delta Dam holds back water from the Mohawk
22 River to supply water to the canal system and for
23 other uses. On the West Branch of Fish Creek
24 flowing from Westdale down through Camden, there
25 are several small dams to help control flooding and

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1 help supply water for International Wire and for
2 Harden Furniture and for others. It was these very
3 waterways that allowed towns and us to grow. We
4 used water back then to power our mills, a power
5 source that now would not efficiently run our
6 bigger and more energy-laden mills.

7 I mention these waterways because over the
8 years the State has utilized about every water
9 system to capacity. We cannot tell ourselves we are
10 going to dam up yet another river to help produce
11 more hydropower. It just isn't there for us to
12 utilize. Our other choices for a low-cost power
13 supply would be a couple more nuclear plants, but
14 even if the State agrees to build them we would be
15 looking at years before completion.

16 Although I personally like wind power because
17 of its renewable capabilities, that is not the
18 answer for power needs for our State's
19 manufacturing base. There is perhaps a chance to
20 buy additional hydropower from Canada, but until
21 that becomes a reality, our options are very
22 limited.

23 As I stated earlier, there is, as I
24 understand, 400 megawatts of hydropower used to
25 lower our residential monthly electrical bills.

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1 This power could and should be used to support jobs
2 in our State. I have told our elected officials in
3 Albany this is not a union issue, this is a jobs
4 issue. But not just from union jobs, but for our
5 neighbors and friends, those people who volunteer
6 as firemen, coach our little leagues and make our
7 communities a better place to live. If a person
8 doesn't take care of his job and he loses it
9 because of that, shame on him. But if we lose jobs
10 in New York State because our elected officials or
11 people who supply power to our State cannot supply
12 that low-cost power, then shame on them. And I
13 thank you for your time.

14 MS. CAHILL: Thank you, Mr. Slocum. Our
15 next speaker is Mike Bambury. He is the Citizen
16 Action Program Chairman, UAW Local 2367, Revere
17 Copper Products.

18 **MR. MIKE BAMBURY:**

19 Good morning. Mike Bambury. I'm the machine
20 operator for Copper Products and also being the CAP
21 rep for 300 union members. I also have the honor of
22 representing over 17,000 union members through the
23 Central New York Labor Council in Utica, New York
24 as their COPE chairman. It's my job to be the
25 representative to understand and be involved in

1 political issues seen in our great State. I like
2 living in Central New York and working over here at
3 Copper Products for the past four years, but my
4 livelihood is being put in jeopardy, not only by
5 unfair free trade agreements but also because our
6 State leadership cannot agree on proper power
7 allotment or an energy policy for our manufacturing
8 base.

9 We have an opportunity to use over 400
10 megawatts of hydropower currently being used to
11 subsidize a small savings we all enjoy on our
12 electric bill, rather than using this relatively
13 cheaper power to help maintain our jobs and to help
14 strengthen our State's manufacturing base. We need
15 manufacturing jobs in our State, but without
16 affordable power, we are in danger of losing these
17 jobs. Since 1990, this State has lost over 400,000
18 manufacturing jobs.

19 According to the Kearney Report, the theme was
20 about "Delivering on the Promise of New York
21 State." Yet viewed as a whole, New York State's
22 economy has staggered over the last three decades,
23 listing between the prosperity of New York City and
24 the increasing dire economic plight of our upstate
25 communities. We have heard that net job growth in

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1 the State has been positive, but not all new jobs
2 are an even trade. Manufacturing jobs paid on an
3 average \$20,000 more than these new jobs, many of
4 which depend on public funding to be realized. In
5 his first State of the State address, then Governor
6 Spitzer called for a revolution in how New York
7 approaches business attraction, retention and
8 growth; using cheaper hydropower for our
9 manufacturing basic deliver that promise.

10 If broad-based economic development in New
11 York State is a goal, then existing manufacturing
12 jobs deserve increased attention, since they have
13 already demonstrated a positive impact in our
14 State's economy. Any consideration in economic
15 development should not pit one section of New York
16 against another, or homeowners against the folks
17 who provide jobs in our State. I do know that
18 sitting on our hands avoiding the issue or blaming
19 the State Assembly or State Senate members will not
20 get this State where we need to be. Someone once
21 said "You can't make an omelet without breaking a
22 few eggs." There are no easy fixes to our State's
23 problems. Where we help this sector, we may hurt
24 someone else. Nevertheless, if our State is truly
25 going to move forward, decisions on power allotment

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1 will have to be made.

2 In closing, I'd like to say this is my third
3 manufacturing job since graduating from high
4 school. I have lost the other two jobs because they
5 closed their doors. All types of business
6 flourished in New York State in the past, earning
7 our State name, The Empire State. Our State once
8 led this nation in the electoral votes for our
9 presidential candidates because of our population,
10 a population that's slowly moving away along with
11 our jobs. Our plant uses a substantial amount of
12 energy-making products used by our other
13 manufacturing businesses throughout the country.
14 This hydropower would help insure the jobs at
15 Revere Copper Products in Rome, New York and others
16 across our State. Thank you.

17 MS. CAHILL: Thank you. Is there anyone
18 else who wanted to make a statement? Okay.

19 Having heard all the speakers who signed in
20 today to speak, this portion of the public hearing
21 is now concluded. I'd like to remind everyone that
22 the record of the hearing will remain open through
23 the close of business tomorrow, June 5, 2008 for
24 the submission of any additional comments or
25 statements. Thank you very much.

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(WHEREUPON the proceedings were concluded at
this time.)

[11:07]

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C E R T I F I C A T I O N

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This is to certify that I am an Official Senior Court Reporter of the State of New York (retired); that I attended and reported the foregoing proceedings; that the foregoing is a true, accurate and correct transcript of the proceedings had therein, to the best of my knowledge and ability. The indication of double dashes [--] within this transcript indicates an interruption in speaking or incomplete thought, and under no circumstances is an indication or an omission of the spoken word from this transcript.



David T. Robinson,
Official Court Reporter

DATED: June 7th, 2008

DAVID T. ROBINSON, CSR [315] 685-3371
P. O. Box 605, Skaneateles, New York 13152



Crucible Materials Corporation
575 State Fair Boulevard
P.O. Box 977
Syracuse, New York 13201

Richard D. Byrnes
Vice President – Operations Crucible Specialty Metals

Testimony at the public hearing of NYPA on June 4, 2008, to be held in Syracuse, New York

Crucible has been manufacturing Specialty Steels in Syracuse for over 130 years. In 1986 the employees purchased the company through an ESOP from Colt Industries, the parent company during the peak of the steel industry in the 1960's. This newly formed Crucible Materials Corporation (CMC), headquartered in Central New York (CNY) continues to survive global competition with a tradition of metallurgical expertise and technological innovation.

Today Crucible is a company that directly employs nearly 700 people in CNY with a payroll in excess of \$57 million, and will have revenues close to \$350 million in 2008. In the last few years, we have grown significantly both in sales and in volume which has allowed us to hire approximately 275 new employees since January 1, 2004, in part to replace those that have retired but also fueled by business growth. This hiring trend is projected to continue throughout 2008.

For the Syracuse plant, Crucible purchases approximately \$150 million in goods and services from over 800 active suppliers, of which 50% are located in New York State (NY). This year we will spend over \$22 million of that amount in utility expenses alone. Crucible has used \$100,000 of NYSERDA grants on a number of energy-related capital expenditure projects as well as \$75,000 from the DOE to study ways to reduce dependence on energy. Power consumption has been reduced, in part due to these grants, by 350 KWH/ton over the last five years, yet our total cost of power has increased by close to 37% over that same period.

It is difficult to visualize a steel producer as "Green" however; Crucible is one of the largest recyclers in CNY. In 2007, of the 50,000 tons charged into our melt furnace, less than 12% is mined material; the remaining 88% was recycled materials. In 2007 we recycled over 95% of our total waste stream and are forecasting 98% in 2008.

New York State has the second highest power rates in the nation, and as a primary steel producer, we are heavily dependent on energy. Energy accounts for 19.8% of our manufacturing costs making it second only to wages at 23.7% and out of line with any other manufacturing cost.

Since 1997, over thirty-three American steel companies have declared bankruptcy due to inability to compete. Crucible competes for the Specialty Steel market domestically, globally and in our own state of New York with Dunkirk Specialty Steel. Without a long term energy program in New York State to level the playing field with the National average, we will be forced to make decisions negatively affecting capital spending, select product lines and employment levels.

A workable long term energy program is vital to the survival of energy dependent manufacturing in NY. In the past, programs like Power for Jobs were developed in good faith to aid manufacturing but ultimately resulted in Crucible paying a premium for PFJ power over market price. A new long term program cannot be allowed to follow in this same path. We believe that a discount power program only puts the cost of the allocated power slightly behind the market curve and does nothing to bring energy costs for manufacturing down to the US average. In just the last 12 months the cost of electricity in this area of the state has increased 15%. Although Crucible is not opposed to the state's Renewable Energy Portfolio Standard and their involvement in the Regional Greenhouse Gas Initiative (RGGI), a conservative estimate of a 15% -20% increase in electrical costs to customers must be recognized as a result of these programs. With these projected increases on the horizon, the implementation of a discount energy cost program would be negated in a few short years.

We believe that a successful solution to a long term power program for energy-reliant manufacturers lies in the proper allocation of the 450 MW of hydro-power. Extending the current hydro-power contracts on a month to month basis is necessary to allow sufficient time to craft and pass legislation ensuring the future of manufacturing in NYS and providing compensation for those currently benefiting from this power.

Crucible has proven to be an excellent employer in CNY for 130 years, a good ecological conscious neighbor providing good paying jobs, innovative business practices, and a positive impact on the local and state economy. Our commitment to continue in this role is totally dependant on our ability to remain competitive.

Exhibit 2

Performance Audit

One Gunlocke Drive
Wayland, NY 11979

608 719 6111
645 726 2357

May 30, 2008

Power Authority of the State of New York
Anne Cahill
Corporate Secretary
123 Main Street
White Plains, New York 10601

Re: PFJ/EDP Testimonials

Dear Ms. Cahill:

The Gunlocke Company has been receiving energy through the Economic Development Power Program and Economic Energy Cost Savings Benefit Program. The amount of energy allocated was 4100KW. Should these benefits no longer be available to Gunlocke, our energy costs would increase by approximately \$900,000 annually. Utility expenses are our number two overhead cost item.

The office furniture industry is a highly competitive industry and like many other industries is also battling rising operational costs, foreign competition, etc. Loss of the benefits under EDP would negatively impact our ability to achieve an acceptable level of financial performance.

Additionally, in 2004 the HNI Corporation (Gunlocke's parent company) acquired additional wood manufacturing capacity in Indiana. This facility has in excess of 50% more manufacturing space than Gunlocke's manufacturing facility in Wayland, NY and has the ability to absorb the Gunlocke manufacturing operations. Should the energy benefits of the EDP Program be lost, electrical costs at the Indiana plant would then be 66.7% less than projected Gunlocke costs.

The current Gunlocke employment level is around 967 members and expanding at a double digit growth rate. The associated payroll is approximately \$34 million. Should the Gunlocke operation be consolidated with the Indiana facility, the impact to the local economy in Wayland, NY and surrounding communities in Steuben County would be vast. In addition Gunlocke spends \$10,750,000 with other New York State Businesses and contributes between \$35,000 and \$40,000 annually to local charitable organizations within the Wayland Community.

Gunlocke is committed to growing and providing meaningful employment opportunities in Western New York. The benefits provided under the EDP Program are a critical component of this mission.

Thank you for your support.

Sincerely,

Donald Wharton
President Gunlocke

**Harden Furniture Inc. Testimony to the New York
Power Authority**

Extension of Domestic and Rural Hydro-Electric Contracts

Wednesday, June 4, 2008
Common Council Chamber
City Hall
233 East Washington Street
Syracuse, New York

Submitted By:
Bruce T. Brach
Operations Manager, Harden Furniture Inc.

Good morning members of the Power Authority. My name is Bruce Brach and I'm the Operation Manager at Harden Furniture. Harden Furniture Inc was founded in 1844 and is the oldest family owned furniture manufacturer in the United States. Our current President and CEO, Greg Harden, is the fifth generation to lead our company.

Harden Furniture Inc. is located in the Hamlet of McConnellsville, New York in Oneida County. We are an Equal Opportunity Employer providing jobs and benefits for over 350 employees and their families at an annual payroll of over 13 million dollars. Harden is a vertically integrated operation, encompassing all forms of manufacturing from land management and logging, furniture manufacturing and upholstering, through trucking and distribution. As such, we are a tremendous job multiplier. Just last year we returned over five million dollars to the local economy through log procurement. On an average year, we invest \$500,000 in our trucking operations with distributors that are located in Syracuse and Utica, New York. The 10,000 acres of company owned land, located in Central New York, is certified under the Sustainable Forestry Initiative.

Harden Furniture's last major expansion was in 1997 and was a direct result of the EDP contract that was awarded to us. The capital investment, totaling over 6 million dollars, included the addition of a new sawmill, dry kilns and an expansion to our finishing room. We also closed an upholstery plant that operated in North Carolina and moved that product and those jobs back to New York. We continue to invest in our facility and marketing of our product. The Harden Home Studio is our largest marketing strategy ever, with an investment of over 1.5 million dollars. Any increase in our electricity rates will force us to reduce future investments accordingly.

In 2007 our electricity charges eclipsed \$700,000. If we lose our EDP contract we will see our electricity bill nearly double. The past three years have been extremely difficult for Harden Furniture, and the business environment in New York State bears much of the blame. Fortunately, we have not suffered the same fate as many other manufacturers in our state. We continue to manufacture and invest in New York, despite the increasing burden of our location - New York. Though our rates are above the national average,

Harden Furniture is not asking for less expensive power. We are asking for a permanent solution that keeps our delivered rates at their current level. Any increase in our rates will force us to reduce our investments accordingly.

New York State needs a long term economic development power program and we feel that an allocation of Hydro Power is the only current solution. Manufacturing is still the backbone of Central New York's economy and without such a program, we will not remain competitive. While we understand that every household is struggling with their budgets and a few dollars a month is difficult to absorb, the impact of the loss of several thousand, high paying manufacturing jobs would be catastrophic. Let's not let this happen.

New York State's Hydro Power is one of our most valuable assets. We need to determine the usage that is going to provide the best long term benefit to the state and its residents. If these contracts are extended, we will not be given the time nor have the discussions necessary to make the most informed decision.

NYPA Public Hearing

**Randy Wolken
MACNY, The Manufacturers Association
June 4, 2008**

On behalf of the Manufacturer's Association of Central New York, I would like to thank the New York Power Authority for facilitating this hearing and allowing us this opportunity to speak on behalf of manufacturers throughout Central and Upstate New York. My name is Randy Wolken, and I am the President of MACNY.

MACNY is the State's premier manufacturing trade association, representing 325 companies with over 55,000 employees across nineteen counties in Upstate New York. Founded in 1913, we pride ourselves on not only being the largest association of manufacturers in New York, but also one of the oldest and most widely recognized associations in the nation. We continue to advocate for causes that will enable New York State manufacturers to thrive in today's competitive global market, because manufacturing is a critical component of a vibrant economy.

Today I am here on behalf of our membership to express my support for an extension of the R&D hydropower contracts until December 31, 2009, with a 30 day out period allowing for the reallocation of power within that year. I think it is important to note that this is the second time I have addressed the New York Power Authority in this capacity, as I was also here in November asking for the very same extension. As you are well aware, this coveted source of reliable low cost energy has been a source of debate for where it would best be utilized to better the interests of New York State. Taking into account the drastic changes in political leadership that New York State has experienced this past year, I strongly believe that further education and discussions are needed before going ahead and deciding where to best allocate this valued resource of low cost energy in the long-term. The one year-extension I am advocating for would give the State a sufficient amount of time to adequately decide where the hydropower would be best utilized.

For years, our members have struggled with the rapidly increasing costs of energy in New York State, a cost which has increased exponentially over the last few years. Manufacturing is the most energy intensive sector of the economy. In order to make long term decisions about future operations, manufacturers must be assured that they can continue to operate competitively, including the ability to obtain low cost energy resources. New York manufacturers need a

long term solution to produce energy rates that are comparable to the national average, rather than at the top of the list in terms of cost and rate. Long term plans must be laid by the State for the provision of low-cost power to the sector driving our economy, manufacturing – the same sector that is the most energy reliant and intensive in day to day operations.

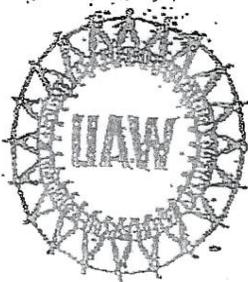
MACNY has been a leader in lobbying the New York State Legislature for a comprehensive, long-term solution to alleviate the high energy costs inflicted on New York State manufacturers. This year, we were victorious in extending the current power programs, including Power for Jobs, Economic Development Power and High Load Factor programs until June 30, 2009, as part of the State's budget. Unfortunately, despite the current programs acting as buffers for businesses against the increasing energy costs in the State, the programs were originally created as short-term solutions, and because of this, they are beginning to outdate themselves and their usefulness to the businesses who participate in them. MACNY would like to see these current programs, upon their scheduled date of expiration, phase into a single, state-wide comprehensive and long-term economic development power program.

A large contributor to the success of such a program relies on reassessing current power sources and where they are most effective. As part of our proposed solution, MACNY urges the state

government to consider allocating the 455 megawatts of hydropower from the Niagara and Saint Lawrence-FDR hydroelectric projects to economic development power programs, supporting jobs in New York State and improving the quality of life for your constituents.

Throughout the years, many have debated the best use of the 455 mw of hydropower in New York. MACNY firmly believes that allocating this resource to energy intensive manufacturers will make the State of New York a better place to live. Many out-of-state manufacturers are currently looking to relocate, but choose not to do so in New York because of our high energy costs. MACNY strongly believes that allocating the hydropower to the business community will not only help New York retain businesses already located here, but also attract and retain strong, growing out-of-state manufacturers. Low-price hydropower cuts the bottom line for businesses, making them more competitive with out-of-state businesses for capital dollars, investments and expansion. Businesses with continuous low-cost energy can plan for the future with confidence because of price predictability from long-term hydropower contracts. Creating a strong energy plan with a reliable resource such as this hydropower will enhance the ability of manufacturers and businesses to expand and create new family-supporting jobs for New York State residents.

I am here today with a number of our members who will be discussing in further detail the importance of having low-cost energy, and the importance of extending the hydropower until December 31, 2009. Additionally, I leave with you written testimony from a number of our members who, despite being unable to attend today's hearing in person, felt the need to submit testimony stressing how important this hydropower is to the future success of their businesses and communities. Simply put, we want to retain jobs, and the residents who benefit from those jobs, in New York. This valued resource is an integral part of the solution, if allocated appropriately. Thank you for your time.



Chairman of the Shop Committee
Thomas G. Slocum

President of the Local
Michael Murphy

Local - 2367
P.O. Box 4217
Rome, New York, 13442
Phone: (315) 338-2268

Mike Bambury - CAP Representative
Region 9 - UAW Local 2367
P.O. Box 4217
Rome, N.Y. 13442

June 4, 2008
NYPA Hearings

Good morning, along with being CAP (Citizen Action Program) Representative for our 300 union members, I also have the honor of representing over 17,000 union members through the CNY Labor Council in Utica, New York as their COPE (Committee on Political Education) Chairman. It is my job as their representative to understand and be involved in the political scene of our great state. I like living in Central New York and working at Revere Copper Products, Inc. for the last 4-years, but my livelihood is being put in jeopardy, not only by unfair "free trade agreements" but also because our state leadership cannot agree on proper power allocation or an energy policy for our manufacturing base.

We have an opportunity to use over 400 mega watts of hydropower currently being used to subsidize a small savings we all enjoy on our electric bill, rather than using this relatively cheaper power to help maintain our jobs and to help strengthen our state's manufacturing base. We need manufacturing jobs in our state, but without affordable power, we are in danger of losing these jobs, since 1990 this state has lost over 400,000 manufacturing jobs.

To illustrate this point please refer to the attached chart. This chart depicts the impact of the power programs on Revere's operating income during the last five years. The first bar shows that Revere was able to sustain a positive operating income under current conditions with the existing power programs. Revere has referred to this benefit as our lifeblood to survival. EDP and PFJ have given us some relief from very high market rates for electricity, putting us closer to a level playing field with our competitors.

The second bar shows the negative impact that Revere would have faced if we were not included in the existing power programs. Revere could not have remained in business paying NYS market rates.

Proposals by the state administration have been made to create a new power program. These plans would offer a discount off market rates. The orange bar illustrates that even with a 3.5 cent discount, the approach of applying a discount to market rates falls short of creating an environment of economic vitality for business.

A discount off market rates is not the answer and is further illustrated by the final bar on the chart. Applying the same discount program but discounting 3.5 cents off more recent market rates shows that Revere would have sustained considerable losses in a monetized power program.

Why do I show this? The state has a very important decision. Manufacturers can be sustained in this state if the energy climate is favorable to compete with other states. Low cost hydropower allocations have helped many manufacturers in the Western and Northern areas of New York.

Revere was founded in 1801 by Paul Revere, a patriot and prominent silversmith. He started the new company to meet our countries need to establish a strong manufacturing base to preserve and protect its independence.

Over 200 years later we have the same need for a strong manufacturing base. Manufacturing is still absolutely essential to the vitality of communities. Creating conditions to preserve economic vitality is a choice that can be made and hydropower for manufacturing is a necessary step to insure jobs for upstate communities.

We need a long term solution that is not a monetization of credits against power costs but the allocation of low cost hydro, long term so business decisions can be made with a clear understanding of power costs and not dependent on the whims of governments which can change.

Thank you for the time.

According to the Kearney Report, the theme was about "Delivering on the Promise of New York State", yet viewed as a whole, New York State's economy has staggered over the last three decades, listing between the prosperity of New York City and the increasing dire economic plight of our upstate communities. We have heard that net job growth in the state has been positive, but not all new jobs are an even trade, manufacturing jobs paid on an average \$ 20,000 dollars more than these "new jobs" many of which depend on public funding to be realized In his first State of the State address, then Governor Spitzer called for a revolution in how New York approaches business attraction, retention and growth, using cheaper hydropower for our manufacturing base can; Deliver that Promise.

If broad-based economic development in New York State is a goal, then existing manufacturing jobs deserve increase attention, since they have already demonstrated a sustainable positive impact in our state's economy. Any consideration in economic development should not pit one section of New York against another, or homeowners against the folks who provide jobs in our state. I do know this, sitting on our hands, avoiding the issue or blaming the State Assembly or State Senate members will not get this state where we need to be, someone once said, "You can't make an omelet without breaking a few eggs". There is no easy fixes to our state's problems, where we help this sector, we may hurt someone else, nevertheless, if our state is truly going to move forward, decisions on power allotment will have to be decided.

In closing, I'd like to say, this is my third manufacturing job since graduating from school, I've lost the other two jobs because they closed their doors. All types of business flourished in New York State in years past, earning our state name The Empire State, our state once led this nation in the electoral votes for our presidential candidates, because of our population, a population that is slowly moving away along with our jobs. Our plant uses a substantial amount of energy in making products used by other manufacturing businesses throughout our country, this hydropower would help ensure the jobs at Revere Copper Products, in Rome, New York, and others across our state, thank you for your time.

Mike Bambury

Revere Copper Products, Inc.



**Ron Edwards
Revere Copper Products, Inc.
One Revere Park
Rome, NY 13440**

**June 4, 2008
NYPA Hearing**

My name is Ron Edwards and I represent Revere Copper Products, Inc., located in Rome, New York. At Revere I am the Manager of Engineering and Energy Conservation.

Revere is the largest manufacturing company in Rome with more than 400 employed manufacturing copper and brass sheets, strip and coil products along with electrical buss bar and extruded shapes. Our markets include architecture, telecommunications, electrical and electronics, transportation, power generation and many others. We are the largest supplier of architectural copper and the second largest supplier of buss bar in the US.

Our electric power demand is 14,000 kilowatts and we consume about 80 million kilowatt hours per year. Our manufacturing processes are energy intensive as we have to melt all of the metal before we process it. Revere spends \$8.5 million dollars per year on all energy resources, with about half of that in electricity. Although Revere receives allocations of Economic Development Power (EDP) and Power for Jobs (PFJ), Revere's cost for electricity remains higher than competitors in other states and Buffalo resulting in a competitive disadvantage because of our location.

Ownership of Revere is shared with all its employees and all the stock is held by them and their family members. Revere does not pay dividends and reinvests all the cash flow it generates to maintain and upgrade its facilities in Rome, NY.

To reinvest requires profitability. Energy program benefits create some opportunity to maintain a cost structure that can allow for reinvestment opportunities. The economic power allocations we receive are absolutely essential for our survival. The cost savings of these programs are far beyond our minimal profits and are entirely reinvested in capital expenditures to maintain the business.

To illustrate this point please refer to the attached chart. This chart depicts the impact of the power programs on Revere's operating income during the last five years. The first bar shows that Revere was able to sustain a positive operating income under current conditions with the existing power programs. Revere has referred to this benefit as our lifeblood to survival. EDP and PFJ have given us some relief from very high market rates for electricity, putting us closer to a level playing field with our competitors.

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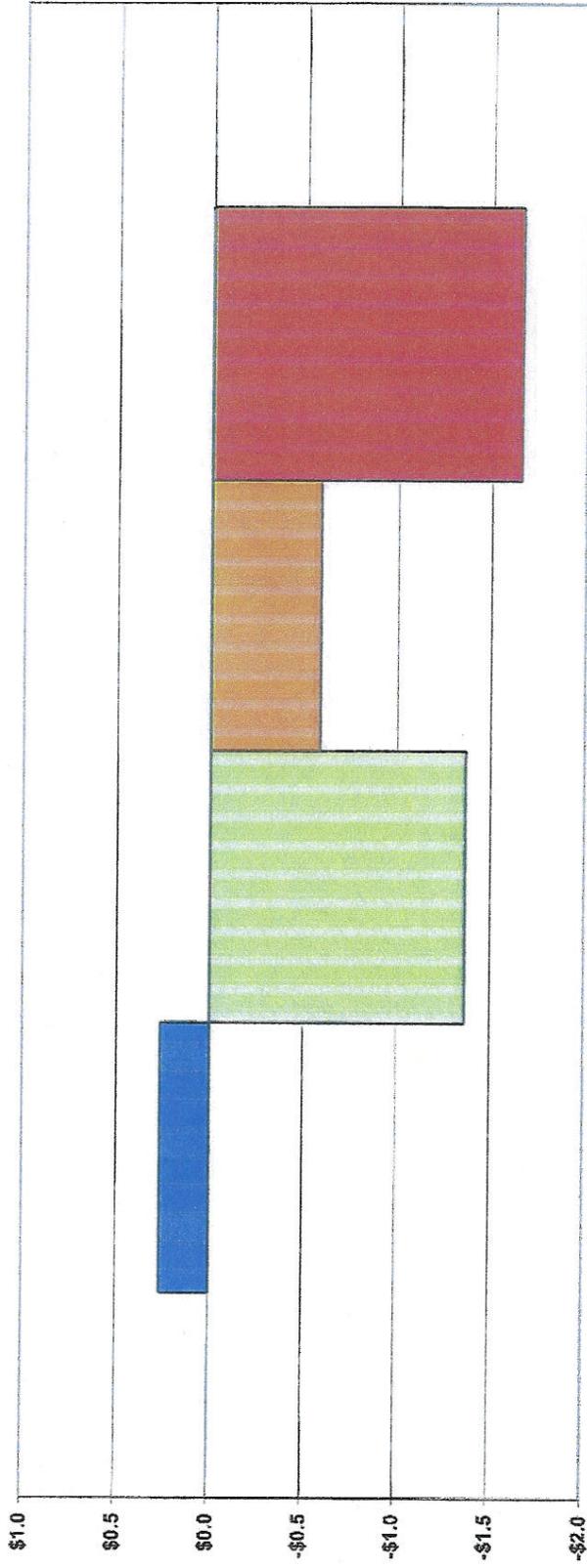
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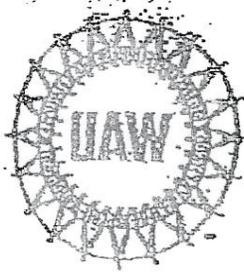
Thank you for the time.

Power Program Impacts on Revere's Operating Income (Millions of Dollars)



5 Yr Avg

- Operating Income with EDP & PFJ
- Operating Income w/o EDP & PFJ
- Operating Income with Proposed Discount Program at 3.5 cents off Market Rates
- Operating Income with Proposed Discount Program at 3.5 cents off April 2008 Market Rates



Chairman of the Shop Committee
Thomas G. Slocum

President of the Local
Michael Murphy

Local - 2367
P.O. Box 4217
Rome, New York, 13442
Phone: (315) 338-2268

Tom Slocum - Shop Chairman
Region 9 - UAW Local 2367
P.O. Box 4217
Rome, N.Y. 13442

June 4, 2008
NYPA Hearings

Good morning, I'm Tom Slocum, Shop Chairman for our 300 union members at Revere Copper Products located in Rome, N.Y., as an officer and leader in our local I feel its my obligation to come here today to speak about their job security. For the last few years our local has joined other UAW local's from across our region along with the Steel Workers Union to lobby in Albany for both the PFJ and EDP power programs because we knew how important it was to the places that employed our members. These programs have been extended the last couple of years; before that our facility has been involved with state programs since the days of the Fitzpatrick plant agreements. Now even with our nuclear capacity there is a shortage of available low-cost competitive power for our manufacturing base and without programs such as PFJ and EDP the outlook for survival is in question. Within our monthly electric bill is a small savings of perhaps \$ 3.00 per household we realize for the use of hydropower, as much as 400 mega watts, as I understand is used for this purpose. This could and should be used to protect our manufacturing jobs in this state, instead of reading in the newspaper about another plant closing only to hear, "if we only knew beforehand we might have been able to help".

I have been speaking with our state's assembly members and our state senators for three years now, that's right, for three years we been telling our elected officials, WE NEED HELP.

When I was growing up in Taberg, N.Y., our home was only a half-mile from the east branch of Fish Creek, a waterway that originates in the Tug Hill Plateau. A beautiful waterway that already has two dams on it, one in Swancott Mills the other north of Taberg, both dams to supply drinking water to the City of Rome. North of Rome, Delta Dam holds back the water of the Mohawk River to supply the canal system and for other uses. On the West Branch of Fish Creek flowing from Westdale down through Camden, there are several small dams to help control flooding, and to supply water for International Wire, for Harden Furniture and others. It was these very waterways that allowed towns and villages to grow; we used water back then to power our mills, a power source that now would not efficiently run our bigger more energy-laden mills.

I mention these waterways because over the years this state has utilized about every water system to capacity, we cannot tell ourselves we are going to dam up yet another river to help produce hydropower, it just isn't there for us to utilize. Our other choices for a low-cost power supply would be a couple of more nuclear plants, but even if the state agreed to build them, we would be looking at years for completion.

Although I personally like the wind power because of its renewable capabilities, that is not an answer for the power needs of our state's manufacturing base. There is perhaps a chance to buy additional hydropower for Canada, but until that becomes a reality, our options are limited.

As I stated earlier, there is, as I understand 400 Mega Watts of hydropower used to lower our residential monthly electric bills, this power could and should be used to support jobs in our state. I have told our elected officials in Albany, this is not a union issue, this is a jobs issue, not just union jobs, but for our neighbors and friends, those people who volunteer as fireman, coach our little league and make our communities a better place to live. If a person doesn't take care of their job and loses it because of that, shame on them, but if we lose these jobs because the state cannot bring our manufactures low-cost competitive power, then shame on our elected leaders and those who supply power to our state, thank you for your time.

Tom Slocum

2. **Financial Reports for the Five Months Ended May 31, 2008**

Mr. Arnold Bellis presented the highlights of the reports to the Trustees.

NEW YORK POWER AUTHORITY
FINANCIAL REPORTS
FOR THE FIVE MONTHS ENDED MAY 31, 2008

Financial Reports
Table of Contents

1	Financial Summary
2	Statement of Net Revenues
3	Statement of Net Revenues by Facility
4	Net Revenues-Variance from Budget
5	Operations & Maintenance
6	Statement of Net Assets
7	Summary of Net Generation
8	Capital Expenditures
9	Demand Side Management Financial Report
10	Operating Fund
11	Portfolio Performance and Financing Rates

NEW YORK POWER AUTHORITY FINANCIAL REPORT FOR THE FIVE MONTHS ENDED MAY 31, 2008

(\$ in millions)

<u>Financial Summary</u>	<u>2008 YTD</u>		<u>May 2008</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Net operating revenues	\$128.5	\$84.4	\$40.1	\$16.4
Net revenues	137.5	104.5	37.8	19.9
O&M (incl. administrative)	109.1	117.1	22.7	23.7
Generation (gwh's)	11,191	10,091	2,198	2,002
	<u>Current</u>	<u>Prior Month</u>	<u>December 2007</u>	
Reserves	\$276	\$273	\$284	

Net revenues through May 31, 2008 were \$137.5 which was \$33.0 higher than budgeted including higher net operating revenues (\$44.1) partially offset by lower non-operating income (\$11.1). Net operating revenues were higher at Niagara (\$44.1) and St. Lawrence (\$7.0) due to 13% higher generation. The transmission facilities were \$10.0 higher than expected due primarily to higher FACTS congestion rents. Higher prices on market-based sales contributed to higher net operating revenues at the SCPP's (\$3.5) and Blenheim Gilboa (\$2.3). These positives were partially offset by the recognition of a year-to-date \$25.0 charge relating to the additional voluntary contribution to the State's General Fund based on the fiscal year 2008-9 Budget legislation. This charge represents a proportionate share of the additional \$60.0 contribution authorized by the Trustees in April and paid in May. Non-operating income included a year-to-date mark-to-market loss on the Authority's investment portfolio (resulting from higher than anticipated market interest rates) partially offset by lower costs on variable rate debt.

Net revenues for the month of May were \$37.8 which was \$17.9 higher than budgeted due to higher net operating revenues (\$23.7) partially offset by lower non-operating income (\$5.8). Net operating revenues were higher than expected primarily at Niagara (\$15.5) and the transmission facilities (\$5.3). Niagara production was 21% higher than anticipated resulting in higher market-based sales. The transmission facilities included higher FACTS congestion rents. Non-operating income included a mark-to-market loss on the Authority's investment portfolio due to an increase in market interest rates, partially offset by lower costs on variable rate debt. Production was 10% higher than budgeted for the month and 11% for the year-to-date. Generation through May was higher at all facilities except the 500MW plant which is out of service due to emergency work on the compressors. Cash generated from operations in May was offset by a voluntary contribution to the State's General Fund (\$60.0) and a payment to fund the OPEB liability (\$65.0).

NYPA
Net Revenues
For The Five Months ended May 31, 2008
(\$ in 000'S)

	<u>Annual Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
Operating Revenues				
Customer	\$2,001,278	\$799,633	\$790,419	\$9,214
Market-Based Power Sales	723,815	420,683	276,877	143,806
Ancillary Services	60,181	39,039	27,673	11,366
NTAC and Other	92,647	46,215	39,005	7,210
Total Market-Based and ISO	<u>876,643</u>	<u>505,937</u>	<u>343,555</u>	<u>162,382</u>
	2,877,921	1,305,570	1,133,974	171,596
Operating Expenses				
Purchased Power	1,055,203	451,111	\$425,237	(25,874)
Ancillary Services	91,102	75,721	37,098	(38,623)
Fuel Consumed - Oil & Gas	542,804	261,144	221,518	(39,626)
Wheeling	384,331	120,725	117,235	(3,490)
Operations & Maintenance	294,993	109,136	117,127	7,991
Other expenses	140,879	85,542	58,704	(26,838)
Depreciation & Amortization	175,420	76,567	75,810	(757)
Allocation to Capital	(8,002)	(2,828)	(3,176)	(348)
	<u>2,676,730</u>	<u>1,177,118</u>	<u>1,049,553</u>	<u>(127,565)</u>
Net Operating Revenues	201,191	128,452	84,421	44,031
Interest Income and Realized Gains	144,416	64,610	65,973	(1,363)
Mark to Market Adjustment	12,000	(5,512)	9,000	(14,512)
Investment Income	<u>156,416</u>	<u>59,098</u>	<u>74,973</u>	<u>(15,875)</u>
Interest and Other Expenses	<u>128,887</u>	<u>50,067</u>	<u>54,894</u>	<u>4,827</u>
Net Revenues	<u><u>228,720</u></u>	<u><u>137,483</u></u>	<u><u>104,500</u></u>	<u><u>32,983</u></u>

New York Power Authority
Net Revenues by Facility
For the Five Months ended May 31, 2008
(\$ in 000's)

	Niagara	St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues										
Customer	\$ 114,370	\$ 52,183	\$ 2,928	\$ 442,566	\$ 228	\$ 105,771	\$ 59,854	\$ 34,034	\$ (12,301)	\$ 799,633
Market-Based Power Sales	80,576	16,964	46,338	261,575	55,138	17,509			(57,417)	420,683
Ancillary Services	30,547	820	875	6,488	309					39,039
NTAC and Other								46,215		46,215
Total Market-Based and ISO	111,123	17,784	47,213	268,063	55,447	17,509	-	46,215	(57,417)	505,937
Operating Expenses										
Purchased Power	225,493	69,967	50,141	710,629	55,675	123,280	59,854	80,249	(69,718)	1,305,570
Ancillary Services	46,476	18,626	30,158	305,210	3,644	121,244			(74,247)	451,111
Fuel Consumed - Oil & Gas	17,009	9,559	117	40,299	41	8,696				75,721
Wheeling	2,813	351		182,834	31,612		46,698			261,144
Operations & Maintenance	28,483	12,297	10,176	113,778	7,108	3,621	162	25,737		120,725
Other expenses	5,934	1,361	718	21,386	410	557	3,392	3,319	45,950	109,136
Depreciation & Amortization	12,538	6,429	3,027	4,706	211	22,933	216	16,586		85,542
Allocation to Capital	(818)	(400)	(342)	24,614	10,804	353	2,216	(683)		76,567
	112,435	48,223	43,854	692,348	53,607	157,404	52,585	44,959	(28,297)	1,177,118
Net Operating Revenues	113,058	21,744	6,287	18,281	2,068	(34,124)	7,269	35,290	(41,421)	128,452
Investment and Other Income		2		49			13		59,034	59,098
Interest and Other Expenses	(12,955)	(8,110)	427	(12,507)	(17)	(18)	(525)	(11,518)	(4,843)	(50,067)
Net Revenues (loss)	100,103	13,636	6,714	5,823 *	2,051	(34,142)	6,756	23,772	12,770	137,483
Budget	54,633	6,470	4,072	2,193	(1,456)	(31,286)	5,283	12,698	51,895	104,500
Variance	\$ 45,470	\$ 7,166	\$ 2,642	\$ 3,630	\$ 3,509	\$ (2,856)	\$ 1,473	\$ 11,074	\$ (39,125)	\$ 32,983

* Revenues for SENY are presented net of a \$6.1 million reduction resulting from the application of an energy charge adjustment to recover variable costs under the LT Supplemental Energy Supply Agreement.

NEW YORK POWER AUTHORITY
VARIANCE FROM BUDGET
MAJOR FACTORS
For the Five Months ended May 31, 2008
(Millions)

		Better/(Worse) than budget	
Niagara	o Higher customer revenues (pass-through of ISO costs)	\$ 19.4	
	o Higher market-based revenues (higher volumes)	54.9	
	o Higher purchased power costs (higher prices & volumes)	(23.4)	
	o Higher ancillary service costs (residual adjustments & local reliability)	(8.9)	
	o Lower allocated administrative expenses	1.8	
	o Other (primarily lower interest costs)	1.7	\$45.5
St. Lawrence	o Higher revenues (primarily higher volume of market-based sales)	3.3	
	o Lower purchased power costs (lower volumes)	8.7	
	o Higher ancillary service costs (primarily residual adjustments)	(5.0)	
	o Other	0.2	7.2
Blenheim-Gilboa	o Higher market-based revenues (higher prices)	6.2	
	o Higher purchased power costs (primarily higher prices)	(4.7)	
	o Other	1.1	2.6
SENY	o Lower customer revenues (primarily ECA adjustment offset)	(9.2)	
	o Higher market-based sales (higher prices & volumes)	88.2	
	o Higher purchased power costs (higher volumes & prices)	(25.7)	
	o Higher ancillary service costs (primarily local reliability)	(20.0)	
	o Higher fuel costs (primarily higher prices)	(29.3)	
	o Other	(0.4)	3.6
SCPP	o Higher revenues (higher volumes & prices on market-based sales)	13.3	
	o Higher purchased power costs (higher volumes)	(2.5)	
	o Higher fuel costs (higher generation & higher prices)	(7.6)	
	o Lower site O&M (less than anticipated maintenance charges)	0.8	
	o Other	(0.5)	3.5
Market Supply Power	o Higher revenues (higher volumes & prices on market-based sales)	4.0	
	o Higher purchased power costs (higher prices)	(0.7)	
	o Higher ancillary service costs (residual adjustments & local reliability)	(4.6)	
	o Other (additional provision for P4J customer rebates)	(1.6)	(2.9)
Flynn	o Higher revenues	3.7	
	o Higher fuel costs (higher prices)	(2.7)	
	o Other	0.5	1.5
Transmission	o Higher revenues (primarily TCC revenues for the FACTS Project)	8.4	
	o Lower allocated administrative expenses	1.3	
	o Other (includes lower interest costs)	1.4	11.1
Consolidating adjustments :Including additional (\$25.0) accrual for voluntary contributions to NYS & mark-to-market loss			(39.1)
Net Revenues			\$ 33.0

NYPA
Operations & Maintenance
For the Five Months Ended May 31, 2008

	(\$'s in millions)	
	<u>Actual</u>	<u>Budget</u>
Power Generation		
Headquarters Support	\$4.2	\$2.9
Blenheim-Gilboa	5.6	6.0
Charles Poletti	8.2	8.4
500 MW	4.0	4.7
R.M. Flynn	2.1	2.3
SCPP	6.7	7.5
Small Hydros	1.2	1.9
Niagara	16.4	16.7
St. Lawrence	<u>7.2</u>	<u>7.2</u>
	55.6	57.6
Transmission		
ECC/Headquarters	4.1	4.8
Transmission Facilities	<u>15.6</u>	<u>14.7</u>
	19.7	19.5
Corporate Support		
Executive Office	4.4	5.0
Business Services	12.9	15.0
HR & Corporate Support	6.9	8.0
Energy Marketing & Corporate Affairs	<u>6.9</u>	<u>7.2</u>
	31.1	35.2
Research & Development & Other	2.7	4.8
Total	<u>\$109.1</u>	<u>\$117.1</u>

Through May, O&M expenses were \$8.0 million under budget including underruns in HQ Corporate Support departments, Power Generation and Research & Development & Other.

HQ Corporate Support expenses were under budget by \$4.1 million mostly due to under spending for legal, ERAC and ERM consultants, HQ communications, IT contract services, and CSS building maintenance and contract services.

Power Generation expenditures were \$2.0 million lower than anticipated due primarily to timing differences in maintenance and non-recurring charges at the SCPP's (\$0.8), the 500MW plant (\$0.7), and the Small Hydro facilities (\$0.7) partially offset by overruns at Power Generation HQ (\$1.3).

The underrun in Research & Development & Other expenses includes less than expected spending for renewable and emerging technology, transmission technology and electric vehicle programs.

**NEW YORK POWER AUTHORITY
COMPARATIVE STATEMENT OF NET ASSETS
(IN THOUSANDS)**

	<u>MAY</u> <u>2008</u>	<u>DECEMBER</u> <u>2007</u>	<u>NET CHANGE</u>
ASSETS:			
Electric Plant In Service, Less Accumulated Depreciation	\$3,388,976	\$3,449,829	(60,853)
Construction Work In Progress	156,520	124,519	32,001
Net Utility Plant	<u>\$3,545,496</u>	<u>\$3,574,348</u>	<u>(28,852)</u>
Restricted Funds	91,046	93,683	(2,637)
Construction Funds	256,521	261,181	(4,660)
Investment In Decommissioning Trust Fund	966,083	979,336	(13,253)
Current Assets:			
Cash	72	72	-
Investments In Government Securities	857,169	861,405	(4,236)
Interest Receivable On Investments	17,518	20,067	(2,549)
Receivables-Customers	212,190	175,365	36,825
Materials & Supplies-Plant & General	75,298	75,604	(306)
-Fuel	34,147	33,809	338
Prepayments And Other	101,197	44,318	56,879
Notes Receivable-Nuclear Sale	165,370	193,533	(28,163)
Deferred Charges And Other Assets	<u>492,477</u>	<u>478,576</u>	<u>13,901</u>
TOTAL ASSETS	<u>\$6,814,584</u>	<u>\$6,791,297</u>	<u>\$23,287</u>
LIABILITIES AND OTHER CREDITS:			
Long-Term Debt - Bonds	\$1,794,785	\$1,869,236	(74,451)
Notes	143,995	150,000	(6,005)
Short-Term Notes Payable	263,308	268,488	(5,180)
Accounts Payable And Accrued Liabilities	811,380	846,161	(34,781)
Spent Nuclear Fuel Disposal	213,629	211,316	2,313
Decommissioning Of Nuclear Plants	966,083	979,336	(13,253)
Deferred Revenue	<u>215,531</u>	<u>198,369</u>	<u>17,162</u>
TOTAL LIABILITIES AND OTHER CREDITS	<u>4,408,711</u>	<u>4,522,906</u>	<u>(114,195)</u>
ACCUMULATED NET REVENUES-JANUARY 1	2,268,390	2,033,621	234,769
NET REVENUES	<u>137,483</u>	<u>234,770</u>	<u>(97,287)</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$6,814,584</u>	<u>\$6,791,297</u>	<u>\$23,287</u>

NYPA
**SUMMARY OF NET GENERATION (MWH'S)
 FOR THE FIVE MONTHS ENDED MAY 31, 2008**

Facility	Year-to-date May			Month of May 2008				
	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget
Niagara	5,859,823	5,272,166	587,657	11.15%	1,151,061	949,853	201,208	21.18%
St. Lawrence	2,806,853	2,416,005	390,848	16.18%	668,267	533,443	134,824	25.27%
Combined	8,666,676	7,688,171	978,505	12.73%	1,819,328	1,483,296	336,032	22.65%
Poletti	722,075	412,378	309,697	75.10%	210,573	109,714	100,859	91.93%
500MW	1,057,579 (1)	1,302,577	(244,998)	-18.81%	52,108 (1)	270,646	(218,538)	-80.75%
SCPP	263,211	227,798	35,413	15.55%	42,681	54,958	(12,277)	-22.34%
Blenheim Gilboa	(134,116)	(152,859)	18,743	-12.26%	(30,546)	(35,940)	5,394	-15.01%
Small Hydro	99,581	91,232	8,349	9.15%	13,298	19,181	(5,883)	-30.67%
R. M. Flynn	516,142	522,200	(6,058)	-1.16%	90,893	100,460	(9,567)	-9.52%
Total	11,191,148	10,091,497	1,099,651	10.90%	2,198,335	2,002,315	196,020	9.79%

(1) Unscheduled outage began May 10, 2008 for emergency work on the compressors.

NYPA
Capital Expenditures
For the Five Months Ended May 31, 2008

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
Energy Services	37.7	36.7
Existing Facilities	28.9	34.3
Transmission	7.3	8.6
Headquarters	10.5	11.4
General Plant and Minor Additions	<u>3.9</u>	<u>3.8</u>
	<u>\$88.3</u>	<u>\$94.8</u>

Capital expenditures through May were \$6.5 million lower than budget. **Existing Facilities** were under running the budget by \$5.4 million primarily due to less than anticipated usage of consultants for the Niagara & St. Lawrence Relicensing Projects and delays in the St. Lawrence & B-G LEM, Niagara Generator Stator Rewind and 100-Ton Gantry Projects. The underrun in **Transmission** of \$1.3 million was primarily due to the delayed procurement of equipment in the Static Var Compensator & Tri Lakes Reliability Project and construction of the 46KV transmission line. **Headquarters** expenditures were under the budget by \$0.9 million primarily due to delays in the Risk Management ETRM project. **Energy Services** was over budget by \$1.0 million due to accelerated construction activities of various projects in the Governmental Services Program.

Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of \$ 6.1 million for 2008. The following expenditure was authorized this month:

\$2.4 500MW -Warehouse & Storage Upgrade Project

**Demand Side Management
Cost Summary (Inception to Date)
May 31, 2008
(\$ in 000's)**

(A) DSM Projects

Authorized	Program	Prog	(A) Projects In-Progress	(B) Completed Projects	(C) Cumulative Cost	(D) Recoveries to Date	(E) Net Investment (C-D)
\$183,050	Electrotechnologies LTEPA	ES-EPN	10,095	74,534	84,629	51,317	33,312
433,000	NYP&A Energy Services Program	ES-ESN	85,246	123,377	208,623	76,583	132,040
1,530,000	SENY Govt Cust Energy Serv	ES-GSN	98,295	20,659	118,954	59,505	59,449
130,000	SENY HELP LTEPA	ES-LTN	5,921	81,805	87,726	73,936	13,790
1,200	MUNI Vehicle Program	ES-MVN		512	458	394	64
140,000	Non-Elect End Use LTEPA	ES-NEN	32,237	58,269	90,506	55,170	35,336
35,000	Peak Load Mgmt	ES-PLN	10,008	165	10,173		10,173
Completed Programs							
5,000	Coal Conversion LTEPA	ES-CCN		5,000	5,000	3,466	1,534
5,000	County & Muni's	ES-CMN		1,919	1,919	1,919	0
13,000	Distributed Generation	ES-DGN		\$1,440	\$1,787	\$1,186	\$601
14,600	Industrial	ES-IPN		6,875	6,875	6,875	0
51,000	LI HELP	ES-LIN		47,505	47,505	47,276	229
15,000	SENY New Constr	ES-NCN		2,992	2,992	2,992	0
75,000	Public Housing LTEPA	ES-PHN		72,081	72,081	72,081	0
40,000	Public Schools	ES-PSN		38,941	38,941	38,939	2
130,000	SENY HELP	ES-SEN		134,305	134,305	134,305	0
60,000	Statewide	ES-SWN		56,733	56,733	56,075	658
4,085	Other			746	746	746	0
7,500	Wattbusters			5,441	5,441	5,441	0
<u>\$2,872,435</u>			<u>\$241,802</u>	<u>\$733,299</u>	<u>\$975,394</u>	<u>\$688,206</u>	<u>\$287,188</u>

(B) POCR Funding

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
<u>\$ 16,390</u>	Colleges & Universities	<u>\$ 16,390</u>	<u>\$ 16,191</u> (1)	<u>\$ 199</u>

GRANTS

Authorized	Program	Issued
\$9,105	Coal Conversion Pilot	\$9,105
4,558	Hybrid Bus Program	4,558
663	Solar Grants	663
3,000	NYSERDA	3,000
25,768 (1)	Energy Services Programs	16,199
31,199 (1)	POCR Grants	13,914
<u>\$ 74,293</u>		<u>\$ 47,439</u>

(C) CASP Funding

Authorized	Program	Issued
\$133,188 (2)	Coal Conversion	\$129,839

(D) Board of Ed Funding

Authorized	Program	Issued
\$44,614 (2)	Climate Controls (NYC BOE)	\$35,227

(E) NYC Housing Auth Funding

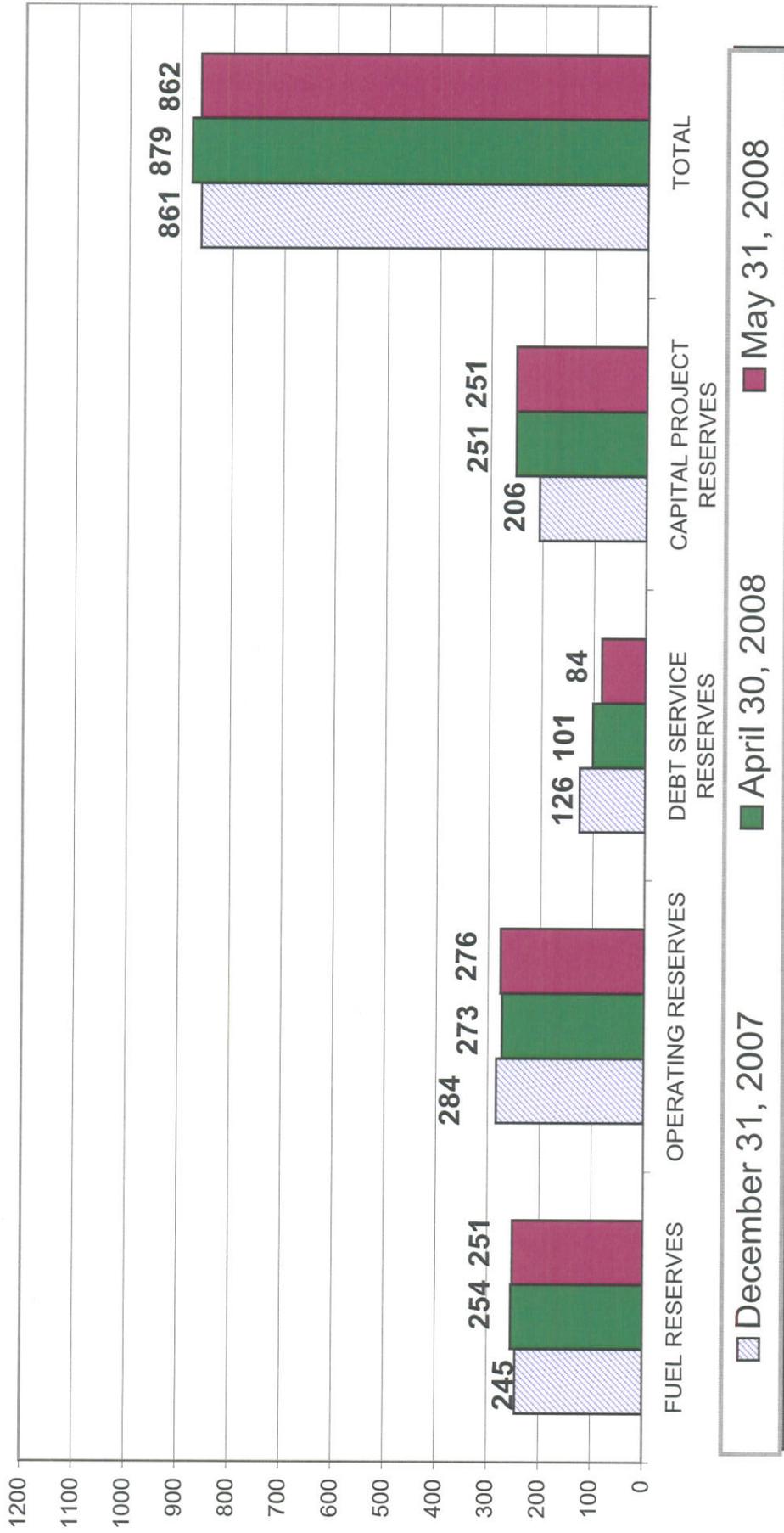
Authorized	Program	Issued
\$25,909 (2)	NYCHA Hot Water Heaters	\$22,866

(F) Lower Manhattan Energy Independence Initiative Program

Authorized	Program	Issued
\$26,063 (2)	Lower Manhattan Energy Serv	\$6

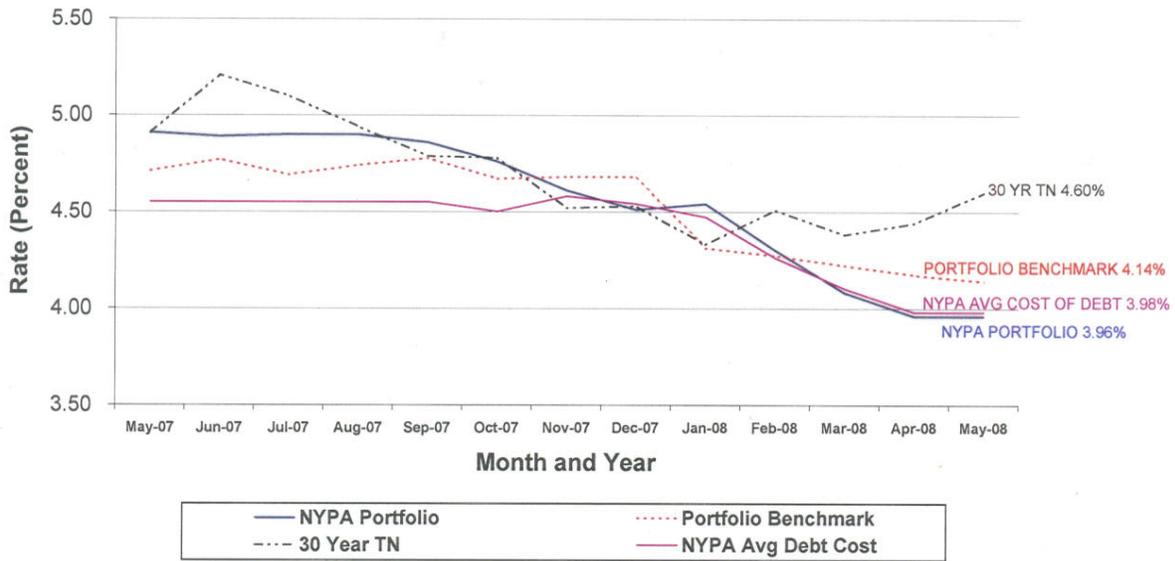
- (1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POGR Grant Program.
(2) Authorized funds reflect both principal received and the interest earned on such principal.

**NEW YORK POWER AUTHORITY
OPERATING FUND
(\$ MILLIONS)**

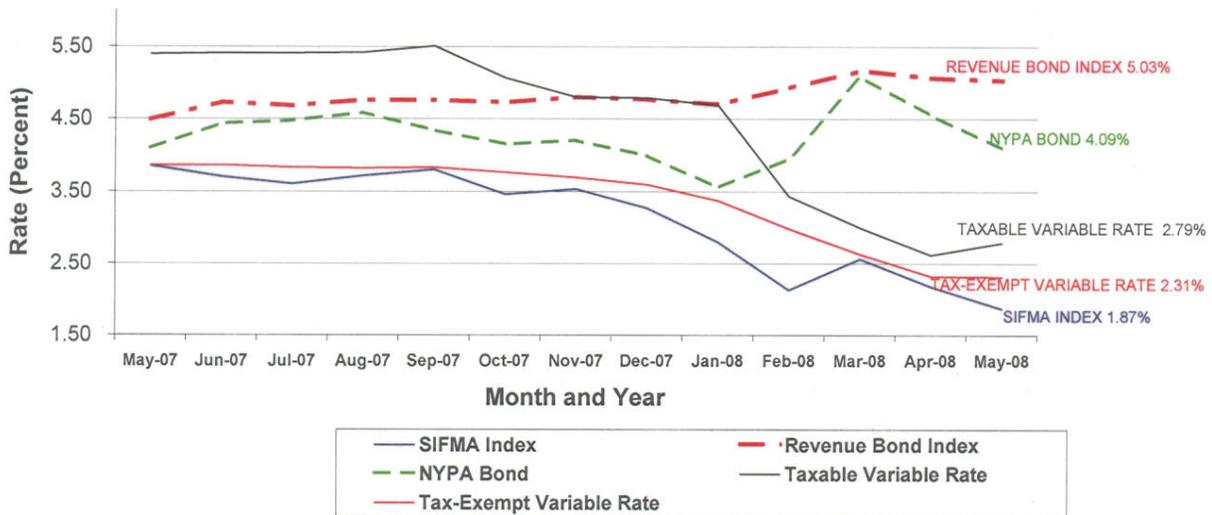


Fuel Reserves include \$213.6 million for Nuclear Spent Fuel and \$37.7 million for Energy Hedging Reserve Fund.

Portfolio Performance



Financing Rates



3. Report from the President and Chief Executive Officer

President Roger Kelley added his thanks to those of the Chairman for the hard work of staff on the 50th anniversary events and Trustees' Meeting. He said that the Authority is moving forward with its studies on transmission issues and that staff is working diligently to conclude the contract negotiations in relation to RFP #5. President Kelley added that all generating plants were operating reasonably well at the Authority, but noted that the compressors on the two turbine generators at the 500 MW plant are being repaired.

4. Power for Jobs Extended Benefits, Energy Cost Savings Benefit Awards and Economic Development Power Program Contract Extensions

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve extensions of the Power for Jobs (‘PFJ’) and Energy Cost Savings Benefits (‘ECSB’) programs to June 30, 2009 for existing PFJ program customers listed in Exhibit ‘4-A,’ and ECSB customers listed in Exhibit ‘4-C.’ These customers have been recommended to receive such benefits by the Economic Development Power Allocation Board (‘EDPAB’). In addition, the Trustees are requested to approve extensions to the underlying allocation contracts for certain economic development program customers listed in Exhibit ‘4-B’ through June 30, 2009, to coincide with the term of extended ECSB benefits to such entities. Lastly, the Trustees are requested to extend the expiration dates of the ECSB rates contained in Tables I and II of the applicable tariffs (ST-1, ST-1S, ST-35, ST-50 and ST-50A) to June 30, 2009.

BACKGROUND

Power for Jobs

“In July 1997, the New York State Legislature and the Governor 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 program, originally intended to last three years, has been extended many times by the Legislature. 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 or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

“In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006. Chapter 645 of the Laws of 2006 included provisions extending the program benefits until June 30, 2007. In 2007, a new law (Chapter 89 of the Laws of 2007) included provisions extending the program benefits until June 30, 2008.

“In 2008, a new law (Chapter 645 of the Laws of 2008) included provisions extending program benefits until June 30, 2009.

Contract Extensions and ESCB Awards

“The Authority sells electricity to businesses under several State-authorized economic development power 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 five to more than 20 years.

“Chapter 313 of the Laws of 2005 allowed customers from the above-listed economic development programs that would otherwise be exposed to price increases to apply for benefits under the ECSB program. The legislation also authorized the Authority to sell certain amounts of unallocated hydropower into the wholesale market and use the net earnings from such sales to fund the Energy Cost Savings Benefits. From the inception of the program in November 2005 through March 2008, the net earnings from the unallocated hydropower sold into the wholesale market (\$57.6 million) have fully offset the costs of the ECSBs (\$56.9 million).

DISCUSSION

Power for Jobs

“At its meeting on June 18, 2008, EDPAB recommended that the Authority’s Trustees approve extensions to the contracts or electricity savings reimbursements (rebates) for the businesses listed in Exhibit ‘4-A.’ Sixty-two businesses have elected to switch from a power contract to an electricity savings reimbursement, as allowed by law. Collectively, these organizations have agreed to retain more than 240,000 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, 2009, the program’s newly enacted sunset date. The power will be wheeled by the investor-owned utilities as indicated in the Exhibits.

Contract Extensions and ECSB Awards

“The customers detailed in Exhibit ‘4-B’ have allocation contracts previously approved by the Trustees that expire on June 30, 2008. Staff is requesting the Trustees to extend these agreements until June 30, 2009 so that 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 June 18, 2008.

“EDPAB also recommended that the Authority’s Trustees approve the payment of ECSBs to the businesses listed in Exhibit ‘4-C.’ Collectively, these organizations have agreed to retain over 97,000 jobs in New York State in exchange for these benefits. The companies will be eligible to receive these benefits until June 30, 2009.

“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 in the Exhibits in the future.

FISCAL INFORMATION

“As noted above, the ECSB program costs have, until recently, been fully offset by the net earnings from the unallocated hydropower sold into the wholesale market. With the recent addition of new, eligible customers and the anticipated reduction in hydropower available for sale into the wholesale market (due to its reallocation to Replacement Power customers), it is now expected that the one-year extension of the ECSB program will cost the Authority approximately \$50 million.

“The one-year extension of the PFJ program is now estimated to cost the Authority approximately \$80 million, an increase from previous estimates due in part to increasing energy prices and in part to the ability of customers to switch from the power contract mode into the more costly rebate program.

RECOMMENDATION

“The Director – Marketing Analysis and Administration and the Vice President – Finance recommend that the Trustees approve the extended Power for Jobs and Energy Cost Savings Benefits and the contract extensions as set forth above.

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer, the Executive Vice President – Energy Marketing and Corporate Affairs, the Senior Vice President – Marketing and Economic Development and I concur in the recommendation.”

Mr. James Pasquale presented the highlights of staff's recommendations to the Trustees. In response to a question from Chairman McCullough, Mr. Pasquale said that staff was handling the extensions of these programs the same way it had last year; that staff had reviewed the applications of customers and determined which ones were not meeting their job levels and that letters would be sent to all non-compliant customers advising them of their status and providing them with a copy of the reconsideration criteria established by the Economic Development Power Allocation Board in 2005. Mr. Pasquale said staff would review any reconsideration requests submitted by customers and make further recommendations to the Trustees, if necessary.

Trustee D. Patrick Curley recused himself from the vote on H. H. Dobbins, Inc. of Lyndonville in Orleans County, adding that the company had benefited tremendously from the Power for Jobs program.

The following resolution, as submitted by the President and Chief Executive Officer, for the 480 applications was unanimously adopted, however, Trustee Curley recused voting on the application for H.H. Dobbins, Inc.

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 "4-A"; and

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve contract extensions to the economic development power program customers listed in Exhibit "4-B"; and

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve the award of Energy Cost Savings Benefit awards to the customers listed in Exhibit "4-C";

NOW THEREFORE BE IT RESOLVED, That the Authority implements such Economic Development Power Allocation Board recommendations, and the Authority hereby approves Power for Jobs contract extensions and authorizes the continued payment of Power for Jobs electricity savings reimbursements through June 30, 2009 for those companies listed in Exhibit "4-A," as submitted to this meeting, subject to the terms set forth in the foregoing report of the President and Chief Executive Officer, and that the Authority finds that such extensions 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 the Authority approves contract extensions for the Economic Development, High Load Factor and Municipal Distribution Agency customers set forth in Exhibit "4-B," provided that the Authority receives proper documentation requesting such extensions and agreement on the requisite commercial terms; and be it further

RESOLVED, That the customers' service tariffs be modified accordingly to reflect the extension of the Energy Cost Savings Benefits awards; and be it further

RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Trustees approve Energy Cost Savings Benefit Awards to the companies listed in Exhibit "4-C," for the period through June 30, 2009, the cost of which is currently not expected to exceed \$50 million net of receipts from the sale of unallocated Replacement Power as allowed by the proposed legislation; and be it further

RESOLVED, That based on the recommendation of staff, it is hereby authorized that payments be made for electricity savings reimbursements and Energy Cost Savings Benefits as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to \$130 million for all extensions of such programs until June 30, 2009, 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 his designee be, and hereby is, authorized to negotiate and execute any and all documents necessary or desirable to effectuate the foregoing; 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 resolutions, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff.

June 24, 2008

New York Power Authority

Power for Jobs - Extended Benefits

Until June 30, 2009

Line	Company	City	County	IOU	KW	Job Committed	Jobs in						June 2009 Benefit		Recommended Allocation KW	Type
							Application 2008	Over (under)	% Over (under)	Compliance	Rebate	Power	Revised to Rebate			
1	3M	Tonawanda	Erie	N. Grid	2,000	392	367	-25	-6%	Yes			1	2,000	Large	
2	92nd Street YM-YWHA	New York	New York	Con Ed	200	852	855	3	0%	Yes	1			200	NFP	
3	A. L. Bazzini	Bronx	Bronx	Con Ed	125	123	117	-6	-5%	Yes		1		125	Small	
4	A. T. Reynolds & Sons, Inc.	Kiamesha Lake	Sullivan	NYSEG	250	55	54	-1	-2%	Yes	1			250	Large	
5	Accumed Technologies, Inc.	Buffalo	Erie	N. Grid	100	171	189	18	11%	Yes		1		100	Small	
6	Acme Architectural Products, Inc.	Brooklyn	Kings	Con Ed	620	469	471	2	0%	Yes	1			620	Large	
7	Acme Smoked Fish Corp.	Brooklyn	Kings	Con Ed	400	152	140	-12	-8%	Yes	1			400	Large	
8	AEC Johnson & Hoffman	Carle Place	Nassau	LIPA	225	79	87	8	10%	Yes		1		225	Small	
9	Aerospace Avionics	Bohemia	Suffolk	LIPA	650	240	247	7	3%	Yes		1		650	Large	
10	Agri-Mark, Inc	Chateaugay	Franklin	NYSEG	500	115	116	1	1%	Yes	1			500	Large	
11	Air-Flo Manufacturing	Prattsburgh	Steuben	NYSEG	130	93	113	20	22%	Yes	1			130	Small	
12	Airsep Corporation	Buffalo	Erie	N. Grid	650	368	368	0	0%	Yes		1		650	Large	
13	Albany Institute of History & Art	Albany	Albany	N. Grid	150	28	26	-2	-7%	Yes		1		150	NFP	
14	Albany International Corp.	Homer	Cortland	N. Grid	1,000	106	101	-5	-5%	Yes	1			1,000	Large	
15	Albany Molecular Research, Inc.	Albany	Albany	N. Grid	600	393	404	11	3%	Yes	1			600	Large	
16	Alken Industries Inc.	Ronkonkoma	Suffolk	LIPA	125	58	60	2	3%	Yes		1		125	Small	
17	Allied Frozen Storage, Inc.	Buffalo	Erie	N. Grid	400	78	78	0	0%	Yes		1		400	Large	
18	Alvin J. Bart & Sons	Brooklyn	Kings	Con Ed	500	119	126	7	6%	Yes		1		500	Large	
19	American Ballet Theater	New York	New York	Con Ed	20	175	230	55	31%	Yes	1			20	NFP	
20	American Cancer Society	New York	New York	Con Ed	80	25	73	48	192%	Yes	1			80	NFP	
21	American Folk Art Museum	New York	New York	Con Ed	50	53	55	2	4%	Yes		1		50	NFP	
22	American Indian Community House	New York	New York	Con Ed	35	40	42	2	5%	Yes	1			35	NFP	
23	American Technical Ceramics	Huntington Station	Suffolk	LIPA	200	331	386	55	17%	Yes	1			200	Large	
24	Ametek Hughes-Treitler	Garden City	Suffolk	LIPA	500	172	164	-8	-5%	Yes	1			500	Large	
25	AMF Bowling Inc.	Lowville	Lewis	N. Grid	500	98	98	0	0%	Yes		1		500	Large	
26	Anaren Microwave, Inc.	E. Syracuse	Onondaga	N. Grid	750	433	446	13	3%	Yes		1		750	Large	
27	Anoplate Corp.	Syracuse	Onondaga	N. Grid	450	192	209	17	9%	Yes			1	450	Large	
28	Antares ITI	Hauppauge	Suffolk	LIPA	500	510	471	-39	-8%	Yes		1		500	Large	
29	Applied Energy Solutions	Caledonia	Livingston	N. Grid	300	65	62	-3	-5%	Yes	1			300	Small	
30	Arkwin Industries	Westbury	Nassau	LIPA	700	300	312	12	4%	Yes		1		700	Large	
31	Ascension Industries	North Tonawanda	Niagara	N. Grid	230	103	120	17	17%	Yes		1		230	Small	
32	Asia Society	New York	New York	Con Ed	225	146	148	2	1%	Yes		1		225	NFP	
33	Associated Brands, Inc	Medina	Orleans	N. Grid	1,000	259	303	44	17%	Yes		1		1,000	Large	
34	Associated Textile Rental Services,	Rochester	Monroe	RGE	350	188	179	-9	-5%	Yes		1		350	Small	
35	AT&T	White Plains	Westchester	Con Ed	560	535	610	75	14%	Yes	1			560	Large	
36	AT&T	Syracuse	Onondaga	N. Grid	350	261	250	-11	-4%	Yes		1		350	Large	
37	Atofina Chemicals, Inc.	Geneseo	Livingston	N. Grid	850	95	95	0	0%	Yes			1	850	Large	
38	Auburn Vacuum Forming Co., Inc.	Auburn	Onondaga	NYSEG	88	17	17	0	0%	Yes		1		88	Small	

New York Power Authority

Power for Jobs - Extended Benefits

Until June 30, 2009

Line	Company	City	County	IOU	KW	Job Committed	June 2009 Benefit						Recommended Allocation KW	Type
							Jobs in Application 2008	Over (under)	% Over (under)	Compliance	Rebate	Power		
39	Audio Sears	Stamford	Delaware	NYSEG	190	89	81	-8	-9%	Yes	1		190	Small
40	B.H. Aircraft Company, Inc	Ronkonkoma	Suffolk	LIPA	400	79	79	0	0%	Yes		1	400	Large
41	BAE-Systems Control	Johnson City	Broome	NYSEG	2,000	1,392	1,404	12	1%	Yes		1	2,000	Large
42	Ballet Hispanico	New York	New York	Con Ed	15	59	60	1	2%	Yes		1	15	NFP
43	Bank of New York	New York	New York	Con Ed	4,700	6,339	6,813	474	7%	Yes	1		4,700	Large
44	Bank of New York	Oriskany	Oneida	N. Grid	500	791	801	10	1%	Yes	1		500	Large
45	Barry Steel Fabrication, Inc.	Lockport	Niagara	NYSEG	50	32	32	0	0%	Yes	1		50	Small
46	Bartell Machinery Systems	Rome	Oneida	N. Grid	170	119	127	8	7%	Yes		1	170	Small
47	Bassett Hospital of Schoharie Count	Cobleskill	Schoharie	N. Grid	100	212	224	12	6%	Yes		1	100	NFP
48	Batavia Industrial Center	Batavia	Genesee	N. Grid	550	263	270	7	3%	Yes		1	550	Large
49	Beaver Falls Sealing Products	Croghan	Lewis	N. Grid	250	35	36	1	3%	Yes		1	250	Small
50	Beechnut Nutrition Corp.	Canajoharie	Montgomery	N. Grid	1,500	359	377	18	5%	Yes		1	1,500	Large
51	Belmont Metals, Inc.	Brooklyn	Kings	Con Ed	400	83	83	0	0%	Yes	1		400	Large
52	Bestway Enterprises	Cortland	Cortland	N. Grid	75	74	71	-3	-4%	Yes		1	75	Small
53	Beth Israel Medical Center	New York	New York	Con Ed	3,800	7,001	7,260	259	4%	Yes	1		3,800	NFP
54	Birds Eye Foods, Inc.	Fulton	Oswego	N. Grid	1,500	280	294	14	5%	Yes		1	1,500	Large
55	Bison Foods - Div. of Upstate Farms	Buffalo	Erie	N. Grid	500	136	143	7	5%	Yes	1		500	Large
56	Blasch Precision Ceramics	Albany	Albany	N. Grid	400	69	74	5	7%	Yes		1	400	Large
57	Blythedale Children's Hospital	Valhalla	Westchester	Con Ed	150	360	386	26	7%	Yes		1	150	NFP
58	BOC Edwards Calumatic (Pharmaceutical System)	Tonawanda	Erie	N. Grid	270	130	133	3	2%	Yes		1	270	Small
59	Borg Warner Automotive Morse TE	Ithaca	Tompkins	NYSEG	4,000	1,318	1,265	-53	-4%	Yes	1		4,000	Large
60	Borg Warner Morse Tech Corp	Cortland	Cortland	N. Grid	1,500	216	209	-7	-3%	Yes	1		1,500	Large
61	Boston Scientific/NAMIC Technology	Glens Falls	Warren	N. Grid	650	772	784	12	2%	Yes		1	650	Large
62	Bowne & Co	New York	New York	Con Ed	550	384	362	-22	-6%	Yes	1		550	Large
63	Bristol-Myers Squibb Company	East Syracuse	Onondaga	N. Grid	5,000	987	946	-41	-4%	Yes	1		5,000	Large
64	Brodock Press, Inc.	Utica	Oneida	N. Grid	400	125	129	4	3%	Yes		1	400	Large
65	Bronx-Lebanon Hospital Center	Bronx	Bronx	Con Ed	800	3,527	3,778	251	7%	Yes		1	800	NFP
66	Brooklyn Information and Culture	Brooklyn	Kings	Con Ed	50	55	54	-1	-2%	Yes		1	50	NFP
67	Brooks Memorial Hospital	Dunkirk	Chautauqua	N. Grid	400	387	394	7	2%	Yes		1	400	NFP
68	Brownville Specialty Paper Products	Brownville	Jefferson	N. Grid	600	64	63	-1	-2%	Yes		1	600	Large
69	Bruce's Bakery	Great Neck	Nassau	LIPA	75	56	56	0	0%	Yes		1	75	Small
70	Buflovak, LLC	Buffalo	Erie	N. Grid	275	43	42	-1	-2%	Yes		1	275	Small
71	Burrows Paper Corp.	Little Falls	Herkimer	N. Grid	1,000	193	178	-15	-8%	Yes		1	1,000	Large
72	Byrne Dairy, Inc.	Syracuse	Onondaga	N. Grid	300	441	448	7	2%	Yes		1	300	Small
73	C & H Plastics	Waterville	Oneida	NYSEG	100	27	30	3	11%	Yes		1	100	Small
74	C. R. Bard, Inc.	Queensbury	Warren	N. Grid	800	923	912	-11	-1%	Yes	1		800	Large
75	Cameron Fabricating Corporation	Horseheads	Chemung	NYSEG	325	187	211	24	13%	Yes		1	325	Small
76	Canajo Manufacturing Company	Canajoharie	Montgomery	N. Grid	600	141	135	-6	-4%	Yes		1	600	Large

New York Power Authority

Power for Jobs - Extended Benefits

Until June 30, 2009

Line	Company	City	County	IOU	KW	Job Committed	Jobs in		% Over (under)	Compliance	June 2009 Benefit		Revised to Rebate	Recommended Allocation KW	Type
							Application 2008	Over (under)			Rebate	Power			
77	Candlelight Cabinetry, Inc.	Lockport	Niagara	NYSEG	400	216	216	0	0%	Yes	1		400	Large	
78	Canterbury Printing Co. of Rome, In	Rome	Oneida	N. Grid	275	55	51	-4	-7%	Yes		1	275	Small	
79	Canton Potsdam Hospital	Potsdam	St. Lawrence	N. Grid	150	550	571	21	4%	Yes		1	150	NFP	
80	Caron Fine Wood Products, Inc.	Champlain	Clinton	NYSEG	15	2	4	2	100%	Yes		1	15	Small	
81	Carville National Leather Corp.	Johnstown	Fulton	N. Grid	200	31	33	2	6%	Yes	1		200	Small	
82	Cascades Tissue Group	Waterford	Saratoga	N. Grid	530	142	204	62	44%	Yes	1		530	Large	
83	Central Suffolk Hospital	Riverhead	Suffolk	LIPA	200	688	653	-35	-5%	Yes	1		200	NFP	
84	Chapin Manufacturing	Batavia	Genesee	N. Grid	500	189	183	-6	-3%	Yes		1	500	Large	
85	Chapin Watermatics Inc.	Watertown	Jefferson	N. Grid	325	70	78	8	11%	Yes		1	325	Large	
86	Charles T. Sitrin Health Care Cente	New Hartford	Oneida	N. Grid	300	380	376	-4	-1%	Yes		1	300	NFP	
87	Charmer Industries, Inc.	Astoria	Queens	Con Ed	750	938	968	30	3%	Yes	1		750	Large	
88	Cherry Creek Woodcraft Inc.	South Dayton	Cattaraugus	NYSEG	400	71	76	5	7%	Yes		1	400	Large	
89	Citi Group	New York	New York	Con Ed	5,000	1,500	1,500	0	0%	Yes		1	5,000	Large	
90	Clarkson University	Potsdam	St. Lawrence	N. Grid	1,500	664	664	0	0%	Yes	1		1,500	NFP	
91	Clay Park Labs, Inc.	Bronx	Bronx	Con Ed	1,000	371	371	0	0%	Yes		1	1,000	Large	
92	Climax Manufacturing Co.	Carthage	Jefferson	N. Grid	1,500	69	69	0	0%	Yes		1	1,500	Large	
93	Clinton's Ditch Cooperative Company	Cicero	Onondaga	N. Grid	800	190	188	-2	-1%	Yes		1	800	Large	
94	Coca Cola Bottling Co. NY	Elmsford	Westchester	Con Ed	1,250	2,554	2,554	0	0%	Yes		1	1,250	Large	
95	Codino's Italian Foods, Inc.	Scotia	Schenectady	N. Grid	150	26	30	4	15%	Yes		1	150	Small	
96	College of St. Rose	Albany	Albany	N. Grid	450	782	818	36	5%	Yes		1	450	NFP	
97	Columbia University - Trustees	New York	New York	Con Ed	750	749	750	1	0%	Yes	1		750	NFP	
98	Comco Plastics, Inc.	Richmond Hill	Queens	Con Ed	250	41	37	-4	-10%	Yes		1	250	Large	
99	Conax Buffalo Technologies	Buffalo	Erie	NYSEG	75	83	82	-1	-1%	Yes		1	75	Small	
100	Coney Island, USA	Brooklyn	Kings	Con Ed	15	9	15	6	67%	Yes		1	15	NFP	
101	Consumers Beverages, Inc.	Buffalo	Erie	N. Grid	220	71	70	-1	-1%	Yes		1	220	Small	
102	Consumers Beverages, Inc.	Buffalo	Erie	NYSEG	240	55	58	3	5%	Yes	1		240	Small	
103	Continental Food Products, Inc.	Flushing	Queens	Con Ed	300	65	59	-6	-9%	Yes	1		300	Small	
104	Cooper Hand Tools	Cortland	Cortland	N. Grid	1,330	123	118	-5	-4%	Yes	1		1,330	Large	
105	Cooper Industries (Cooper Crouse-Hinds)	Syracuse	Onondaga	N. Grid	2,350	592	678	86	15%	Yes	1		2,350	Large	
106	Corning (Erwin Plant)	Corning	Steuben	NYSEG	1,500	614	624	10	2%	Yes	1		1,500	Large	
107	Corning, Inc.- (Big Flats)	Big Flats	Chemung	NYSEG	500	122	142	20	16%	Yes	1		500	Large	
108	Corning, Inc. (Canton)	Canton	St. Lawrence	N. Grid	1,500	261	238	-23	-9%	Yes	1		1,500	Large	
109	Corning, Inc. (Costar Plant)	Oneonta	Otsego	NYSEG	900	172	165	-7	-4%	Yes	1		900	Large	
110	Corning, Inc. (Northside)	Corning	Steuben	NYSEG	2,500	948	911	-37	-4%	Yes	1		2,500	Large	
111	Corning, Inc. (SCC & TDM)	Corning	Steuben	NYSEG	500	178	176	-2	-1%	Yes	1		500	Large	
112	Corning, Inc.- (Southside)	Corning	Steuben	NYSEG	1,500	825	837	12	1%	Yes	1		1,500	Large	
113	Corning, Inc. (Sullivan Park)	Corning	Steuben	NYSEG	3,000	1,495	1,618	123	8%	Yes	1		3,000	Large	
114	Cortland Line Co., Inc.	Cortland	Cortland	N. Grid	450	84	83	-1	-1%	Yes		1	450	Large	

New York Power Authority

Power for Jobs - Extended Benefits

Until June 30, 2009

Line	Company	City	County	IOU	KW	Job Committed	Jobs in						June 2009 Benefit		Recommended Allocation KW	Type
							Application 2008	Over (under)	% Over (under)	Compliance	Rebate	Power	Revised to Rebate			
115	Coyne Textile Services	Syracuse	Onondaga	N. Grid	250	120	134	14	12%	Yes		1		250	Small	
116	Crescent Duck Farm, Inc.	Aquebogue	Suffolk	LIPA	350	72	70	-2	-3%	Yes		1		350	Small	
117	Crowley Foods (1)	LaFargeville	Jefferson	N. Grid	1,000	169	172	3	2%	Yes		1		1,000	Large	
118	Crucible Specialty Metals	Syracuse	Onondaga	N. Grid	4,000	687	682	-5	-1%	Yes			1	4,000	Large	
119	Cumberland Packaging	Brooklyn	Kings	Con Ed	750	382	371	-11	-3%	Yes		1		750	Large	
120	Currier Plastics, Inc.	Auburn	Cayuga	NYSEG	300	141	144	3	2%	Yes			1	300	Small	
121	Custom Electronics, Inc.	Oneonta	Otsego	NYSEG	150	64	70	6	9%	Yes	1			150	Small	
122	CWS	Norwich	Chenango	NYSEG	150	146	144	-2	-1%	Yes		1		150	Small	
123	Dab-O-Matic Corporation	Mount Vernon	Westchester	Con Ed	150	98	96	-2	-2%	Yes		1		150	Large	
124	DaimlerChrysler Commercial Buses (Orion)	Oriskany	Oneida	N. Grid	300	571	568	-3	-1%	Yes		1		300	Small	
125	Dal Tile Corporation	Olean	Cattaraugus	N. Grid	1,000	204	218	14	7%	Yes	1			1,000	Large	
126	Data Device Corporation	Bohemia	Suffolk	LIPA	1,300	381	400	19	5%	Yes		1		1,300	Large	
127	Dayton T. Brown	Bohemia	Suffolk	LIPA	600	203	187	-16	-8%	Yes		1		600	Large	
128	DEC Properties	Alexandria Bay	Jefferson	N. Grid	110	55	85	30	55%	Yes		1		110	Small	
129	Deck Bros., Inc.	Buffalo	Erie	N. Grid	140	32	32	0	0%	Yes		1		140	Small	
130	Delaware Valley Hospital	Walton	Delaware	NYSEG	100	170	170	0	0%	Yes		1		100	NFP	
131	Derrick Corp	Cheektowaga	Erie	NYSEG	1,000	426	484	58	14%	Yes			1	1,000	Large	
132	Deutsch Relays, Inc.	Hauppauge	Suffolk	LIPA	300	102	98	-4	-4%	Yes		1		300	Large	
133	Dielectric Laboratories, Inc.	Cazenovia	Madison	N. Grid	400	190	193	3	2%	Yes	1			400	Large	
134	Diller-Quaile School of Music	New York	New York	Con Ed	30	52	59	7	13%	Yes	1			30	NFP	
135	Distributor Data Forms, Inc.	Cortland	Cortland	N. Grid	50	13	13	0	0%	Yes			1	50	Small	
136	Diversified Controls & Systems, Inc	East Aurora	Erie	NYSEG	25	12	12	0	0%	Yes			1	25	Small	
137	Diversified Manufacturing, Inc.	Lockport	Niagara	NYSEG	255	121	114	-7	-6%	Yes		1		255	Small	
138	Divine Brothers Company	Utica	Oneida	N. Grid	250	97	108	11	11%	Yes		1		250	Small	
139	Dodge-Graphic Press Inc	Utica	Herkimer	N. Grid	300	67	74	7	10%	Yes	1			300	Small	
140	Dontis Produce Co.	Brooklyn	Kings	Con Ed	50	7	7	0	0%	Yes		1		50	Small	
141	Dot Foods, Inc	Liverpool	Onondaga	N. Grid	350	270	242	-28	-10%	Yes		1		350	Small	
142	Downtown Community TV	New York	New York	Con Ed	15	21	20	-1	-5%	Yes		1		15	NFP	
143	Dunmore Corporation	Brewster	Putnam	NYSEG	150	48	49	1	2%	Yes	1			150	Small	
144	Dupli Envelopes & Graphics Corp.	Syracuse	Onondaga	N. Grid	200	123	123	0	0%	Yes			1	200	Small	
145	Dynabrade, Inc.	Clarence	Erie	NYSEG	300	159	164	5	3%	Yes		1		300	Small	
146	E. G. Foods	Brooklyn	Kings	Con Ed	40	7	7	0	0%	Yes		1		40	Small	
147	East Harlem Arts & Education Local Devel. Corp	New York	New York	Con Ed	60	20	32	12	60%	Yes	1			60	NFP	
148	Eastern Castings Corp.	Cambridge	Washington	N. Grid	250	33	31	-2	-6%	Yes		1		250	Small	
149	Eastman Machine Company	Buffalo	Erie	N. Grid	300	107	98	-9	-8%	Yes			1	300	Small	
150	EDO/AIL, Inc.	Bohemia	Suffolk	LIPA	2,700	622	604	-18	-3%	Yes		1		2,700	Large	
151	Edward John Noble Hospital	Gouverneur	St. Lawrence	N. Grid	100	241	237	-4	-2%	Yes	1			100	NFP	
152	Egli Machine, Inc.	Sidney	Otsego	NYSEG	20	28	27	-1	-4%	Yes	1			20	Small	

June 24, 2008

New York Power Authority

Power for Jobs - Extended Benefits

Until June 30, 2009

Line	Company	City	County	IOU	KW	Job Committed	Jobs in		% Over (under)	Compliance	June 2009 Benefit		Revised to Rebate	Recommended Allocation KW	Type
							Application 2008	Over (under)			Rebate	Power			
153	Elaine Kaufman Cultural Center	New York	New York	Con Ed	60	72	74	2	3%	Yes	1		60	NFP	
154	EMED Company, Inc.	Buffalo	Erie	N. Grid	250	180	176	-4	-2%	Yes		1	250	Small	
155	Emerson Power Transmission, Corp.	Ithaca	Tompkins	NYSEG	1,400	444	424	-20	-5%	Yes	1		1,400	Large	
156	Emhart Glass Mfg., Inc. (Emhart Pow	Elmira	Chemung	NYSEG	100	152	164	12	8%	Yes		1	100	Small	
157	Empire Coating, Inc.	Albion	Orleans	N. Grid	150	67	88	21	31%	Yes		1	150	Small	
158	Endicott Interconnect Technologies	Endicott	Broome	NYSEG	3,500	4,207	4,172	-35	-1%	Yes	1		3,500	Large	
159	Enzo Clinical Labs, Inc.	Farmingdale	Suffolk	LIPA	200	333	357	24	7%	Yes	1		200	Small	
160	ESCO Turbine Technologies - Syracuse (Gray-Syracuse)	Chittenango	Madison	N. Grid	1,250	402	395	-7	-2%	Yes		1	1,250	Large	
161	Ethox Corp.	Buffalo	Erie	N. Grid	350	118	106	-12	-10%	Yes		1	350	Large	
162	Ethox Corp.	Rush	Monroe	N. Grid	175	53	59	6	11%	Yes		1	175	Small	
163	Ever Fab, Inc.	East Aurora	Erie	NYSEG	150	65	65	0	0%	Yes		1	150	Small	
164	F. P. Pla Tool & Manufacturing Co.,	Lackawanna	Erie	N. Grid	50	34	37	3	9%	Yes		1	50	Small	
165	Faster Form Corp.	Frankfort	Herkimer	N. Grid	40	40	50	10	25%	Yes	1		40	Small	
166	Feldmeier Equipment Inc.	Little Falls	Herkimer	N. Grid	450	151	155	4	3%	Yes		1	450	Large	
167	Ferner Precision	Ilion	Herkimer	NYSEG	200	76	70	-6	-8%	Yes		1	200	Small	
168	Fiber Glass Industries Inc.	Amsterdam	Montgomery	N. Grid	700	138	148	10	7%	Yes	1		700	Large	
169	Finch Pruyn & Company Inc.	Glen Falls	Warren	N. Grid	5,000	842	834	-8	-1%	Yes		1	5,000	Large	
170	Fisher Price	East Aurora	Erie	NYSEG	1,500	933	980	47	5%	Yes		1	1,500	Large	
171	Fitzpatrick & Weller, Inc.	Ellicottville	Cattaraugus	N. Grid	1,000	93	86	-7	-8%	Yes	1		1,000	Large	
172	Flag Poles, Inc.	East Setauket	Suffolk	LIPA	200	88	91	3	3%	Yes		1	200	Small	
173	Flower City Printing, Inc.	Rochester	Monroe	RGE	500	312	306	-6	-2%	Yes	1		500	Large	
174	Flower City Printing, Inc.	Rochester	Monroe	RGE	650	312	306	-6	-2%	Yes	1		650	Large	
175	Forsyth Industries	East Aurora	Erie	NYSEG	60	16	16	0	0%	Yes		1	60	Small	
176	Fort Meat Wholesale	Brooklyn	Kings	Con Ed	60	24	23	-1	-4%	Yes	1		60	Small	
177	Fortunoff	Uniondale	Nassau	LIPA	1,000	340	340	0	0%	Yes		1	1,000	Large	
178	Frito-Lay, Inc.	Binghamton	Broome	NYSEG	1,000	578	575	-3	-1%	Yes		1	1,000	Large	
179	G L & V Sandy Hill Inc.	Hudson Falls	Washington	N. Grid	750	94	99	5	5%	Yes		1	750	Large	
180	G.C. Hanford Mfg. Co.	Syracuse	Onondaga	N. Grid	750	212	210	-2	-1%	Yes		1	750	Large	
181	Gary Plastic Packaging Corp.	Bronx	Bronx	Con Ed	800	523	541	18	3%	Yes		1	800	Large	
182	Gehring Tricot Corp.	Dolgeville	Herkimer	N. Grid	450	98	99	1	1%	Yes		1	450	Large	
183	General Electric Plastics	Selkirk	Albany	N. Grid	5,000	504	490	-14	-3%	Yes	1		5,000	Large	
184	General Mills	Buffalo	Erie	N. Grid	1,000	109	110	1	1%	Yes		1	1,000	Large	
185	Genesee Brewing Company	Rochester	Monroe	RGE	2,450	439	407	-32	-7%	Yes	1		2,450	Large	
186	Gernatt Asphalt Products, Inc.	Collins	Erie	N. Grid	800	97	97	0	0%	Yes		1	800	Large	
187	Ginsberg's Institutional Foods, Inc	Hudson	Columbia	N. Grid	375	187	192	5	3%	Yes		1	375	Small	
188	Glens Falls Lehigh Cement Company	Glens Falls	Warren	N. Grid	1,000	151	155	4	3%	Yes		1	1,000	Large	
189	Good Samaritan Hospital	West Islip	Suffolk	LIPA	800	3,088	3,137	49	2%	Yes	1		800	NFP	
190	Gorbel Corp.	Fishers	Ontario	RGE	350	153	154	1	1%	Yes	1		350	Large	

New York Power Authority

Power for Jobs - Extended Benefits

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Line	Company	City	County	IOU	KW	Job Committed	Jobs in					June 2009 Benefit		Recommended Allocation KW	Type
							Application 2008	Over (under)	% Over (under)	Compliance	Rebate	Power	Revised to Rebate		
191	Great Lakes Cheese of New York Inc.	Adams	Jefferson	N. Grid	600	79	82	3	4%	Yes		1		600	Large
192	Greatbatch, Inc.	Clarence	Erie	NYSEG	780	366	373	371	101%	Yes		1		780	Large
193	Greater Jamaica Development Corp.	Jamaica	Queens	Con Ed	375	151	151	0	0%	Yes	1			375	NFP
194	GreenFiber Albany, Inc.	Hagaman	Montgomery	N. Grid	300	33	35	2	6%	Yes		1		300	Small
195	Gurwin Jewish Geriatric Center	Commack	Suffolk	LIPA	500	655	668	13	2%	Yes		1		500	NFP
196	H & E Machinery, Inc.	Ithaca	Cayuga	NYSEG	350	181	196	15	8%	Yes	1			350	Small
197	H. P. Hood, Inc.	Oneida	Madison	N. Grid	1,000	200	200	0	0%	Yes		1		1,000	Large
198	H.H. Dobbins Inc.	Lyndonville	Orleans	N. Grid	250	62	63	1	2%	Yes		1		250	Small
199	Haleakala dba The Kitchen	New York	New York	Con Ed	30	13	12	-1	-8%	Yes		1		30	NFP
200	Hamilton Printing Company	Castleton-on-Hudson	Rensselaer	N. Grid	450	130	130	0	0%	Yes		1		450	Large
201	Hand Held Products dba HHP	Skaneateles Falls	Onondaga	N. Grid	750	639	675	36	6%	Yes		1		750	Large
202	Harmac Medical Products, Inc.	Buffalo	Erie	N. Grid	385	218	209	-9	-4%	Yes		1		385	Small
203	Hebeler Corporation	Tonawanda	Erie	N. Grid	300	134	146	12	9%	Yes		1		300	Small
204	Helmont Mills	St. Johnsville	Montgomery	N. Grid	250	99	95	-4	-4%	Yes		1		250	Small
205	Henry Modell Inc. / Modell's NY Inc	Bronx	Bronx	Con Ed	400	252	254	2	1%	Yes		1		400	Large
206	Henry Street Settlement	New York	Bronx	Con Ed	300	734	793	59	8%	Yes		1		300	NFP
207	HFV Industries, Inc.	Buffalo	Erie	N. Grid	250	61	64	3	5%	Yes		1		250	Small
208	Higbee Inc.	Syracuse	Onondaga	N. Grid	100	47	47	0	0%	Yes	1			100	Small
209	HMI Metal Powders (Homogeneous)	Clayville	Oneida	N. Grid	500	106	111	5	5%	Yes		1		500	Large
210	Home for Contemporary Theater & Art	New York	New York	Con Ed	30	23	23	0	0%	Yes	1			30	NFP
211	Hudson Valley Hospital Center	Cortland Manor	Westchester	Con Ed	350	803	808	5	1%	Yes		1		350	NFP
212	IEC Electronics Corp.	Newark	Wayne	NYSEG	590	243	257	14	6%	Yes	1			590	Large
213	Indium Corporation of America	Utica	Oneida	N. Grid	600	312	320	8	3%	Yes		1		600	Large
214	Inficon Inc.	E. Syracuse	Onondaga	N. Grid	400	222	225	3	1%	Yes		1		400	Large
215	Interface Solutions, Inc.	Fulton	Oswego	N. Grid	940	142	139	-3	-2%	Yes	1			940	Large
216	International Business Machines - Rochester	Rochester	Monroe	RGE	1,150	583	592	9	2%	Yes	1			1,150	Large
217	International Business Machines - Sterling Forest	Poughkeepsie,	Orange	O&R	700	523	503	-20	-4%	Yes	1			700	Large
218	International Business Machines - White Plains	White Plains	Westchester	Con Ed	3,870	2,177	2,115	-62	-3%	Yes	1			3,870	Large
219	International Fiber Corporation	North Tonawanda	Niagara	N. Grid	350	113	104	-9	-8%	Yes			1	350	Large
220	Intertek Testing Services	Cortland	Cortland	N. Grid	600	306	311	5	2%	Yes	1			600	Large
221	IPAC, Inc.	Amherst	Niagara	N. Grid	200	33	45	12	36%	Yes		1		200	Small
222	Isadore A. Rapasadi & Sons, Inc.	Canastota	Niagara	N. Grid	75	47	51	4	9%	Yes		1		75	Small
223	IWCO Direct	Melville	Suffolk	LIPA	1,150	381	354	-27	-7%	Yes		1		1,150	Large
224	J.J. Cassone Bakery, Inc.	Port Chester	Westchester	Con Ed	400	196	196	0	0%	Yes		1		400	Large
225	J.P. Morgan/Chase	Lake Success	Nassau	LIPA	1,295	694	694	0	0%	Yes	1			1,295	Large
226	J.P. Morgan/Chase	Uniondale	Nassau	LIPA	500	988	988	0	0%	Yes	1			500	Large
227	Jacmel Jewelry, Inc.	Long Island City	Queens	Con Ed	170	272	266	-6	-2%	Yes	1			170	Small
228	Jada Precision Plastics Co.	Rochester	Monroe	RGE	300	91	83	-8	-9%	Yes	1			300	Small

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Line	Company	City	County	IOU	KW	Job Committed	Jobs in					June 2009 Benefit		Recommended Allocation KW	Type
							Application 2008	Over (under)	% Over (under)	Compliance	Rebate	Power	Revised to Rebate		
229	Jamestown Advanced Products, Inc.	Jamestown	Chautauqua	N. Grid	225	80	80	0	0%	Yes		1		225	Small
230	Jaquith Industries	Syracuse	Onondaga	N. Grid	150	58	55	-3	-5%	Yes		1		150	Small
231	John Hassall, Inc.	Westbury	Nassau	LIPA	450	113	101	-12	-11%	Yes	1			450	Large
232	John T. Mather Memorial Hospital	Port Jefferson	Suffolk	LIPA	400	1,478	1,500	22	1%	Yes	1			400	NFP
233	Kaz Incorporated	Hudson	Columbia	N. Grid	400	389	402	13	3%	Yes		1		400	Large
234	Kennedy Valve	Elmira	Chemung	NYSEG	3,000	392	382	-10	-3%	Yes		1		3,000	Large
235	Keymark Corporation	Fonda	Montgomery	N. Grid	800	550	549	-1	0%	Yes		1		800	Large
236	Keystone Corporation	Buffalo	Erie	N. Grid	300	40	41	1	3%	Yes			1	300	Large
237	Kilian Manufacturing Corporation	Syracuse	Onondaga	N. Grid	400	154	144	-10	-6%	Yes	1			400	Large
238	King Solomon Food, Inc.	Brooklyn	Kings	Con Ed	100	24	24	0	0%	Yes		1		100	Small
239	Kingsbrook Jewish Medical Center	Brooklyn	Kings	Con Ed	1,200	1,865	1,910	45	2%	Yes	1			1,200	NFP
240	Kips Bay Boys and Girls Club	Bronx	Bronx	Con Ed	150	140	128	-12	-9%	Yes		1		150	NFP
241	Kleer-Fax Inc.	Amityville	Suffolk	LIPA	200	130	130	0	0%	Yes			1	200	Small
242	Kozy Shack, Inc.	Hicksville	Nassau	LIPA	1,000	260	270	10	4%	Yes	1			1,000	Large
243	Kraft Foods - Walton	Walton	Delaware	NYSEG	870	160	155	-5	-3%	Yes	1			870	Large
244	Kreher's Poultry Farms	Clarence	Erie	N. Grid	350	75	75	0	0%	Yes		1		350	Small
245	Kris-Tech Wire Company	Rome	Oneida	N. Grid	200	33	33	0	0%	Yes		1		200	Small
246	Lancaster Knives, Inc.	Lancaster	Erie	NYSEG	375	40	39	-1	-3%	Yes		1		375	Large
247	Lancaster Steel Service Co., Inc.	Lancaster	Erie	NYSEG	500	169	156	-13	-8%	Yes		1		500	Large
248	Leake and Watts Services, Inc.	Yonkers	Westchester	Con Ed	500	791	869	78	10%	Yes		1		500	NFP
249	Lewis County General Hospital	Lowville	Lewis	N. Grid	200	382	418	36	9%	Yes	1			200	NFP
250	Lincoln Center for the Performing Arts	New York	New York	Con Ed	3,000	3,763	4,035	272	7%	Yes	1			3,000	NFP
251	Little Falls Hospital	Little Falls	Herkimer	N. Grid	200	252	246	-6	-2%	Yes		1		200	NFP
252	Liz Claiborne, Inc.	New York	New York	Con Ed	1,500	996	1,019	23	2%	Yes	1			1,500	Large
253	Lockport Memorial Hospital	Lockport	Niagara	NYSEG	350	377	380	3	1%	Yes		1		350	NFP
254	Long Beach Medical Center	Long Beach	Nassau	LIPA	600	961	909	-52	-5%	Yes	1			600	NFP
255	Long Island Jewish Medical Center	Manhasset	Nassau	Con Ed	2,000	6,958	6,508	-450	-6%	Yes	1			2,000	NFP
256	Losquadro Ice Company	Brooklyn	Kings	Con Ed	330	34	34	0	0%	Yes		1		330	Small
257	Lydall Manning	Green Island	Albany	N. Grid	1,100	113	114	1	1%	Yes	1			1,100	Large
258	Maimonides Medical Center	Brooklyn	Kings	Con Ed	1,350	5,096	5,244	148	3%	Yes		1		1,350	NFP
259	Maloya Laser Inc.	Commack	Suffolk	LIPA	75	25	27	2	8%	Yes			1	75	Small
260	Manhattan School of Music	New York	New York	Con Ed	200	343	343	0	0%	Yes	1			200	NFP
261	Manitoba Corporation	Lancaster	Erie	NYSEG	250	41	43	2	5%	Yes	1			250	Small
262	Marquardt Switches, Inc.	Cazenovia	Madison	N. Grid	200	283	318	35	12%	Yes		1		200	Small
263	Matt Brewing Company	Utica	Oneida	N. Grid	600	128	124	-4	-3%	Yes		1		600	Large
264	Mayer Bros. Apple Products, Inc.	West Seneca	Erie	N. Grid	300	90	93	3	3%	Yes			1	300	Small
265	Mayer Brothers Products	Buffalo	Erie	NYSEG	400	140	165	25	18%	Yes			1	400	Large
266	Meadwestvaco Corp	Sidney	Delaware	NYSEG	2,500	1,161	1,044	-117	-10%	Yes		1		2,500	Large

New York Power Authority

Power for Jobs - Extended Benefits

Until June 30, 2009

Line	Company	City	County	IOU	KW	Job Committed	Jobs in		% Over (under)	Compliance	June 2009 Benefit		Revised to Rebate	Recommended Allocation KW	Type
							Application 2008	Over (under)			Rebate	Power			
267	Meloon Foundries, Inc.	Syracuse	Onondaga	N. Grid	275	58	52	-6	-10%	Yes		1	275	Small	
268	Memorial Sloan-Kettering Cancer Cen	New York	New York	Con Ed	5,000	9,286	9,840	554	6%	Yes	1		5,000	NFP	
269	Metalico, Inc.	Buffalo	Erie	N. Grid	75	69	72	3	4%	Yes		1	75	Small	
270	Mid State Raceway, Inc	Vernon	Oneida	N. Grid	200	46	190	144	313%	Yes		1	200	Large	
271	Midstate Spring, Inc.	Syracuse	Onondaga	N. Grid	100	35	36	1	3%	Yes		1	100	Small	
272	Mill Services, Inc.	Cobleskill	Schoharie	N. Grid	300	48	59	11	23%	Yes		1	300	Small	
273	Milward Alloys	Lockport	Niagara	NYSEG	600	43	41	-2	-5%	Yes	1		600	Large	
274	Miner Institute	Chazy	Clinton	NYSEG	150	48	49	1	2%	Yes		1	150	Small	
275	Mobil Chemical Company	Macedon	Monroe	RGE	600	167	168	1	1%	Yes		1	600	Large	
276	Mohawk Paper Mills	Cohoes	Albany	N. Grid	2,250	330	415	85	26%	Yes	1		2,250	Large	
277	Montefiore Medical Center	Bronx	Bronx	Con Ed	2,850	8,773	8,773	0	0%	Yes		1	2,850	NFP	
278	Morgood Tools, Inc.	Rochester	Monroe	RGE	200	60	60	0	0%	Yes		1	200	Small	
279	Morton International	Silver Springs	Wyoming	NYSEG	1,000	158	156	-2	-1%	Yes	1		1,000	Large	
280	Motor Components, Inc.	Elmira	Chemung	NYSEG	250	77	90	13	17%	Yes		1	250	Large	
281	Mount Saint Mary's Hospital	Lewiston	Niagara	N. Grid	350	679	679	0	0%	Yes		1	350	NFP	
282	Mount Sinai Medical Center	New York	New York	Con Ed	2,000	10,220	10,327	107	1%	Yes	1		2,000	NFP	
283	Mountainside Farms	Roxbury	Delaware	NYSEG	450	62	79	17	27%	Yes		1	450	Large	
284	Museum of Art & Design	New York	New York	Con Ed	70	46	44	-2	-4%	Yes		1	70	NFP	
285	Nathan Littauer Hospital & Nursing Home	Gloversville	Fulton	N. Grid	400	682	698	16	2%	Yes	1		400	NFP	
286	National Academy of Design	New York	New York	Con Ed	80	23	23	0	0%	Yes		1	80	NFP	
287	National Baseball Hall of Fame	Cooperstown	Otsego	NYSEG	350	147	147	0	0%	Yes		1	350	NFP	
288	National Pipe and Plastics	Vestal	Broome	NYSEG	1,300	174	172	-2	-1%	Yes		1	1,300	Large	
289	Natrium Products, Inc.	Cortland	Cortland	N. Grid	90	21	21	0	0%	Yes	1		90	Small	
290	New Energy Works	Farmington	Ontario	RGE	150	82	87	5	6%	Yes		1	150	Small	
291	New Museum of Contemporary Art	New York	New York	Con Ed	50	37	88	51	138%	Yes	1		50	NFP	
292	New York Blood Center	New York	New York	Con Ed	500	291	291	0	0%	Yes		1	500	NFP	
293	New York College of Podiatric Medic	New York	New York	Con Ed	300	168	170	2	1%	Yes		1	300	NFP	
294	New York Presbyterian Hospital	New York	New York	Con Ed	5,000	8,423	8,423	0	0%	Yes	1		5,000	NFP	
295	New York University	New York	New York	Con Ed	1,700	9,817	9,534	-283	-3%	Yes	1		1,700	NFP	
296	Newport Rochester	Rochester	Monroe	RGE	190	47	55	8	17%	Yes	1		190	Large	
297	Niagara Falls Medical Center	Niagara Falls	Niagara	N. Grid	500	1,059	1,049	-10	-1%	Yes		1	500	NFP	
298	Niagara Fiberboard Inc.	Lockport	Niagara	NYSEG	183	23	24	1	4%	Yes		1	183	Small	
299	Niagara Gear Corp.	Kenmore	Erie	N. Grid	85	35	36	1	3%	Yes		1	85	Small	
300	Norampac Industries (AIM Corrugated)	Lancaster	Erie	NYSEG	200	140	141	1	1%	Yes		1	200	Small	
301	Norampac New York City, Inc	Maspeth	Queens	Con Ed	600	204	204	0	0%	Yes	1		600	Large	
302	Norlite Corp.	Cohoes	Albany	N. Grid	500	68	69	1	1%	Yes		1	500	Large	
303	North General Hospital	New York	New York	Con Ed	400	1,150	1,120	-30	-3%	Yes	1		400	NFP	
304	North Lawrence Dairy, Inc.	North Lawrence	St. Lawrence	N. Grid	1,000	176	178	2	1%	Yes		1	1,000	Large	

June 24, 2008

New York Power Authority

Power for Jobs - Extended Benefits

Until June 30, 2009

Line	Company	City	County	IOU	KW	Job Committed	Jobs in		% Over (under)	Compliance	June 2009 Benefit		Revised to Rebate	Recommended Allocation KW	Type
							Application 2008	Over (under)			Rebate	Power			
305	North Shore Health System	Manhasset	Nassau	LIPA	2,600	6,500	6,513	13	0%	Yes	1			2,600	NFP
306	Northeast Solite Corp.	Mount Marion	Ulster	CHGE	600	57	60	3	5%	Yes	1			600	Large
307	Norwich Aero Products, Inc.	Norwich	Chenango	NYSEG	160	110	113	3	3%	Yes	1			160	Small
308	NYSARC, Inc. - Columbia County Chap	Mellenville	Columbia	NYSEG	450	121	121	0	0%	Yes		1		450	NFP
309	NYU Medical Center	New York	New York	Con Ed	4,000	10,924	11,364	440	4%	Yes	1			4,000	NFP
310	OAB Holdings, Inc.	Buffalo	Erie	N. Grid	5,000	595	617	22	4%	Yes	1			5,000	Large
311	Oak-Mitsui, Inc.	Hoosick Falls	Rensselaer	N. Grid	200	60	68	8	13%	Yes		1		200	Small
312	Oberdorfer Industries	Syracuse	Onondaga	N. Grid	500	94	111	17	18%	Yes		1		500	Large
313	Oldcastle Glass	Hauppauge	Suffolk	LIPA	250	129	131	2	2%	Yes		1		250	Small
314	Oldcastle Precast Inc	South Bethlehem	Albany	N. Grid	160	64	67	3	5%	Yes	1			160	Small
315	Oneida Container Co., Inc.	Vernon	Oneida	N. Grid	150	93	86	-7	-8%	Yes		1		150	Small
316	Oneida Healthcare Center	Oneida	Madison	N. Grid	300	748	736	-12	-2%	Yes		1		300	NFP
317	Oneida Molded Plastics	Oneida	Madison	N. Grid	500	116	114	-2	-2%	Yes		1		500	Small
318	Onondaga Beverage Corp.	Liverpool	Onondaga	N. Grid	120	124	122	-2	-2%	Yes		1		120	Small
319	Ontario Knife Company	Franklinville	Cattaraugus	N. Grid	250	63	88	25	40%	Yes		1		250	Small
320	Orazio & Sons Meat, Co.	Brooklyn	Kings	Con Ed	30	4	5	1	25%	Yes		1		30	Small
321	Organichem, Inc.	Rensselaer	Rensselaer	N. Grid	1,000	256	253	-3	-1%	Yes	1			1,000	Large
322	Osmose Realty Corp	Buffalo	Erie	N. Grid	300	185	185	0	0%	Yes		1		300	Small
323	Pace University	Briarcliff Manor	Westchester	Con Ed	800	2,472	2,492	20	1%	Yes		1		800	NFP
324	PCB Piezotronics, Inc.	Depew	Wayne	NYSEG	600	452	480	28	6%	Yes			1	600	Large
325	PCI Paper Conversions, Inc.	Syracuse	Onondaga	N. Grid	400	214	222	8	4%	Yes	1			400	Large
326	Peak Resorts Inc., dba Greek Peak	Cortland	Cortland	N. Grid	2,200	149	169	20	13%	Yes		1		2,200	Large
327	Pearl Leather Finishers, Inc.	Johnstown	Fulton	N. Grid	280	105	105	0	0%	Yes		1		280	Large
328	Pelco Electronic Corp	Cazenovia	Madison	N. Grid	100	49	47	-2	-4%	Yes			1	100	Small
329	Pepsi Cola Bottling Company	College Point	Queens	Con Ed	2,200	1,015	1,003	-12	-1%	Yes	1			2,200	Large
330	Phelps Memorial Hospital Center	Sleepy Hollow	Westchester	Con Ed	450	1,019	1,041	22	2%	Yes		1		450	NFP
331	Pierpont Morgan Library	New York	New York	Con Ed	170	133	143	10	8%	Yes		1		170	NFP
332	Pivot Punch Corporation	Lockport	Niagara	N. Grid	300	83	82	-1	-1%	Yes		1		300	Small
333	Polymer Conversions	Orchard Park	Erie	NYSEG	325	80	75	-5	-6%	Yes		1		325	Small
334	Portola Packaging, Inc.	Clifton Park	Albany	N. Grid	400	78	78	0	0%	Yes		1		400	Large
335	Power Pallet	Schenectady	Schenectady	N. Grid	250	102	112	10	10%	Yes		1		250	Small
336	Precious Plate, Inc.	Niagara Falls	Niagara	N. Grid	235	130	127	-3	-2%	Yes		1		235	Small
337	Precision Systems Mfg., Inc.	Liverpool	Onondaga	N. Grid	180	63	60	-3	-5%	Yes	1			180	Small
338	Producto Machine Company - Ring & Pierc	Jamestown	Chautauqua	N. Grid	350	94	92	-2	-2%	Yes		1		350	Small
339	Quad Graphics, Inc.	Saratoga Springs	Saratoga	N. Grid	4,000	1,068	1,005	-63	-6%	Yes	1			4,000	Large
340	Quality Vision International	Rochester	Monroe	RGE	650	263	277	14	5%	Yes		1		650	Large
341	Quandt's Food Service Distributors	Amsterdam	Montgomery	N. Grid	180	128	129	1	1%	Yes		1		180	Small
342	Quebecor World Buffalo, Inc.	Depew	Erie	NYSEG	650	713	759	46	6%	Yes			1	650	Large

New York Power Authority
Power for Jobs - Extended Benefits
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Line	Company	City	County	IOU	KW	Job Committed	Jobs in						June 2009 Benefit		Recommended Allocation KW	Type
							Application 2008	Over (under)	% Over (under)	Compliance	Rebate	Power	Revised to Rebate			
343	Queensboro Farm Products, Inc.	Canastota	Madison	N. Grid	500	81	80	-1	-1%	Yes	1		500	Large		
344	R & J Metal Finishing, Inc.	Depew	Erie	NYSEG	100	14	15	1	7%	Yes		1	100	Small		
345	Revere Copper Products	Rome	Oneida	N. Grid	2,000	424	412	-12	-3%	Yes	1		2,000	Large		
346	Roberson Memorial, Inc.	Binghamton	Montgomery	NYSEG	225	14	17	3	21%	Yes		1	225	NFP		
347	Robison & Smith, Inc.	Gloversville	Fulton	N. Grid	384	200	205	5	3%	Yes	1		384	Small		
348	Rome Specialty Company, Inc.	Rome	Oneida	N. Grid	135	17	17	0	0%	Yes		1	135	Small		
349	RSA Solutions Inc.	Amherst	Erie	N. Grid	45	203	244	41	20%	Yes	1		45	Small		
350	Ruby Freeman, Inc.	Brooklyn	Kings	Con Ed	20	5	5	0	0%	Yes		1	20	Small		
351	S. R. Guggenheim Museum	New York	New York	Con Ed	475	390	418	28	7%	Yes	1		475	NFP		
352	Sabin Metal Corporation	Scottsville	Monroe	N. Grid	825	134	130	-4	-3%	Yes		1	825	Large		
353	Sag Harbor Industries	Sag Harbor	Suffolk	LIPA	50	40	43	3	8%	Yes		1	50	Small		
354	Saint-Gobain	Hoosick Falls	Rensselaer	N. Grid	225	173	173	0	0%	Yes		1	225	Small		
355	Samaritan Medical Center	Watertown	Jefferson	N. Grid	600	1,179	1,197	18	2%	Yes		1	600	NFP		
356	San-Mar Laboratories Inc.	Elmsford	Westchester	Con Ed	250	265	289	24	9%	Yes		1	250	Small		
357	Schilling Forge, Inc.	Syracuse	Onondaga	N. Grid	225	32	33	1	3%	Yes		1	225	Small		
358	Schneider Packing Equipment	Brewerton	Onondaga	N. Grid	200	122	143	21	17%	Yes		1	200	Small		
359	Schweizer Aircraft Corp.	Horseheads	Chemung	NYSEG	700	661	821	160	24%	Yes		1	700	Large		
360	Sealing Devices, Inc.	Lancaster	Erie	NYSEG	150	147	161	14	10%	Yes		1	150	Small		
361	Seneca Foods Corporation	Geneva	Ontario	NYSEG	1,000	278	280	2	1%	Yes	1		1,000	Large		
362	Seneca Foods Corporation	Marion	Wayne	RGE	1,100	115	110	-5	-4%	Yes	1		1,100	Large		
363	Sentry Metal Blast, Inc. (dba Sentry Metal Services)	Niagara Falls	Niagara	N. Grid	150	26	25	-1	-4%	Yes		1	150	Small		
364	SEPP Management	Binghamton	Broome	NYSEG	80	17	19	2	12%	Yes		1	80	Small		
365	Silver Lake Cookie Co.	Islip	Suffolk	LIPA	400	210	195	-15	-7%	Yes		1	400	Large		
366	Sleepy's (Warehouse)	Bethpage	Nassau	LIPA	300	496	592	96	19%	Yes		1	300	Small		
367	Snyder Industries, Inc.	N. Tonawanda	Niagara	N. Grid	350	98	100	2	2%	Yes	1		350	Small		
368	Sorrento Lactalis, Inc.	Buffalo	Erie	N. Grid	1,500	496	510	14	3%	Yes	1		1,500	Large		
369	Soucy USA	Champlain	Clinton	NYSEG	400	199	182	-17	-9%	Yes	1		400	Large		
370	Southern Container Corp.	Deer Park	Suffolk	LIPA	500	216	222	6	3%	Yes		1	500	Large		
371	Specialized Packaging Radisson, Inc	Baldwinsville	Onondaga	N. Grid	180	173	192	19	11%	Yes	1		180	Small		
372	Spray Nine Corporation	Johnstown	Fulton	N. Grid	300	119	106	-13	-11%	Yes		1	300	Large		
373	St. Joseph's Hospital Health Center	Syracuse	Onondaga	N. Grid	1,000	3,209	3,023	-186	-6%	Yes	1		1,000	NFP		
374	St. Lawrence University	Canton	St. Lawrence	N. Grid	800	772	782	10	1%	Yes		1	800	NFP		
375	St. Lukes-Memorial Hospital Center	New Hartford	St. Lawrence	N. Grid	700	1,355	1,355	0	0%	Yes		1	700	NFP		
376	Standard Microsystems Corp.	Hauppauge	Suffolk	LIPA	1,050	403	449	46	11%	Yes	1		1,050	Large		
377	Staroba Plastic & Metal Products of NY Inc.	Holland	Erie	NYSEG	700	121	114	-7	-6%	Yes		1	700	Large		
378	Stature Electric	Watertown	Jefferson	N. Grid	150	142	134	-8	-6%	Yes		1	150	Small		
379	Stella D'Oro Biscuit Co., Inc.	Bronx	Bronx	Con Ed	250	157	151	-6	-4%	Yes		1	250	Large		
380	Stone Construction Equipment Inc.	Honeoye	Ontario	N. Grid	300	221	198	-23	-10%	Yes		1	300	Small		

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Line	Company	City	County	IOU	KW	Job Committed	Jobs in		% Over (under)	Compliance	June 2009 Benefit		Revised to Rebate	Recommended Allocation KW	Type
							Application 2008	Over (under)			Rebate	Power			
381	Streamline Plastics Co., Inc.	Bronx	Bronx	Con Ed	140	59	65	6	10%	Yes	1		140	Small	
382	Suit-Kote Corp.	Cortland	Cortland	N. Grid	1,400	515	491	-24	-5%	Yes		1	1,400	Large	
383	Symphony Space, Inc.	New York	New York	Con Ed	65	55	55	0	0%	Yes		1	65	NFP	
384	Syracuse Casting Sales Corp.	Cicero	Onondaga	N. Grid	300	107	98	-9	-8%	Yes		1	300	Small	
385	Syracuse China Company	Syracuse	Onondaga	N. Grid	460	303	288	-15	-5%	Yes	1		460	Large	
386	Syracuse Heat Treating Corp	Syracuse	Onondaga	N. Grid	200	20	18	-2	-10%	Yes		1	200	Small	
387	Syracuse Label Co., Inc.	Liverpool	Onondaga	N. Grid	200	88	88	0	0%	Yes	1		200	Small	
388	Syracuse Plastics, Inc.	Liverpool	Onondaga	N. Grid	400	38	42	4	11%	Yes	1		400	Large	
389	Syracuse University	Syracuse	Onondaga	N. Grid	2,000	4,530	4,575	45	1%	Yes	1		2,000	NFP	
390	TanaSeybert, LLC	New York	New York	Con Ed	400	194	294	100	52%	Yes	1		400	Large	
391	Taylor Made Products	Gloversville	Fulton	N. Grid	250	210	202	-8	-4%	Yes		1	250	Small	
392	Taylor Metalworks	Orchard Park	Erie	NYSEG	400	111	114	3	3%	Yes		1	400	Large	
393	The 122 Community Center	New York	New York	Con Ed	10	31	28	-3	-10%	Yes		1	10	NFP	
394	The Beeches of Rome, Inc.	Rome	Oneida	N. Grid	300	67	67	0	0%	Yes		1	300	Small	
395	The Brooklyn Historical Society	Brooklyn	Kings	Con Ed	30	19	18	-1	-5%	Yes	1		30	NFP	
396	The Educational Alliance	New York	New York	Con Ed	230	393	393	0	0%	Yes		1	230	NFP	
397	The Harlem School of the Arts, Inc.	New York	New York	Con Ed	50	94	150	56	60%	Yes	1		50	NFP	
398	The Jewish Museum	New York	New York	Con Ed	200	157	158	1	1%	Yes		1	200	NFP	
399	The Joyce Theater Foundation, Inc.	New York	New York	Con Ed	150	46	52	6	13%	Yes	1		150	NFP	
400	The Lawrence Ripak Company, Inc.	West Babylon	Suffolk	LIPA	400	86	107	21	24%	Yes		1	400	Large	
401	The Moving Image, Inc. - dba Film Forum	New York	New York	Con Ed	35	43	45	2	5%	Yes		1	35	NFP	
402	The Museum of Modern Art	New York	New York	Con Ed	1,000	765	766	1	0%	Yes	1		1,000	NFP	
403	The Museum of Television & Radio	New York	New York	Con Ed	200	89	87	-2	-2%	Yes		1	200	NFP	
404	The Writers Room	New York	New York	Con Ed	15	3	3	0	0%	Yes		1	15	NFP	
405	Theater for the New City, Inc.	New York	New York	Con Ed	30	74	90	16	22%	Yes		1	30	NFP	
406	Therm Inc.	Ithaca	Tompkins	NYSEG	900	179	178	-1	-1%	Yes		1	900	Large	
407	Thirteen WNET (Educational Broadcasting Corp)	New York	New York	Con Ed	750	541	539	-2	0%	Yes	1		750	NFP	
408	TMP Technologies, Inc.	Buffalo	Erie	N. Grid	150	36	34	-2	-6%	Yes		1	150	Small	
409	TMP Technologies, Inc.	Wyoming	Wyoming	NYSEG	268	57	57	0	0%	Yes		1	268	Small	
410	Tompkins Metal Finishing, Inc.	Batavia	Genesee	N. Grid	350	83	85	2	2%	Yes		1	350	Large	
411	Town Hall Foundation	New York	New York	Con Ed	70	25	24	-1	-4%	Yes		1	70	NFP	
412	Trans World Entertainment	Albany	Albany	N. Grid	400	535	512	-23	-4%	Yes		1	400	Large	
413	Turbine Engine Components Technologies	Whitesboro	Oneida	N. Grid	1,200	281	288	7	2%	Yes	1		1,200	Large	
414	UJA Federation of New York	New York	New York	Con Ed	550	457	452	-5	-1%	Yes		1	550	NFP	
415	Ultimate Precision Metal	Farmingdale	Suffolk	LIPA	250	120	116	-4	-3%	Yes	1		250	Small	
416	Ultralife Batteries, Inc.	Newark	Wayne	NYSEG	1,440	483	489	6	1%	Yes	1		1,440	Large	
417	UltrePet, LLC	Albany	Albany	N. Grid	600	64	62	-2	-3%	Yes		1	600	Large	
418	Upstate Niagara Cooperative, Inc (Upstate Farms)	Buffalo	Erie	NYSEG	600	154	154	0	0%	Yes	1		600	Large	

New York Power Authority
Power for Jobs - Extended Benefits
Until June 30, 2009

Line	Company	City	County	IOU	KW	Job Committed	June 2009 Benefit						Recommended Allocation KW	Type
							Jobs in Application 2008	Over (under)	% Over (under)	Compliance	Rebate	Power		
419	Vail Ballou Press, Inc.	Binghamton	Broome	NYSEG	1,800	408	399	-9	-2%	Yes	1		1,800	Large
420	Ventre Packaging Co., Inc.	Syracuse	Onondaga	N. Grid	74	44	44	0	0%	Yes		1	74	Small
421	Verizon	New York	New York	Con Ed	5,000	2,061	2,061	0	0%	Yes	1		5,000	Large
422	W. W. Custom Clad, Inc.	Canajoharie	Montgomery	N. Grid	250	53	54	1	2%	Yes		1	250	Small
423	Ward Lumber Co., Inc.	Jay	Essex	NYSEG	140	88	79	-9	-10%	Yes		1	140	Small
424	Washington Mills Tonawanda, Inc	Tonawanda	Erie	N. Grid	375	71	68	-3	-4%	Yes		1	375	Large
425	Watson Bowman Acme Corp.	Amherst	Erie	N. Grid	150	94	101	7	7%	Yes		1	150	Small
426	Welch Allyn Data Collection Inc.	Skaneateles Falls	Onondaga	N. Grid	2,000	1,302	1,301	-1	0%	Yes	1		2,000	Large
427	Westchester Chapter NYS ARC, Inc.	White Plains	Westchester	Con Ed	375	583	594	11	2%	Yes		1	375	NFP
428	Whitney Museum of American Art	New York	New York	Con Ed	400	193	200	7	4%	Yes		1	400	NFP
429	Women's Housing and Economic Dev Corp	Bronx	New York	Con Ed	200	90	200	110	122%	Yes		1	200	NFP
430	World Warehouse & Distribution	Champlain	Clinton	NYSEG	150	164	165	1	1%	Yes		1	150	Small
431	XLI Corporation	Rochester	Monroe	RGE	175	75	75	0	0%	Yes		1	175	Small
432	Yeshiva University	New York	New York	Con Ed	3,000	4,085	4,159	74	2%	Yes		1	3,000	NFP
433	Zeluck, Inc.	Brooklyn	Kings	Con Ed	200	111	112	1	1%	Yes		1	200	Small
434	A. Stein Meat Products, Inc.	Brooklyn	Kings	Con Ed	120	38	28	-10	-26%	No	1		120	Small
435	Albany International Corp.	Albany	Albany	N. Grid	1,000	267	200	-67	-25%	No		1	1,000	Large
436	Amsterdam Printing & Litho	Amsterdam	Montgomery	N. Grid	500	790	683	-107	-14%	No		1	500	Large
437	Broadridge Financial Solutions, Inc (ADP)	Edgewood	Suffolk	LIPA	1,000	1,298	1,100	-198	-15%	No		1	1,000	Large
438	Burt Rigid Box, Inc.	Oneonta	Otsego	NYSEG	350	42	33	-9	-21%	No		1	350	Small
439	Cecilware Corp.	Long Island City	Queens	Con Ed	300	216	178	-38	-18%	No	1		300	Large
440	Commercial Envelope Manufacturing Corp.	Deer Park	Suffolk	LIPA	700	174	154	-20	-11%	No	1		700	Large
441	CWM Chemical Services, LLC	Model City	Niagara	N. Grid	330	78	65	-13	-17%	No	1		330	Large
442	CWR Manufacturing, Co.	Syracuse	Onondaga	N. Grid	150	58	44	-14	-24%	No		1	150	Small
443	Delphi Automotive Systems	Amherst	Erie	N. Grid	150	166	135	-31	-19%	No	1		150	Small
444	Di Highway Sign & Structure Corp.	New York Mills	Oneida	N. Grid	170	88	37	-51	-58%	No		1	170	Small
445	Diemolding Corporation	Canastota	Madison	N. Grid	200	238	201	-37	-16%	No	1		200	Small
446	Display Producers, Inc.	Bronx	Bronx	Con Ed	340	311	197	-114	-37%	No	1		340	Small
447	Edison Price Lighting, Inc.	New York	New York	Con Ed	400	158	102	-56	-35%	No	1		400	Large
448	Elmira Stamping and Manufacturing	Elmira	Chemung	NYSEG	80	55	41	-14	-25%	No	1		80	Small
449	Faxton Hospital	Utica	Oneida	N. Grid	350	553	473	-80	-14%	No		1	350	NFP
450	Ford Motor Company	Buffalo	Erie	N. Grid	5,000	1,462	1,140	-322	-22%	No	1		5,000	Large
451	Intrepid Museum Foundation	New York	New York	Con Ed	450	88	65	-23	-26%	No	1		450	NFP
452	Kintz Plastics, Inc.	Howes Cave	Schoharie	N. Grid	275	99	88	-11	-11%	No		1	275	Small
453	Kruysman, Inc.	Long Island City	Queens	Con Ed	270	168	104	-64	-38%	No	1		270	Large
454	LB Furniture Industries, LLC	Hudson	Columbia	N. Grid	500	162	119	-43	-27%	No		1	500	Large
455	Madelaine Chocolates	Rockaway Beach	Queens	LIPA	575	500	415	-85	-17%	No	1		575	Large
456	Manth-Brownell, Inc.	Kirkville	Madison	N. Grid	700	179	135	-44	-25%	No		1	700	Large

New York Power Authority

Power for Jobs - Extended Benefits

Until June 30, 2009

Line	Company	City	County	IOU	KW	Job Committed	Jobs in		Compliance	June 2009 Benefit			Recommended Allocation KW	Type	
							Application 2008	Over (under)		% Over (under)	Rebate	Power			Revised to Rebate
457	Marlette National Corporation	Buffalo	Erie	N. Grid	300	64	38	-26	-41%	No		1		300	Large
458	Marymount College	Tarrytown	Westchester	Con Ed	400	187	50	-137	-73%	No	1			400	NFP
459	McLane Eastern	Baldwinsville	Onondaga	N. Grid	875	945	801	-144	-15%	No	1			875	Large
460	Merritt Plywood Machinery, Inc.	Lockport	Niagara	NYSEG	75	18	9	-9	-50%	No	1			75	Small
461	Met Weld Inc.	Altamont	Albany	N. Grid	100	71	60	-11	-15%	No			1	100	Small
462	Milazzo Wholesale Meats	Brooklyn	Kings	Con Ed	75	28	17	-11	-39%	No		1		75	Small
463	Mohawk LTD.	Chadwicks	Oneida	N. Grid	100	69	59	-10	-14%	No		1		100	Small
464	Mold-A-Matic Corp.	Oneonta	Otsego	NYSEG	175	92	67	-25	-27%	No		1		175	Small
465	Newcut, Inc.	Newark	Wayne	NYSEG	75	28	23	-5	-18%	No		1		75	Small
466	North Hudson Woodcraft Corp.	Dolgeville	Herkimer	N. Grid	300	80	62	-18	-23%	No		1		300	Small
467	Oehler Industries	Buffalo	Erie	N. Grid	100	27	16	-11	-41%	No		1		100	Small
468	Par Foam Products, Inc.	Buffalo	Erie	N. Grid	150	116	62	-54	-47%	No		1		150	Small
469	Paul Bunyan Products, Inc.	Preble	Cortland	N. Grid	150	28	24	-4	-14%	No			1	150	Small
470	Paul T. Freund Corp	Palmyra	Wayne	NYSEG	500	109	82	-27	-25%	No		1		500	Large
471	Racemark International, Inc.	Malta	Saratoga	NYSEG	150	152	134	-18	-12%	No		1		150	Small
472	Rich Plan Food Service, Inc.	Clark Mills	Oneida	N. Grid	25	7	4	-3	-43%	No			1	25	Small
473	Schenectady International, Inc.	Schenectady	Schenectady	N. Grid	1,500	373	175	-198	-53%	No			1	1,500	Large
474	School House Companies	Gloversville	Fulton	N. Grid	200	101	78	-23	-23%	No		1		200	Small
475	Seneca Foods Corporation	Leicester	Livingston	RGE	720	132	115	-17	-13%	No	1			720	Large
476	South Street Seaport Museum	New York	New York	Con Ed	150	67	42	-25	-37%	No	1			150	NFP
477	Standard Manufacturing Co., Inc.	Troy	Rensselaer	N. Grid	30	67	32	-35	-52%	No	1			30	Small
478	The Penn Traffic Company	Syracuse	Onondaga	N. Grid	900	323	257	-66	-20%	No		1		900	Large
479	Thermold Corp	Canastota	Madison	N. Grid	200	56	36	-20	-36%	No			1	200	Small
480	Vicks Lithograph & Printing	Yorkville	Oneida	N. Grid	750	137	112	-25	-18%	No	1			750	Large

Total	317,962	239,539	240,855
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317,962

New York Power Authority
 EDP Allocations - Economic Development Power Programs
 Request to Extend Contracts Until June 30, 2009

Exhibit "4-B"
 June 24, 2008

Line	Company	City	County	Program	IOU	Allocation	Jobs in 2008	Current	Service	
						kw	Application	Allocation		
						End Date	Contract	End Date		
1	BASF Catalysts, LLC	Peekskill	Westchester	MDA	CONED	1,225	302	6/30/08	Produces specialized pigments and film	
2	BASF Catalysts, LLC	Peekskill	Westchester	MDA	CONED	1,000	302	6/30/08	Produces specialized pigments and film	
3	Ciba Specialty Chemicals Corporation	Tarrytown	Westchester	MDA	CONED	3,200	492	6/30/08	Pharmaceuticals & chemicals	
4	Citigroup	New York	New York	HLF	CONED	16,000	3,500	6/30/08	Investment banking services	
5	Excelsior Transparent Bag Manufacture	Yonkers	Westchester	MDA	CONED	525	134	6/30/08	Prints and converts plastic film materials	
6	International Business Machines Corp	Yorktown Heights	Westchester	EDP	CONED	15,000	2,520	6/30/08	R&D	
7	J.J. Cassone Bakery, Inc.	Port Chester	Westchester	EDP	CONED	180	196	6/30/08	Commercial bakery	
8	M. Fortunoff	White Plains	Westchester	MDA	CONED	1,689	328	6/30/08	Retail store	
9	Montefiore Medical Center	Yonkers	Westchester	MDA	CONED	800	493	6/30/08	Computer Data Center for Medical Center	
10	Precision Valve Corporation	Yonkers	Westchester	MDA	CONED	1,000	294	6/30/08	Produces aerosol valves	
11	World Class Film Corp.	Yonkers	Westchester	MDA	CONED	1,190	40	6/30/08	Produces extruded polyethylene film rolls, sheeting and bags	
Total Con Ed			Subtotal			11	41,809	8,601		
12	Adecco, Inc.	Melville	Suffolk	EDP	LIPA	1,500	619	6/30/08	Firm provides temporary employees	
13	Administrators for the Professions	Manhasset	Nassau	MDA	LIPA	500	231	6/30/08	Management Physician's Reciprocal Insurance	
14	Air Industries	Bay Shore	Suffolk	MDA	LIPA	850	245	6/30/08	Manufacturer of aircraft parts	
15	Alcan Packaging	New Hyde Park	Nassau	EDP	LIPA	850	142	6/30/08	Manufacturer of packaging materials	
16	AMETEK Hughes-Treitler	Garden City	Nassau	MDA	LIPA	650	164	10/31/08	Manufacturer of heat exchangers	
17	Angelica Textile Services	Hempstead	Nassau	EDP	LIPA	700	410	6/30/08	Commercial laundry services	
18	Barnes and Noble, Inc.	Westbury	Nassau	EDP	LIPA	1,100	277	6/30/08	Back office center for nationwide retail bookstores	
19	Burton Industries Inc.	North Babylon	Suffolk	EDP	LIPA	750	49	6/30/08	Provides heat-treating services	
20	Castella Imports Inc	Hauppauge	Suffolk	MDA	LIPA	300	85	6/30/08	Importers of Specialty Foods	
21	Cold Spring Harbor Laboratory	Cold Spring Harbor	Nassau	MDA	LIPA	1,200	863	6/30/08	Independent research & educational institution	
22	Computer Associates International,	Islandia	Suffolk	EDP	LIPA	12,000	1,975	6/30/08	Manufacturer of Computer software	
23	Crescent Duck Farm, Inc.	Aquebogue	Suffolk	MDA	LIPA	500	70	6/30/08	Duck farm on Long Island to supply wholesalers & restaurants	
24	Disc Graphics	Hauppauge	Suffolk	EDP	LIPA	342	247	6/30/08	Paperboard & wholesale printing company	
25	Ellanef Manufacturing Corporation	Bohemia	Suffolk	MDA	LIPA	1,200	134	6/30/08	Machining assembly components	
26	GKN Aerospace Monitor	Amityville	Suffolk	MDA	LIPA	1,550	413	6/30/08	Produces structural component	
27	GKN Aerospace Monitor	Amityville	Suffolk	EDP	LIPA	2,000	413	6/30/08	Produces structural component	
28	Hazeltine Corp.	Greenlawn	Suffolk	EDP	LIPA	2,900	1,017	6/30/08	High technology electronics manufacturer	
29	Island Container Corp.	Wheatley Heights	Suffolk	EDP	LIPA	450	125	6/30/08	Produces corrugated sheets & boxes	
30	Kozy Shack, Inc.	Hicksville	Nassau	EDP	LIPA	350	270	6/30/08	Mfr. of puddings & snacks	
31	NBTY, Inc.	Bohemia	Suffolk	EDP	LIPA	600	1,809	6/30/08	Manufactures & distributes vitamins and dietary supplements	
32	Newsday, Inc.	Melville	Suffolk	EDP	LIPA	850	277	6/30/08	Printing daily newspaper	
33	Oceanside Laundry	Oceanside	Nassau	MDA	LIPA	400	405	6/30/08	Commercial laundry services	
34	Plascal Corp.	Farmingdale	Suffolk	MDA	LIPA	600	57	6/30/08	Manufacturer of vinyl sheeting	
35	Vishay GSI, LLC	Westbury	Nassau	EDP	LIPA	850	44	6/30/08	Produces silicon epitaxial materials	
Total LIPA			Subtotal			24	32,992	10,341		
36	Air Products and Chemicals, Inc.	Glenmont	Albany	HLF	N. Grid	3,000	61	6/30/08	Produces Industrial Gases	
37	Air Products and Chemicals, Inc.	Glenmont	Albany	HLF	N. Grid	10,000	61	6/30/08	Produces Industrial Gases	
38	Automotive Corporation	Batavia, NY	Genesee	EDP	N. Grid	425	84	6/30/08	Manufacturer of automobile & light truck spindles and knuckles	
39	DaimlerChrysler Commercial Buses NA, Inc (Orion Bus)	Oriskany	Oneida	EDP	N. Grid	700	568	6/30/08	The assembly of state-of- the-art transit buses	
40	Diemolding Corporation	Canastota	Madison	EDP	N. Grid	800	201	6/30/08	Thermoset plastic forming	
41	Fiber Conversion, Inc.	Brodalbin	Fulton	EDP	N. Grid	650	21	6/30/08	Recycles textile waste into fibers	

New York Power Authority
 EDP Allocations - Economic Development Power Programs
 Request to Extend Contracts Until June 30, 2009

Exhibit "4-B"
 June 24, 2008

Line	Company	City	County	Program	IOU	Allocation kw	Jobs in 2008 Application	Current Allocation Contract End Date	Service
42	Granny's Kitchens, Ltd.	Frankfort	Herkimer	EDP	N. Grid	750	283	12/31/08	Wholesale Bakery
43	Granny's Kitchens, Ltd.	Frankfort	Herkimer	EDP	N. Grid	750	283	12/31/08	Wholesale Bakery
44	Granny's Kitchens, Ltd.	Frankfort	Herkimer	EDP	N. Grid	2,000	283	12/31/08	Wholesale Bakery
45	Griffiss Local Development Corp.	Rome	Oneida	EDP	N. Grid	2,000	404	6/30/08	Business Incubator
46	Harden Furniture Company	McConnellsville	Oneida	EDP	N. Grid	400	384	6/30/08	Large manufacturer of home furnishings
47	Harden Furniture Company	McConnellsville	Oneida	EDP	N. Grid	2,400	384	6/30/08	Large manufacturer of home furnishings
48	Keymark Corporation	Fonda	Montgomery	EDP	N. Grid	1,500	549	6/30/08	Aluminum extruded products
49	Markin Tubing, Division of M& R Ind	Wyoming	Wyoming	EDP	N. Grid	1,200	107	12/31/08	Produces small-diameter welded steel tubing
50	Mele Manufacturing Co., Inc.	Utica	Oneida	EDP	N. Grid	650	51	6/30/08	Makes jewelry cases, custom packaging & desk accessories
51	Metropolitan Life Insurance Company	Troy	Rensselaer	EDP	N. Grid	2,800	345	6/30/08	Computer operations, disaster recovery and program development
52	Middleport Cold Storage	Middleport	Herkimer	EDP	N. Grid	500	74	6/30/08	Cold food storage facility
53	Norampac Industries Inc. Niagara Falls	Niagara Falls	Niagara	HLF	N. Grid	12,000	124	6/30/08	Manufacturer of corrugated products
54	Oak-Mitsui, Inc.	Hoosick Falls	Rensselaer	EDP	N. Grid	1,300	68	6/30/08	Copper foil-electronics
55	Oswego Wire, Inc.	Oswego	Oswego	EDP	N. Grid	1,000	96	6/30/08	Manufactures drawn copper wire
56	Owl Wire & Cable, Inc.	Canastota	Madison	EDP	N. Grid	1,500	194	6/30/08	Copper wire drawing
57	Revere Copper Products	Rome	Oneida	EDP	N. Grid	6,000	413	6/30/08	Copper & brass products
58	SCA Tissue (Encore Paper)	South Glens Falls	Saratoga	HLF	N. Grid	20,000	487	6/30/08	Recycled paper producer - napkins, paper towels, tissue
59	Specialized Packaging Radisson, Inc	Baldwinsville	Onondaga	EDP	N. Grid	1,300	192	6/30/08	Produces printed folding cartons for consumer products
60	Syracuse China Company	Syracuse	Onondaga	EDP	N. Grid	1,484	288	6/30/08	Manufactures restaurant china
61	The Fountainhead Group, Inc.	New York Mills	Oneida	EDP	N. Grid	<u>500</u>	<u>190</u>	6/30/08	Produces lawn & garden, household and fire fighting equipment
	Total National Grid		Subtotal			26	75,609	6,195	
62	Anchor Glass Container Corporation	Elmira Heights	Chemung	EDP	NYSEG	8,900	362	6/30/08	Produces glass containers
63	Endicott Interconnect Technologies	Endicott	Broome	EDP	NYSEG	20,000	4,172	6/30/08	Electronics
64	Ferro Corp.	Penn Yan	Yates	EDP	NYSEG	400	193	6/30/08	Produces ceramic powders used for polishing optical elements
65	Racemark International, Inc.	Malta	Saratoga	EDP	NYSEG	800	134	6/30/08	Luxury auto floor mats and seat covers
66	Sysco Corporation	Warners	Onondaga	EDP	NYSEG	500	459	7/31/08	Frozen/refrig/ foods
67	The Gunlocke Company	Wayland	Steuben	EDP	NYSEG	5,000	956	6/30/08	Produces wood office furniture
68	Unison Industries, LP	Norwich	Chenango	EDP	NYSEG	<u>1,250</u>	<u>302</u>	6/30/08	Makes electrical components
	Total NYSEG		Subtotal			7	36,850	6,578	
69	Aluf Plastics, Inc.	Orangeburg	Rockland	EDP	O&R	<u>900</u>	<u>280</u>	6/30/08	Produces custom and stock plastic can-liner bags
	Total O&R		Subtotal			1	900	280	

Total		69	188,160	31,995
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New York Power Authority
Economic Development Power Programs
Energy Cost Savings Benefits

Line	Company	City	County	Program	IOU	Allocation kw	Job Commitment	Jobs in 2008 Application	Over/ Under	Percentage	Compliance	Recommended
										Over/ Under		Allocation KW
1	Adecco, Inc.	Melville	Suffolk	EDP	LIPA	1,500	558	619	61	11%	Yes	1,500
2	Administrators for the Professions	Manhasset	Nassau	MDA	LIPA	500	232	231	-1	0%	Yes	500
3	Air Industries	Bay Shore	Suffolk	MDA	LIPA	850	170	245	75	44%	Yes	850
4	Air Products and Chemicals, Inc.	Glenmont	Albany	HLF	N. Grid	3,000	NA	61	NA	NA	Yes	3,000
5	Air Products and Chemicals, Inc.	Glenmont	Albany	HLF	N. Grid	10,000	NA	61	NA	NA	Yes	10,000
6	Aluf Plastics, Inc.	Orangeburg	Rockland	EDP	O&R	900	256	280	24	9%	Yes	900
7	American Broadcasting Companies	New York	New York	EDP	CONED	6,600	4,712	4,684	-28	-1%	Yes	6,600
8	American International Group, Inc.	New York	New York	EDP	CONED	4,600	6,184	6,067	-117	-2%	Yes	4,600
9	AMETEK Hughes-Treitler	Garden City	Nassau	MDA	LIPA	650	160	164	4	3%	Yes	650
10	Anchor Glass Container Corporation	Elmira Heights	Chemung	EDP	NYSEG	8,900	394	362	-32	-8%	Yes	8,900
11	Angelica Textile Services	Hempstead	Nassau	EDP	LIPA	700	416	410	-6	-1%	Yes	700
12	Automotive Corporation	Batavia, NY	Genesee	EDP	N. Grid	425	93	84	-9	-10%	Yes	425
13	Barnes and Noble, Inc.	Westbury	Nassau	EDP	LIPA	1,100	289	277	-12	-4%	Yes	1,100
14	BASF Catalysts, LLC	Peekskill	Westchester	MDA	CONED	1,225	339	302	-37	-11%	Yes	1,225
15	BASF Catalysts, LLC	Peekskill	Westchester	MDA	CONED	1,000	339	302	-37	-11%	Yes	1,000
16	Bear, Sterns & Co., Inc.	New York	New York	EDP	CONED	8,000	6,769	7,222	453	7%	Yes	8,000
17	BOC Gases - Div. of BOC Group	Buffalo	Erie	HLF	N. Grid	2,500	45	42	-3	NA	Yes	2,500
18	BOC Gases - Div. of BOC Group	Buffalo	Erie	HLF	N. Grid	15,750	36	34	-2	NA	Yes	15,750
19	Burton Industries Inc.	North Babylon	Suffolk	EDP	LIPA	750	48	49	1	2%	Yes	750
20	Castella Imports Inc	Hauppauge	Suffolk	MDA	LIPA	300	83	85	2	2%	Yes	300
21	CBS Inc.	New York	New York	EDP	CONED	2,000	4,114	3,999	-115	-3%	Yes	2,000
22	CBS Inc.	New York	New York	EDP	CONED	6,000	4,114	3,999	-115	-3%	Yes	6,000
23	Ciba Specialty Chemicals Corporation	Tarrytown	Westchester	MDA	CONED	3,200	505	492	-13	-3%	Yes	3,200
24	Citibank, N.A.	New York	New York	EDP	CONED	5,100	12,500	12,500	0	0%	Yes	5,100
25	Citigroup	New York	New York	HLF	CONED	16,000	3,500	3,500	0	0%	Yes	16,000
26	Cold Spring Harbor Laboratory	Cold Spring Harbor	Nassau	MDA	LIPA	1,200	874	863	-11	-1%	Yes	1,200
27	Computer Associates International,	Islandia	Suffolk	EDP	LIPA	12,000	2,126	1,975	-151	-7%	Yes	12,000
28	Crescent Duck Farm, Inc.	Aquebogue	Suffolk	MDA	LIPA	500	72	70	-2	-3%	Yes	500
29	Crystal Window & Door Systems, Ltd.	Flushing	Queens	MDA	CONED	800	245	289	44	18%	Yes	800
30	DaimlerChrysler Commercial Buses NA, Inc (Orion Bus)	Oriskany	Oneida	EDP	N. Grid	700	571	568	-3	-1%	Yes	700
31	Dielectric Laboratories, Inc.	Cazenovia	Madison	EDP	N. Grid	211	190	193	3	2%	Yes	211
32	Disc Graphics	Hauppauge	Suffolk	EDP	LIPA	342	271	247	-24	-9%	Yes	342
33	Dot Foods	Liverpool	Onondaga	EDP	N. Grid	300	142	242	100	70%	Yes	300
34	Ellanef Manufacturing Corporation	Corona	Queens	EDP	CONED	1,100	217	222	5	2%	Yes	1,100
35	Ellanef Manufacturing Corporation	Bohemia	Suffolk	MDA	LIPA	1,200	122	134	12	10%	Yes	1,200
36	Endicott Interconnect Technologies	Endicott	Broome	EDP	NYSEG	20,000	4,207	4,172	-35	-1%	Yes	20,000
37	Excelsior Transparent Bag Manufacture	Yonkers	Westchester	MDA	CONED	525	135	134	-1	-1%	Yes	525
38	Ferro Corp.	Penn Yan	Yates	EDP	NYSEG	400	203	193	-10	-5%	Yes	400
39	Fortunoff	Uniondale	Nassau	MDA	LIPA	800	275	275	0	0%	Yes	800
40	GKN Aerospace Monitor	Amityville	Suffolk	MDA	LIPA	1,550	367	413	46	13%	Yes	1,550
41	GKN Aerospace Monitor	Amityville	Suffolk	EDP	LIPA	2,000	367	413	46	13%	Yes	2,000
42	Granny's Kitchens, Ltd.	Frankfort	Herkimer	EDP	N. Grid	750	271	283	12	4%	Yes	750
43	Granny's Kitchens, Ltd.	Frankfort	Herkimer	EDP	N. Grid	750	271	283	12	4%	Yes	750

New York Power Authority
Economic Development Power Programs
Energy Cost Savings Benefits

Line	Company	City	County	Program	IOU	Allocation kw	Job Commitment	Jobs in 2008 Application	Over/Under	Percentage Over/Under	Compliance	Recommended Allocation KW
44	Granny's Kitchens, Ltd.	Frankfort	Herkimer	EDP	N. Grid	2,000	271	283	12	4%	Yes	2,000
45	Griffiss Local Development Corp.	Rome	Oneida	EDP	N. Grid	2,000	350	404	54	15%	Yes	2,000
46	Griffiss Local Development Corp.	Rome	Oneida	EDP	N. Grid	2,000	2,512	3,053	541	22%	Yes	2,000
47	Harden Furniture Company	McConnellsville	Oneida	EDP	N. Grid	400	403	384	-19	-5%	Yes	400
48	Harden Furniture Company	McConnellsville	Oneida	EDP	N. Grid	2,400	403	384	-19	-5%	Yes	2,400
49	Hazeltine Corp.	Greenlawn	Suffolk	EDP	LIPA	2,900	1,044	1,017	-27	-3%	Yes	2,900
50	Honeywell Farms	Jamaica	Queens	MDA	CONED	1,000	229	314	85	37%	Yes	1,000
51	Hunts Point Cooperative Market, Inc	Bronx	Bronx	MDA	CONED	5,100	2,685	2,690	5	0%	Yes	5,100
52	ICM Controls Corporation	Cicero		EDP	N. Grid	500	237	255	18	8%	Yes	500
53	International Business Machines Cor	Yorktown Heights	Westchester	EDP	CONED	15,000	2,529	2,520	-9	0%	Yes	15,000
54	Island Container Corp.	Wheatley Heights	Suffolk	EDP	LIPA	450	121	125	4	3%	Yes	450
55	J.J. Cassone Bakery, Inc.	Port Chester	Westchester	EDP	CONED	180	196	196	0	0%	Yes	180
56	J.P.Morgan/Chase	Brooklyn	Address	EDP	CONED	24,200	2,500	2,500	0	0%	Yes	24,200
57	Kaz Incorporated	Hudson	Columbia	EDP	N. Grid	750	389	402	13	3%	Yes	750
58	Keymark Corporation	Fonda	Montgomery	EDP	N. Grid	1,500	550	549	-1	0%	Yes	1,500
59	Kozy Shack, Inc.	Hicksville	Nassau	EDP	LIPA	350	260	270	10	4%	Yes	350
60	M. Fortunoff	White Plains	Westchester	MDA	CONED	1,689	328	328	0	0%	Yes	1,689
61	Markin Tubing, Division of M& R Ind	Wyoming	Wyoming	EDP	N. Grid	1,200	110	107	-3	-3%	Yes	1,200
62	Metropolitan Life Insurance Company	Troy	Rensselaer	EDP	N. Grid	2,800	340	345	5	1%	Yes	2,800
63	Middleport Cold Storage	Middleport	Herkimer	EDP	N. Grid	500	79	74	-5	-6%	Yes	500
64	Montefiore Medical Center	Yonkers	Westchester	MDA	CONED	800	450	493	43	10%	Yes	800
65	National Broadcasting Company, Inc.	New York	New York	EDP	CONED	7,600	1,700	1,800	100	6%	Yes	7,600
66	NBTY, Inc.	Bohemia	Suffolk	EDP	LIPA	600	1,987	1,809	-178	-9%	Yes	600
67	New York Container Terminal, Inc	Staten Island	Richmond	MDA	CONED	2,500	499	508	9	2%	Yes	2,500
68	New York Post Company, Inc.	New York	New York	MDA	CONED	9,000	683	639	-44	-6%	Yes	9,000
69	New York Times Company, Inc.	Flushing	Queens	EDP	CONED	6,000	2,829	2,681	-148	-5%	Yes	6,000
70	New York Times Company, Inc.	Flushing	Queens	MDA	CONED	4,500	2,829	2,681	-148	-5%	Yes	4,500
71	Newsday, Inc.	Melville	Suffolk	EDP	LIPA	850	98	277	179	183%	Yes	850
72	Norampac Industries Inc. Niagara Falls	Niagara Falls	Niagara	HLF	N. Grid	12,000	124	124	0	0%	Yes	12,000
73	Oak-Mitsui, Inc.	Hoosick Falls	Rensselaer	EDP	N. Grid	1,300	40	68	28	70%	Yes	1,300
74	Oceanside Laundry	Oceanside	Nassau	MDA	LIPA	400	425	405	-20	-5%	Yes	400
75	Oswego Wire, Inc.	Oswego	Oswego	EDP	N. Grid	1,000	96	96	0	0%	Yes	1,000
76	Owl Wire & Cable, Inc.	Canastota	Madison	EDP	N. Grid	1,500	200	194	-6	-3%	Yes	1,500
77	Plascal Corp.	Farmingdale	Suffolk	MDA	LIPA	600	57	57	0	0%	Yes	600
78	Precision Valve Corporation	Yonkers	Westchester	MDA	CONED	1,000	300	294	-6	-2%	Yes	1,000
79	Revere Copper Products	Rome	Oneida	EDP	N. Grid	6,000	433	413	-20	-5%	Yes	6,000
80	Reynolds Metal Company	Massena	St. Lawrence	HLF	NYPA	17,000	459	457	-2	NA	Yes	17,000
81	SCA Tissue (Encore Paper)	South Glens Falls	Saratoga	HLF	N. Grid	20,000	543	487	-56	-10%	Yes	20,000
82	Sigmund Cohn Corporation	Mount Vernon	Westchester	MDA	CONED	375	63	62	-1	-2%	Yes	375
83	Specialized Packaging Radisson, Inc	Baldwinsville	Onondaga	EDP	N. Grid	1,300	173	192	19	11%	Yes	1,300
84	Spellman High Voltage Electronics Corp	Valhalla	Westchester	MDA	CONED	250	77	75	-2	-3%	Yes	250
85	Steinway & Sons	Long Island City	Queens	MDA	CONED	1,400	591	577	-14	-2%	Yes	1,400

New York Power Authority
Economic Development Power Programs
Energy Cost Savings Benefits

Line	Company	City	County	Program	IOU	Allocation kw	Job Commitment	Jobs in 2008 Application	Over/ Under	Percentage Over/ Under	Compliance	Recommended Allocation KW
86	Syracuse China Company	Syracuse	Onondaga	EDP	N. Grid	1,484	303	288	-15	-5%	Yes	1,484
87	Sysco Corporation	Warners	Onondaga	EDP	NYSEG	500	449	459	10	2%	Yes	500
88	Sysco Corporation	Warners	Onondaga	EDP	NYSEG	400	449	459	10	2%	Yes	400
89	Tessy Plastics Corp.	Elbridge	Onondaga	EDP	NYSEG	300	550	535	-15	-3%	Yes	300
90	The Fountainhead Group, Inc.	New York Mills	Oneida	EDP	N. Grid	500	190	190	0	0%	Yes	500
91	The Gunlocke Company	Wayland	Steuben	EDP	NYSEG	5,000	834	956	122	15%	Yes	5,000
92	Ultra Flex Packaging Corporation	Brooklyn	Kings	MDA	CONED	600	252	241	-11	-4%	Yes	600
93	Unison Industries, LP	Norwich	Chenango	EDP	NYSEG	1,250	290	302	12	4%	Yes	1,250
94	Vishay GSI, LLC	Westbury	Nassau	EDP	LIPA	850	46	44	-2	-4%	Yes	850
95	Alcan Packaging	New Hyde Park	Nassau	EDP	LIPA	850	163	142	-21	-13%	No	850
96	Columbia University - Audubon Business & Technology	New York	New York	MDA	CONED	1,000	145	123	-22	-15%	No	1,000
97	Diemolding Corporation	Canastota	Madison	EDP	N. Grid	800	238	201	-37	-16%	No	800
98	Fiber Conversion, Inc.	Brodalbin	Fulton	EDP	N. Grid	650	32	21	-11	-34%	No	650
99	Mele Manufacturing Co., Inc.	Utica	Oneida	EDP	N. Grid	650	60	51	-9	-15%	No	650
100	Pfizer, Inc.	Brooklyn	Kings	MDA	CONED	4,400	6,415	5,358	-1,057	-16%	No	4,400
101	Racemark International, Inc.	Malta	Saratoga	EDP	NYSEG	800	152	134	-18	-12%	No	800
102	World Class Film Corp.	Yonkers	Westchester	MDA	CONED	1,190	57	40	-17	-30%	No	1,190
Total						330,796	97,599	97,173				330,796

5. Authorization to Refund Subordinate Revenue Bonds and Implement Actions Relating to the Tax-Exempt Commercial Paper Note Program

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize: (1) the issuance of Series 2 Tax-Exempt Commercial Paper Notes to refund the Authority’s outstanding Series 3 and Series 4 Subordinate Revenue Bonds; and (2) an increase in the amounts of Series 2 Tax-Exempt Commercial Paper Notes that Citigroup and JPMorgan Securities Inc. may market from a maximum of \$50 million each to \$100 million each.

DISCUSSION

Refunding of Subordinate Revenue Bonds

“In August 2000, the Authority issued \$210 million in Subordinate Revenue Bonds in four separate series, Series 1 through Series 4. The Series 1 and Series 2 bonds have since been retired. The Series 3 and Series 4 bonds were issued in a total principal amount of \$80 million, the proceeds of which were used for construction of the 500 MW Combined-Cycle Electric Generating Plant. The Series 3 and 4 bonds were issued as Auction Rate Securities (‘ARS’) insured by Financial Security Assurance Inc. (‘FSA’), a AAA-rated monoline insurance company. They are being amortized over a 25-year period with a final maturity of 2025. As of February 15, 2008, \$72.1 million of the Series 3 and 4 bonds are outstanding.

“The ARS issued by the Authority are long-term, variable-rate bonds whose interest rates are reset every seven days via a Dutch auction process. Upon each auction date, note holders may ‘hold’ their notes for another seven-day auction period or put their notes up for sale. In order for an existing holder to sell its bonds, there must be an investor willing to purchase the bonds. In the event there is insufficient demand to purchase the number of bonds put up for sale, the existing holder must retain the bonds at least until the next auction period. This is referred to as a failed auction. Since in a failed auction there is insufficient demand to establish a clearing rate, the existing investors receive the failed auction rate, which in the case of the Series 3 and Series 4 bonds is defined as 125% of the prevailing AA Commercial Paper Rate.

“The Auction Rate product has been highly successful for the Authority. Since their issuance in 2000, the ARS notes have carried an average annual interest rate of 2.3%. The prevailing interest rate for a fixed-rate issuance at the time was 5.30%, so the Authority has, to date, saved more than \$17 million in interest charges. However, beginning in the summer of 2007, the credit and liquidity markets began to feel the strain of defaults and write-downs related to the sub-prime mortgage market. Some of the monoline insurance companies that insure the debt of municipal issuers recognized write-downs and their ratings were downgraded by the Rating Agencies. By December 2007, concerns spread to the ARS market, with demand beginning to wane due to the product’s lack of liquidity.

“On February 13, 2008, the Authority’s Series 4 ARS experienced a failed auction for the first time. Since then, both the Series 3 and 4 ARS have continuously experienced failed auctions. As it now appears that the market for the product has been irreparably damaged, it is appropriate for the Authority to exit this market. The failed auction rate has been settling at approximately 100 basis points above an equivalent tax-exempt commercial paper rate, which could result in additional interest costs of approximately \$721,000 per annum if no action were to be taken. By refunding the ARS with tax-exempt commercial paper, the Authority expects to reduce its interest expense, as well as allow Authority investors to exit this illiquid product.

Tax-Exempt Commercial Paper Notes

“The Authority’s Commercial Paper Program is authorized pursuant to the Resolution Authorizing Commercial Paper Notes (‘Resolution’) adopted by the Authority on June 28, 1994, as subsequently amended and supplemented. The Resolution authorizes the issuance of general obligation notes known as ‘Power Authority

Commercial Paper Notes,' which may be issued as separate series of Notes from time to time in accordance with the provisions of the Resolution. Currently, three series of Commercial Paper Notes, designated as Series 1, Series 2 and Series 3, have been authorized and are outstanding. A fourth series, Series 4 Notes, is authorized, but no Series 4 Notes are currently outstanding. Series 1 and Series 2 consist of Notes, the interest on which is excluded from gross income for federal income tax purposes ('Tax-Exempt Notes') and Series 3 consists of Notes, the interest on which is not excluded from gross income for federal income tax purposes. The Resolution authorizes the issuance of Series 1 Notes up to a maximum amount of \$400 million, Series 2 Notes up to a maximum amount of \$450 million, Series 3 Notes up to a maximum amount of \$350 million and Series 4 Notes up to a maximum amount of \$220 million.

"In early May 2008, UBS, one of the Authority's marketing agents on its Series 2 Tax-Exempt Commercial Paper Notes program, announced that it will be exiting or selling its institutional municipal securities business. UBS has informed the Authority that it is beginning to wind down its marketing operations. UBS currently markets \$105.3 million in Series 2 Tax-Exempt Notes that are scheduled to be remarketed beginning July 1, 2008. As a result, the Series 2 Tax-Exempt Notes currently assigned to UBS must be redistributed among other authorized dealers on the Series 2 program.

"The proposed increase in the amounts of Series 2 Tax-Exempt Notes that Citigroup and JPMorgan Securities Inc. will be authorized to market will provide the necessary capacity to effectuate the redistribution of Series 2 Notes presently assigned to UBS and the refunding of the Series 3 and Series 4 Subordinate Revenue Bonds. If this action is approved, the maximum amount of Series 2 Tax-Exempt Notes that each of the Authority's remaining dealers would be authorized to market is as follows: Goldman Sachs & Co. - \$175 million; Citigroup - \$100 million; and JPMorgan Securities Inc. - \$100 million.

FISCAL INFORMATION

"The combined effect of refunding the Auction Rate Securities and increasing the amount of Series 2 Tax-Exempt Commercial Paper outstanding is expected to reduce interest and remarketing expenses by approximately \$73,000 per month.

RECOMMENDATION

"The Treasurer recommends that the Trustees: (1) authorize the use of Series 2 Tax-Exempt Commercial Paper Notes to refund the Series 3 and Series 4 Subordinate Revenue Bonds; and (2) approve an increase in the amounts of Series 2 Tax-Exempt Commercial Paper Notes that Citigroup and JPMorgan Securities Inc. may market from \$50 million each to \$100 million each.

"The Executive Vice President, General Counsel and Chief of Staff, 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 the Trustees hereby authorize the issuance of Series 2 Tax-Exempt Commercial Paper Notes to refund the Series 3 and Series 4 Subordinate Revenue Bonds in a principal amount not to exceed \$72.1 million; and be it further

RESOLVED, That the Trustees approve an increase in the amounts of Series 2 Tax-Exempt Commercial Paper Notes that Citigroup and JPMorgan Securities Inc. may market from \$50 million each to \$100 million each; and be it further

June 24, 2008

RESOLVED, That the Executive Vice President and Chief Financial Officer, the Vice President - Finance and the Treasurer be, and each of them hereby is, authorized to execute such amendments to the existing dealer agreements with Citigroup and JPMorgan Securities Inc., as such officer deems necessary or advisable to effectuate the intent of the foregoing resolutions, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff; 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 resolutions, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff.

6. Customer Facility Upgrades in Support of the Peak Load Management and Demand Response Programs

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize additional funding of \$25 million to enhance New York City (‘NYC’) Governmental Customer participation in the Peak Load Management (‘PLM’) program by helping these customers upgrade generation equipment and related systems at their facilities. In addition, the Trustees are requested to expand the scope of their approval to include customers in the New York Independent System Operator (‘NYISO’) Demand Response Programs. These upgrades would help customers realize peak load demand reductions during the critical summer period. The Trustees are also requested to authorize Authority staff to perform necessary work to implement projects furthering the goals of the load reduction programs through the existing Governmental Customer Energy Services Program (‘GCESP’). All costs for the work performed will be recovered directly from program participants.

BACKGROUND

“In an effort to contribute to the Governor’s Office initiative to reduce electric loads at critical times, the Trustees approved expansion of the PLM program by 50 MW to 100 MW at their meeting of May 28, 2002. At their meetings of April 29, 2003 and November 22, 2005, the Trustees approved a total of \$35 million for customer facility upgrades for PLM participants.

DISCUSSION

“Several of the Authority’s NYC Governmental Customers, including the New York City Department of Environmental Protection (‘DEP’) and the Metropolitan Transportation Authority (‘MTA’), have requested assistance in performing upgrades to their existing generator systems at various facilities so that these facilities can participate in the PLM and NYISO Demand Response Programs. Authority staff completed a project at DEP’s Port Richmond Water Pollution Control Plant (‘WPCP’) and is currently developing projects at DEP’s Red Hook WPCP and MTA’s Grand Central Terminal. These customer projects would also help the Authority meet its ‘In-City’ capacity requirements, an essential part of the PLM and NYISO Demand Response programs. Under its Demand Response program, NYISO pays participants a capacity payment for reducing load during emergency conditions, similar to the Authority’s PLM. Participants can either reduce their electric usage or operate a properly permitted generator and participate year round.

“In anticipation of implementing the projects being developed, Authority staff is requesting an increase in funding. It is currently estimated that a total of \$60 million will be needed for such projects. The Authority’s NYC Governmental Customers have requested that the Authority implement these projects using the very successful GCESP model.

“The work to be implemented includes upgrades to existing generation equipment, replacement of key interlock systems, electric service modifications, required corrective work for electrical switches, implementation of dual-fuel capability and other related work. The Authority is uniquely qualified to perform this work.

“If approved by the Trustees, the additional funding will be used to implement the projects noted above, as well as other projects that will allow the Authority’s NYC Governmental Customers to participate in the PLM and NYISO Demand Response programs. Authority staff is prepared to perform engineering and design evaluations needed for additional load reduction projects. As additional projects are identified, Authority staff will seek additional funding authorizations as necessary.

FISCAL INFORMATION

“Funding to upgrade facilities participating in the PLM and NYISO Demand Response programs will be provided from the proceeds of the Authority’s Commercial Paper Notes and/or the Operating Fund. At this time, the total cost to the Authority for the program is not expected to exceed \$60 million. This amount consists of the previously approved \$35 million and the current request for an additional \$25 million. The full cost of implementing these projects, including financing costs and Authority overheads, will be recovered directly from program participants. Such funding and implementation of these projects are not within the requirements of the supplemental Long-Term Agreements for energy supply executed by the Authority and its NYC Governmental Customers.

RECOMMENDATION

“The Senior Vice President – Energy Services and Technology and the Senior Vice President – Marketing and Economic Development recommend that the Trustees authorize funding in the amount of \$25 million in addition to the previously approved \$35 million to upgrade facilities of New York City Governmental Customers participating in the Authority’s Peak Load Management program and the New York Independent System Operator Demand Response program.

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer, the Executive Vice President – Corporate Services and Administration, the Executive Vice President – Energy Marketing and Corporate Affairs and I concur in the recommendation.”

Mr. Angelo Esposito presented the highlights of staff’s recommendations to the Trustees. In response to a question from Chairman McCullough, Mr. Esposito said that the maximum payback period for these upgrades would be 10 years.

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

RESOLVED, That the Trustees, having earlier authorized \$35 million, hereby authorize \$25 million in additional funding to upgrade generation equipment and related systems at facilities of New York City Governmental Customers participating in the Authority’s Peak Load Management program and the New York Independent System Operator’s Demand Response program, as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority’s Commercial Paper Notes, Series 1, Series 2 and Series 3, may be issued and Operating Fund monies may be used to finance Peak Load Management program costs; 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 resolution, subject to the approval of the form thereof by the Executive Vice President, General Counsel and Chief of Staff.

7. Operation and Maintenance Payment for New York State Parks

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize payment in the amount of \$8 million from the Operating Fund to the Comptroller of the State of New York for deposit to the credit of the New York State Office of Parks, Recreation and Historic Preservation (‘OPRHP’), special revenue funds-other/state operations, miscellaneous special revenue fund-339, patron services account as set forth in the SFY 2008-09 State Budget. These funds are to be used for operation and maintenance of State parks in the vicinity of the Niagara and St. Lawrence/FDR projects.

BACKGROUND

“Commencing with the State Fiscal Year (‘SFY’) 2003-04 Executive Budget, the Authority annually agreed to a Special Revenue-Other State Operations appropriation of up to \$8 million, reflecting the Authority’s assumption of responsibility for operations expenses at four New York State parks, including Art Park, Robert Moses, Coles Creek and Niagara Reservation. The Trustees have annually authorized payments of up to \$8 million to the OPRHP Patron Services Account for SFY 2003-04, SFY 2004-05, SFY 2005-06, SFY 2006-07 and SFY 2007-08. Payments were subsequently made in conformance with such authorizations.

“The SFY 2008-09 State Budget (Chapter 59 of the Laws of 2008) provides:

‘Notwithstanding any law to the contrary, the comptroller is hereby authorized and directed to receive for deposit to the credit of the office of parks, recreation and historic preservation, special revenue funds-other/state operations, miscellaneous special revenue fund-339, patron services account the amount of \$8,000,000 from the power authority of the state of New York for the operation and maintenance of certain state parks in the vicinity of the Niagara and Saint Lawrence-FDR projects.

§ 2. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after April 1, 2008.’

DISCUSSION

“Payments made by the Authority would be used for OPRHP operating costs directly related to the operation of Niagara and St. Lawrence/FDR area parks.

“A single payment in the amount of \$8 million in accordance with Chapter 59 of the Laws of 2008 would be made to the Comptroller immediately upon the Trustees’ approval and a finding by the Executive Vice President and Chief Financial Officer, the Vice President – Finance or the Treasurer that such amount is not needed for any of the purposes set forth in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented.

FISCAL INFORMATION

“Payments pursuant to this authorization will be made from the Authority’s Operating Fund.

RECOMMENDATION

“The Executive Vice President – Energy Marketing and Corporate Affairs and the Vice President – Intergovernmental and Community Affairs recommend that the Trustees approve operating fund expenditures of \$8 million for payment to the Comptroller of the State of New York for deposit to the special revenue funds-other/state operations, miscellaneous special revenue fund-339, patron services account.

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Engineer – Power Generation and I concur in the recommendation.”

Mr. Paul Finnegan presented the highlights of staff’s recommendations to the Trustees. Mr. Finnegan thanked Chairman McCullough and President Kelley for their kind words about the 50th anniversary celebrations, singling out Mr. Joseph Leary, Ms. Jill Chamberlain and Ms. Karen White for their contributions to the events’ success.

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

RESOLVED, That Operating Fund expenditures of \$8 million be made to the Comptroller of the State of New York for deposit to the credit of the Office of Parks, Recreation and Historic Preservation, special revenue funds-other/state operations, miscellaneous special revenue fund-339, patron services account, for the operation and maintenance of Niagara and St. Lawrence area parks, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That such amount shall be paid from the Operating Fund upon a certification by the Executive Vice President and Chief Financial Officer, the Vice President – Finance or the Treasurer that such amounts are not needed for any of the purposes set forth in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the 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, General Counsel and Chief of Staff.

8. Approval of Hedge Transaction Authority for 2009 Long-Term Energy Supply Agreements with New York City Governmental Customers

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to increase the authorized monetary cap for fuel- and energy-related hedging transactions (‘Hedge Transactions’) to be executed on behalf of the New York City Governmental Customers for the 2009 Rate Year beginning January 1, 2009. This is required because fuel and hedging costs have increased since the Authority executed the hedges for the current (2008) Rate Year. Because the Governmental Customers have selected an Energy Charge Adjustment (‘ECA’) with Hedging Option for 2009, all of the costs associated with the Hedge Transactions will be borne by the Customers.

BACKGROUND

“On February 9, 2005, the Trustees approved Agreements between the Authority and the Governmental Customers for annual rate years (‘Rate Years’) 2006 through 2017, wherein the Governmental Customers agreed to be full-requirements electricity customers of the Authority and to pay for their share of the Authority’s energy supply portfolio pursuant to certain cost-recovery options. The Agreements require that prior to the given Rate Year the Authority and the Governmental Customers engage in an assessment of costs of service, market risks, hedging strategies, load forecasts and supply resource planning, to enable the Authority to develop three cost-recovery options, one of which the Governmental Customers must select by June 15 of the year preceding the applicable Rate Year. In the event the Governmental Customers are not able to agree upon and/or do not select one of three options by June 15, the Authority may implement a Default Option.

“When executing the option selected by the Customers, the Authority is obligated to obtain market prices for the Hedge Transaction(s) within a 5% cap of the prices contemplated by the Option. Should the cost exceed the 5% cap, the Authority cannot proceed with the Hedge Transaction(s) without the consent of the Governmental Customers.

“Generally, Hedge Transactions serve to fix the price paid for actual purchases of energy or fuel in the future. If the Authority entered into an energy swap where it agreed to pay the counterparty a fixed price per megawatt-hour and the counterparty agreed to pay the Authority the market price, the Authority would always pay the fixed price regardless of market fluctuation. Essentially, the Authority would pay the counterparty the difference between the fixed price and the market price when the market price is lower than the fixed price. The counterparty would pay the Authority the difference between the fixed price and a higher market price enabling the Authority to offset physical purchases in the market at the higher market price.

“For the 2006 Rate Year, the Governmental Customers did not select a cost-recovery option, so a Default Option designed and developed by the Authority was implemented. For the 2007 and 2008 Rate Years, the Governmental Customers collectively selected an ECA with Hedging Options.

DISCUSSION

“By agreement between the Authority and the Governmental Customers, the Customers agreed that they would propose and the Authority would agree to offer either an ECA or ECA with Hedging Option for the 2009 Rate Year. While this election is normally for a two-year period, in this instance it was agreed that the election would last one year. In connection with this agreement, the Authority agreed to complete an evaluation of its energy supply and risk management capabilities, and develop cost-management metrics and protocols to be employed in the future. Pursuant to this agreement, the Customers proposed and the Authority offered an ECA with Hedging Option for the 2009 Rate Year beginning January 1, 2009.

“With respect to the 2009 Rate Year, the Authority will collaborate with the Governmental Customers in executing the Hedge Transactions contemplated by the ECA with Hedging Option strategy to achieve the best outcome. Because these Hedge Transactions are market based and knowledge of them could influence the market, a summary analysis of the Hedge Transactions associated with the ECA with Hedging Option is being provided to the Trustees under separate cover, inclusive of the monetary cap that needs to be authorized to implement the ECA with Hedging Option. To the extent the cost of the ECA with Hedging Option will exceed 5% of anticipated costs, the Authority needs the Governmental Customers’ consent before continuing with its implementation.

“Multiple and varied hedges will be necessary to implement the hedging strategy of the Option selected by the Governmental Customers and the dollar value of the individual Hedge Transactions will likely exceed the maximum individual transactional authority granted to Authority officers by the Trustees on February 26, 2008. This authorization is necessary because fuel and hedging costs have increased markedly since the Trustees set the authorization limit at that time. The presentation made to the Trustees in connection with the present request sets forth the basis for this increase. Since delay in executing the Hedge Transactions could be very costly, it is critical for the Authority to have the necessary expansive authority to immediately execute fiscally advantageous Hedge Transactions.

“Expanded authority to execute Hedge Transactions would essentially permit the Senior Vice President – Energy Resource Management and Strategic Planning to approve Hedge Transactions that exceed both: (i) the fuel and electric per-transaction limits for financial Hedge Transactions, and (ii) the spot- trade limits for physical transactions established by the Trustees on February 26, 2008. The aggregate nominal value of the Hedge Transactions will be limited to the monetary cap for Hedge Transactions set forth to meet the ECA with Hedging Option for the 2009 Rate Year.

“The Hedge Transactions will include both purchases and sales and involve significantly lower net outlays for the cost-recovery options than the monetary cap for the authorized Hedge Transactions. While the cumulative authority sought represents a significant commitment, the value of the commitment does not give rise to a dollar-for-dollar financial exposure for the Authority. As explained earlier, the financial exposure created by the proposed authorization for Hedge Transactions (most typically swaps and NYMEX contracts) would be measured by the difference between the fixed price the Authority would pay and the floating price to be paid by the counterparty. If the market price rises above the fixed price, payments would be made to the Authority based on the difference. If the market price falls below the fixed price, the Authority would make payments based on the difference. These differences will determine the Authority’s (and counterparties’) financial obligations. All costs associated with the Governmental Customers’ selected hedging strategy will be recovered in their 2009 rates.

“The Senior Vice President – Energy Resource Management and Strategic Planning will report to the Trustees on the implementation of the ECA with Hedging Option upon final execution of the Hedge Transactions comprising the elements of the ECA with Hedging Option for the 2009 Rate Year, or as may otherwise be requested by the Trustees.

FISCAL INFORMATION

“Since the costs associated with the Authority’s implementation of the ECA with Hedging Option will be fully recovered in the Governmental Customers’ 2009 rates, there will be no net costs to the Authority for implementing the ECA with Hedging Option.

RECOMMENDATION

“The Senior Vice President – Energy Resource Management and Strategic Planning recommends that the Trustees grant authority to the Senior Vice President – Energy Resource Management and Strategic Planning, with the concurrence of the Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer and the Vice President – Chief Risk Officer, to execute Hedging Transactions consistent with the Energy Charge Adjustment with Hedging Option selected by the Governmental Customers.

“The Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer, the Vice President – Chief Risk Officer and I concur in the recommendation.”

Mr. William Nadeau presented the highlights of staff's recommendations to the Trustees. Chairman McCullough said that Mr. Nadeau's staff had spoken individually to each of the Trustees about this item.

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

RESOLVED, That the Senior Vice President – Energy Resource Management and Strategic Planning, with the concurrence of the Executive Vice President, General Counsel and Chief of Staff, the Executive Vice President and Chief Financial Officer and the Vice President – Chief Risk Officer, is hereby authorized to approve and enter into, on behalf of the Authority, in connection with the 2009 Rate Year Energy Charge Adjustment (“ECA”) with Hedging Option, under the New York City Governmental Customers’ Long-Term Energy Supply Agreements:

(1) hedging transactions relating to energy and fuel, including, but not limited to, swaps, including contracts for differences, calls, puts, covered calls, covered puts, swap options, covered call options, transmission congestion contracts, NYMEX contracts and other over-the-counter (“OTC”) hedging instruments; and

(2) fuel-related transactions including, but not limited to, the physical purchase of natural gas and oil;

that may either exceed the fuel and electric per-transaction limits for financial hedge transactions and/or exceed the spot-trade limits for physical transactions established by the Trustees on February 26, 2008, provided, however, that, in addition to any other cumulative or per-day limits, the aggregate nominal value of such transactions outstanding at any one time shall not exceed the monetary cap for the ECA with Hedging Option, with the term “nominal value” meaning, for the purposes of this limitation, as applied to a particular transaction: (1) the aggregate amount of the hedging transactions executed by the Authority determined as of the date of entry into the transaction by the Senior Vice President – Energy Resource Management and Strategic Planning, (2) in the case of a NYMEX contract, the value of the contract based on the price per dekatherm of the contract on the date of execution of the contract and (3) in the case of option contracts (e.g., puts or calls), the cost of the premium associated with the transaction; 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, General Counsel and Chief of Staff.

9. **Renaming Hawkins Point Visitors' Center at St. Lawrence-FDR Power Project**

Vice Chairman Michael Townsend read a resolution proposed by the Authority's Executive Management Committee renaming the Hawkins Point Visitors' Center at the St. Lawrence-FDR Power Project as the Frank S. McCullough, Jr. Visitors' Center. Trustee Elise Cusack said that she had truly enjoyed working with Chairman McCullough and that he had been so helpful to all of the Trustees, giving 110% to his work as Trustee, Vice Chairman and then Chairman. Following a motion made and seconded, the resolution was passed.

After a standing ovation, Chairman McCullough thanked everyone and said that he was very moved by this gesture. He said that all of the Trustees give their all in what can, at times, be a thankless and, especially in recent years, much more difficult job. He said that it had been a true privilege – and one of the great experiences of his life – to serve as Trustee, Vice Chairman, and Chairman of the Authority. Chairman McCullough added that the time had come for him to return to his law firm and that he planned to resign as Chairman and as a member of the Board on July 31st.

SUMMARY

“In July 1997, the New York State Senate confirmed Governor George E. Pataki’s appointment of Frank S. McCullough, Jr. as a Trustee of the Authority. In May 2002, Trustee McCullough was elected Vice Chairman of the Authority by his fellow Trustees, who then elected him Chairman in April 2006.”

In recognition of his service, his fellow Trustees hereby approve the following resolution:

WHEREAS, Frank S. McCullough, Jr. is recognized as a prominent, admired and respected attorney, having practiced law in Westchester County for the past 40 years; and

WHEREAS, Chairman McCullough has been a partner in the law firm of McCullough, Goldberger & Staudt, LLP in White Plains since 1972, with a diverse practice focusing on administrative law and land use and development; and

WHEREAS, Chairman McCullough’s numerous civic activities in Westchester County have included service as a member of the Board of Trustees and the Executive Committee of New York United Hospital, a division of New York Hospital; the Pace University School of Law Board of Visitors; the Board of Trustees of Greenwood Union Cemetery; the Board of Directors of Village Bank, which he also served as General Counsel; President of the Board of Trustees of St. Vincent’s Hospital, Westchester Division, the Rye Historical Society and the Rye Lions Club; the Iona College Advisory Board of Trustees; the Board of Directors of the Foundation for Westchester Community College, with service as the Board’s President and Chairman; and

WHEREAS, he has further enhanced his reputation for the past 11

years as a member of the Authority's Board of Trustees, serving as Vice Chairman for four years and Chairman for the past two years; and

WHEREAS, the following noteworthy and significant accomplishments have taken place in the past two years that Chairman McCullough has led the Authority:

- Issuance of the new 50-year license for the Niagara Power Project by the Federal Energy Regulatory Commission.
- Transfers of lands within the boundaries of the St. Lawrence-FDR Power Project back to local municipalities and private landowners.
- Completion of the Life Extension and Modernization ("LEM") program at the Niagara Power Project, work beginning on the second half of the LEM program at the St. Lawrence-FDR Power Project and initiation of the LEM programs at the Blenheim-Gilboa and Richard M. Flynn Power Projects.
- Record-breaking amounts spent on energy efficiency and clean energy projects in 2006 and 2007.
- Contracts for new sources for 500 MW in electric capacity for the Authority's New York City Governmental Customers.
- Negotiation of an agreement in principle with Alcoa that will retain thousands of jobs and millions of dollars in capital investment in the North Country.
- Kick-off of an ambitious multiagency hydrogen vehicle program; and
- Designation of the Authority's headquarters in White Plains as New York State's first building to achieve Leadership in Energy and Environmental Design ("LEED") Gold – Existing Building status; and

WHEREAS, Chairman McCullough has tirelessly worked to advance the Authority's mission; and

WHEREAS, Chairman McCullough's wise, collegial and diplomatic leadership has been invaluable to the Authority over the past 11 years; and

WHEREAS, Chairman McCullough's warmth, compassion and lively sense of humor have endeared him to those inside and outside the Authority with whom he comes into contact; and

WHEREAS, Chairman McCullough has longstanding ties to St. Lawrence County, having graduated from St. Lawrence University and in his current role as a board member of the Seaway Private Equity Corporation, which provides Authority funding to promote high-technology job development in St. Lawrence County; and

WHEREAS, it is fitting that there be a permanent reminder of his noteworthy and valued tenure as Trustee, Vice Chairman and Chairman of the New York Power Authority; be it therefore

RESOLVED, That the Hawkins Point Visitors' Center at the St. Lawrence-FDR Power Project shall hereafter be officially named the Frank S. McCullough, Jr. Visitors' Center.

June 24, 2008

RECOMMENDATION

The entire Executive Management Committee, on behalf of all Authority staff members, recommends that the Trustees adopt this resolution and authorize the installation of signage denoting the Frank S. McCullough, Jr. Visitors' Center on the exterior of the Hawkins Point Visitors' Center at the St. Lawrence-FDR Power Project. The Trustees also authorize the placement of a plaque in a prominent location in the Visitors' Center lobby recognizing Chairman McCullough's contributions to the Authority and the people of the State of New York.

June 24, 2008

10. **Next Meeting**

The next Regular Meeting of the Trustees will be held on **Tuesday, July 29, 2008, 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.

June 24, 2008

Closing

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

A handwritten signature in blue ink, appearing to read "ABCahill".

Anne B. Cahill
Corporate Secretary