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

December 17, 2013

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Minutes of the Regular Meeting of the Power Authority of the State of New York held via videoconference at the following participating locations at approximately 11:05 a.m.

1) New York Power Authority, 123 Main Street, White Plains, NY
2) Video Conference Center: Acurate Court Reporting
   247 West Fayette Avenue, Suite 202, Syracuse, NY 13202

Members of the Board present were:

John R. Koelmel, Chairman
Joanne M. Mahoney, Vice Chair – via video conference
Eugene Nicandri, Trustee
Jonathan Foster, Trustee
R. Wayne LeChase, Trustee
Terrance P. Flynn, Trustee (via telephone conference)

Gil C. Quiniones	President and Chief Executive Officer
Judith C. McCarthy	Executive Vice President and General Counsel
Edward Welz	Chief Operating Officer
Donald Russak	Chief Financial Officer
Jill Anderson	Chief of Staff and Director of Energy Policy
Robert Lurie	Senior Vice President – Strategic Planning
William Nadeau	Senior Vice President and Chief Risk Officer
James Pasquale	Senior Vice President – Economic Development and Energy Efficiency
Joan Tursi	Senior Vice President – Corporate Support Services
John Canale	Vice President – Project Manager
Dennis Eccleston	Vice President – Information Tech/Chief Information Officer
Joseph Gryzlo	Vice President and Chief Ethics and Compliance Officer
Thomas Davis	Vice President – Financial Planning and Budgets
Michael Huvane	Vice President – Marketing – Business and Municipal Marketing
Joseph Leary	Vice President – Community and Government Relations
Lesy Pardo	Vice President – Internal Audit
Karen Delince	Corporate Secretary
Robert Hopkins	Director – Budgets
Michael Saltzman	Director – Media Relations
Guy Sliker	Director – Clean Energy Technology – Renewable Energy
Gary Schmid	Manager – Network Services Infrastructure
Ruth Colon	Senior Business Integration Project Manager
Andrea Luongo	Senior Project Engineer II – Facilities Modification
John Markowitz	Lead Research & Technology Development Engineer II
John Giumarra	Account Executive – Business Marketing and Economic Development
Sean Doyle	Real Estate Administrator – Purchasing
Lorna M. Johnson	Associate Corporate Secretary
Sheila Baughman	Assistant Corporate Secretary
Alex Southwell	Counsel – Gibson Dunn & Crutcher

Chairman John Koelmel presided over the meeting. Corporate Secretary Delince kept the Minutes.

<u>Introduction</u>

Chairman John Koelmel welcomed the Trustees and staff members who were present at the meeting. He said the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to the Authority's Bylaws, Article III, Section 3.

1. <u>Adoption of the December 17, 2013 Proposed Meeting Agenda</u>

Upon motion made and seconded, the meeting Agenda was adopted.

2. Consent Agenda:

Upon motion made and seconded, the Consent Agenda was approved.

Vice Chair Mahoney was recused from the vote on item #2d (Procurement (Services) Contracts – Business Units and Facilities – Awards, Extensions and/or Additional Funding) as it pertains to CHA Consulting, Inc. and Orrick Herrington & Sutcliffe LLP and Trustee LeChase as it pertains to CHA Consulting, Inc. and Nixon Peabody LLP. Since Vice Chair Mahoney and Trustee LeChase were recused from the vote on CHA Consulting, it failed to meet the votes necessary for its approval.

Vice Chair Mahoney was also recused from the vote on item #2i (Direct Sale Contract for the Sale of Western New York Hydropower to M&T Bank – Transmittal to the Governor).

a. <u>Approval of the Minutes</u>

The Minutes of the Regular Meeting held on September 24, 2013 were unanimously adopted.

b. 500 MW Power Plant – Storage Facilities –
Capital Expenditure Authorization Request

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to approve a Capital Expenditure Authorization Request for the design and construction of storage facilities for the 500 MW Power Plant for the total amount of $4.7 million. The storage buildings are required for hazardous materials and universal waste and a separate building to support Site Operations.

BACKGROUND

In accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services or equipment purchase contracts exceeding $3 million require the Trustees' approval.

As a result of the deconstruction of the Poletti Power Plant, the existing drum storage facility, which does not meet current state codes and standards, is being closed and other storage buildings are being demolished. To replace these required facilities, a new hazardous materials and universal waste storage building will be constructed to meet current codes and standards. A building for Site Operations to store trucks, boom lifts and other maintenance equipment will also be constructed. The new facilities are scheduled to be completed by the end of 2014.

The cost for the services and materials, including design, installation and all support labor is included in this Capital Expenditure Authorization Request. The request for $4.7 million is to fund consultant services for engineering and design, permit expediting services, and construction management, and the construction of the facilities.

The total project cost over a two-year period is estimated at $4.7 million, as follows:

Engineering	$ 294,000
Procurement	$ 0
Construction/Installation	$ 3,944,000
Authority Direct/Indirect	$ 462,000
TOTAL :	**$ 4,700,000**

FISCAL INFORMATION

Payment associated with this project will be made from the Authority's Capital Fund and has been included in the 2014 budget.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Acting Vice President – Project Management, the Acting Vice President – Procurement and the Regional Manager – SENY recommend that the Trustees approve capital expenditures in the amount of $4.7 million for the installation of the 500 MW Storage Facilities at the Astoria Site.

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

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

RESOLVED, That pursuant to the Authority's Expenditure Authorization Procedures, approval is hereby granted to authorize capital expenditures in the amount of $4.7 million for the installation of storage facilities at the 500 MW Power Plant at Astoria, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

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

c. Request for Increased Funding – Municipal and Rural Cooperative Electric Utilities Electric-Drive Vehicle Program

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to authorize $2 million in increased funding for the Municipal and Rural Cooperative Electric Utilities Electric-Drive Vehicle Program ('Muni-Coop E-D Program or 'Program'). This amount is in addition to the $3 million approved by the Trustees at their May 2003 and February 2009 meetings. This program enables the Authority's Municipal ('Munis') and Rural Electric Cooperative ('Coops') utilities to purchase electric and hybrid-electric vehicles for use in their fleets.

BACKGROUND

Since the 1980s, through its Energy Services Programs ('ESP'), the Authority has offered various types of energy services and clean energy technologies programs to participants throughout the State to help them lower their energy usage and/or achieve a cleaner and more energy efficient use of energy and natural resources.

At their May 20, 2003 meeting, the Trustees authorized $1.2 million to finance the Muni-Coop E-D Program, a new partnership program between NYPA and the Munis and Coops. This program facilitated the purchase of electric and hybrid-electric vehicles for the Muni and Coop systems' municipal fleets. At their meeting on February 24, 2009, the Trustees authorized an additional $1.8 million to finance the program. As of September 1, 2013, forty-six (46) such vehicles were placed with 21 municipal systems.

DISCUSSION

The current Muni-Coop E-D Program is available to all Muni and Coop utilities. The Muni and Coop utilities apply to the Authority for funding to purchase on-road passenger vehicles; heavy-duty work vehicles; or off-road work vehicles. The vehicles are used by the Muni and Coop utilities' personnel and/or their affiliated municipal agencies to carry out their functions. The funds made available to the Muni and Coop utilities for the purchase of these vehicles are recovered over three years through a monthly bill to the participating utility.

In addition, the Trustees have authorized that the full-requirements Muni and Coop utility customers, regulated by the Authority, be permitted to recover from their retail customers all costs associated with the electric-drive vehicle finance program, as well as any other energy efficiency programs and initiatives that the Authority offers to the Muni and Coop Systems. Recovery of these costs will be through the Purchased Power Adjustment Charge. The partial-requirements systems, regulated by the New York Public Service Commission ('PSC'), may request similar permission from the PSC to recover costs associated with the vehicle purchase and other energy efficiency programs from their customers.

If approved by the Trustees, the additional funding will enable the Authority to continue its successful partnership with the Munis and Coops to expand the integration of electric-drive vehicles into their municipal fleets.

FISCAL INFORMATION

The total Muni-Coop E-D Program cost is not to exceed $5 million. These costs, including any financing costs, will be recovered directly from the Program participants. Except for the Petroleum Overcharge Restitution ('POCR') funds, discussed below, the funds will be recovered over a period of up to three years through an electric bill surcharge.

The Program will be funded from Commercial Paper Notes proceeds and/or Operating Fund monies. A small portion of the funding will be supplemented by POCR funds allocated to the Authority by the New York State legislature; the POCR funding will be used strictly to offset the internal NYPA interest charges.

RECOMMENDATION

The Senior Vice President – Strategic Planning and the Senior Vice President – Economic Development and Energy Efficiency recommend that the Trustees authorize an additional $2 million in funding for the implementation of the Municipal and Rural Cooperative Electric Utilities Electric-Drive Vehicle Program and continue the use of the Purchased Power Adjustment Charge to allow the full-requirements municipal and rural cooperative electric utilities regulated by the Authority to recover their costs for the program.

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

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

RESOLVED, That an Electric-Drive Vehicle Program, as described in the foregoing report of the President and Chief Executive Officer, is hereby authorized; and be it further

RESOLVED, That the Electric-Drive Vehicle Program described above may be funded with the proceeds of Series 1, 2, or 3 Commercial Paper Notes, Series and Extendible Municipal Commercial Paper Notes, Operating Fund monies, and/or Petroleum Overcharge Restitution funds allocated to the Authority by New York State legislation, with such POCR funding being in amounts as deemed advisable by the Senior Vice President – Economic Development and Energy Efficiency; and be it further

RESOLVED, That the Trustees hereby authorize the full-requirements Municipal and Rural Cooperative systems served by the Authority to recover costs for this, and other energy efficiency programs, through the Purchased Power Adjustment Charge; and be it further

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

d. Procurement (Services) Contracts –
Business Units and Facilities –
<u>Awards, Extensions and/or Additional Funding</u>

The President and Chief Executive Officer submitted the following report:

"<u>SUMMARY</u>

The Trustees are requested to approve the award and funding of the multiyear procurement (services) contracts listed in Exhibit '2d-A,' as well as the continuation and/or funding of the procurement (services) contracts listed in Exhibit '2d-B,' in support of projects and programs for the Authority's Business Units/Departments and Facilities. Detailed explanations of the recommended awards and extensions, including 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, or the reasons for extension and the projected expiration dates, are set forth in the discussion below.

<u>BACKGROUND</u>

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, equipment purchase or non-procurement 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, single-source or non-low bidder.

The Authority's EAPs also require the Trustees' approval when the cumulative change- order value of a personal services contract exceeds $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 $1 million or 25% of the originally approved contract amount not to exceed $3 million.

<u>DISCUSSION</u>

<u>Awards</u>

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 $500,000 to $6 million. Except as noted, these contract awards do <u>not</u> 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.

<u>Extensions</u>

Although the firms identified in Exhibit '2d-B' 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 will exceed one year including the extension, the term of extension of these contracts will exceed one year and/or because the cumulative change-order limits will exceed the levels authorized by the EAPs in forthcoming change orders. 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 the contracts identified in Exhibit '2d-B' 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 rebidding would not be practical or (4) the contractor provides a proprietary technology or specialized equipment, at reasonable negotiated rates, that the Authority needs to continue until a permanent system is put in place.

The following is a detailed summary of each recommended contract award and extension.

Contract Awards in Support of Business Units/Departments and Facilities:

Enterprise Shared Services

Corporate Support – Facility Management

The contracts with **C.W. Brown, Inc. ('CWB'), LLF Construction Services, Inc. ('LLF'), Royal Diamond Construction Corporation ('Royal') and Scully Construction LLC ('Scully') (Q13-5536; PO#s TBA)** would provide for on-call general contracting services for the Authority's Clarence D. Rappleyea Building, garage and grounds in White Plains, NY. Such services include, but are not limited to, plumbing, electrical, carpentry and masonry services, as well as build-outs, renovations and upgrades of Authority and tenant space, on an 'as needed' basis. Bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 56 firms, including those that may have responded to a notice in the New York State *Contract Reporter.* Five proposals were received and evaluated, as further set forth in the Award Recommendation documents. Of this number, one bidder's proposal quoted rates that were not in compliance with the New York State Prevailing Wage Rate requirements and was not considered further. Staff recommends the award of contracts to the remaining four firms: CWB, LLF, Royal and Scully, which were responsive to the bid requirements. Three of these firms have performed satisfactory services under existing contracts for such work; the fourth would offer additional competitive resources to augment the range of this pool of proposed awardees in order to fulfill the Authority's forthcoming general contracting requirements. The award of multiple contracts would also afford the Authority sufficient resources and flexibility to meet the Authority's projected schedule of 2014 building management projects and the anticipated additional emergent projects for subsequent years in a timely, responsive and responsible manner, while keeping prices competitive. The new contracts would become effective on or about January 1, 2014, 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, $6 million. Total commitments and expenditures for all four contracts will be tracked against the approved aggregate total. Such contracts will be closely monitored for utilization levels, available approved funding and combined total expenditures. It should be noted that CWB is a New York State-certified Woman-owned Business Enterprise ('WBE') and LLF is a New York State-certified Minority-owned Business Enterprise ('MBE').

Information Technology

The Authority uses contractors to augment its technical staff to support various IT efforts and initiatives related to the SAP enterprise-wide financial / business management ('Enterprise Resource Planning') system, as necessary. In an effort to prequalify firms to provide the services of temporary programming personnel for specialized SAP-related tasks and projects to support human resources, business warehousing, financial accounting, materials management, sales and distribution, strategic enterprise management (for Business Planning and Simulation) and other areas / modules, bid documents **(Q13-5484)** were developed by staff and were downloaded electronically from the Authority's Procurement website by 106 firms, including those that may have responded to a notice in the New York State *Contract Reporter.* Twenty proposals were received and evaluated to identify a 'short list' of prequalified firms providing specialized SAP temporary programming personnel. The evaluation process included, but was not limited to, the following criteria as primary considerations: experience in providing qualified SAP programming/contract personnel in the tri-state area, strong infrastructure of bidders to provide technical support for their contract personnel, quality and relevance of submitted résumés and depth of contract personnel, as well as reasonable and competitive rates. Based on a thorough review of the proposals, as further set forth in the Award Recommendation documents, the following 10 firms were identified as the most technically qualified bidders that met or exceeded the aforementioned evaluation criteria and bid requirements, as a result of the prequalification selection process: **BayForce Technology Solutions, Inc. ('BayForce'), Carlyle Consulting Services, Inc. ('Carlyle'), Eclaro International, Inc. ('Eclaro'), Experis US, Inc. ('Experis'), Grom Associates, Inc. ('Grom'), Mitchell Martin, Inc., Sage Group Consulting, Inc. ('Sage'), Sapta Global, Inc. dba Zen4IT ('Sapta'), Sierra Infosys, Inc., ('Sierra'), and Unique Comp, Inc. ('Unique') (PO#s TBA).** Four of these firms have provided satisfactory services under existing contracts for such work. As specific positions are required, the Authority will request résumés of candidates based on the requirements and experience required for each position from all 10 prequalified firms. Contracts will only be awarded to those firms that successfully place a candidate, as each required position is bid among the entire prequalified group and the best candidate is selected. Competition among the group is expected to provide qualified talent from a wide variety of firms. Contracts would become effective on or about January 1, 2014, for an intended term of up to three years, subject to the Trustees' approval, which is hereby requested. All contracts will expire on December 31, 2016, regardless of their duration. Approval is also requested for the aggregate total amount expected to be expended for the term of the contracts, $2.7 million. Commitments will be made through individual purchase order releases against master outline agreements with the successful firms, as positions are required and filled. Total commitments and expenditures for all such awarded contracts will also be tracked against the approved aggregate total. Such contracts will be closely monitored for utilization levels, available approved funding and combined total expenditures, including travel and living expenses, where applicable. It should also be noted that five of these firms are New York State-certified M/WBEs: Eclaro, Sage, Sapta, Sierra and Unique.

Operations

Power Generation / Support Services

Historically, the Authority has used external resources to provide for 'on-call, as required' civil and geotechnical engineering and design services to support the operation and maintenance of the Authority's hydroelectric, pumped storage and fossil power generation projects, as well as its transmission and other ancillary facilities throughout New York State, when engineering requirements are beyond the resources of existing Authority engineering staff, or during emergencies when special expertise is required or when Authority staff is not immediately available to support operational needs. Furthermore, the Federal Energy Regulatory Commission ('FERC') requires that Licensees maintain the resources necessary to respond to unusual or changed conditions that may affect public safety. Projects may involve civil, geotechnical, geophysical, dam safety instrumentation and monitoring, hydraulic and structural design of new or existing facilities at power generation and transmission projects. Assignments may include, but are not limited to: site investigations, soil/rock drilling and laboratory testing, surveys, grading and drainage design, storm water management, erosion and sedimentation control, as well as inspections, feasibility studies, calculations, analyses, safety assessments and construction support for modifications and additions to the Authority's Projects (including preparation of new design drawings and revisions to the Authority's drawings, dam safety procedures and equipment manuals affected by each modification or addition to facilities). Since the need for such services is ongoing, and the existing contracts are expiring, bid documents **(Q13-5489)** were developed by staff and were downloaded electronically from the Authority's Procurement website by 118 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Twelve proposals were received and evaluated in detail, as further set forth in the Award Recommendation documents. To summarize, all twelve firms were determined to be technically qualified; staff also performed a cost analysis, which resulted in a ranking of their respective evaluated costs. Based on the foregoing, staff recommends the award of contracts to the following five firms: **CHA Consulting, Inc. ('CHA'), GEI Consultants, Inc. (a Delaware Corp.) dba GEI Consultants, Inc., P.C. in New York ('GEI'), GZA GeoEnvironmental of New York ('GZA'), Northeast Professional Engineering Consultants, LLC ('NPE') and Paul C. Rizzo Engineering – New York, PLLC ('Rizzo') (PO#s TBA)**, which are the lowest-priced evaluated bidders and are qualified to perform such services. It should be noted that two of these firms have performed satisfactory services under existing contracts for such work. The award of multiple contracts would provide a good mix of cost-competitive engineering firms, covering a broad spectrum of technical expertise, experience and services. The new contracts would become effective on or about January 1, 2014, 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, $5 million. Total commitments and expenditures for all five contracts will be tracked against the approved aggregate total. Such contracts will be closely monitored for utilization levels, available approved funding and combined total expenditures, including travel and living expenses, where applicable.

The contract with **DCB Elevator Co., Inc. ('DCB') (PO# TBA)** would provide for monthly maintenance services for approximately 27 elevators, escalators and wheelchair lifts located in various buildings at the Niagara Project (including the Robert Moses Power Plant, the Lewiston Pump Generating Plant, Power Vista, the General Maintenance Building and the Administration/Warehouse Building), as well as for on-call repairs performed on a time-and-material basis. Since the existing contract for these services expires at the end of the year, and the need for such services is ongoing, staff conducted a mini-bid among six pre-approved contractors for the geographic region, based on a New York State Office of General Services ('OGS') contract for such services. Bid documents were sent to the six invited bidders **(RFQ N13-20081116GJ)**. Three proposals were received and evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to DCB, the lowest-priced bidder, which is qualified to perform such services, meets the bid requirements and has provided satisfactory services under an existing contract for such work. All price escalations or de-escalations will be governed by the OGS contract. It should be noted that the Authority reserves the right to solicit additional comparative costs for repairs, parts and materials that are not defined or covered by the Maintenance Specifications and that exceed a cumulative amount of $5,000 per occurrence. The new contract would become effective on or about January 1, 2014, 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, $500,000, based on the bidder's quote, as well as historical and projected usage. It should also be noted that DCB is a New York State-certified WBE.

The contract with **General Electric International, Inc. ('GEII') (6000143507; PO# TBA)** would provide for technical assistance services, on an 'as needed' basis, to support the Authority's 500 MW Power Project. Although GEII was the only bidder to submit a proposal for the existing contract, Authority staff attempted to identify other additional firms that would be able to perform such services. To that end, bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 36 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Two proposals were received and evaluated in detail, as further set forth in the Award Recommendation documents. As the original equipment manufacturer, GEII is uniquely qualified to perform such work. GEII possesses all of the proprietary information pertaining to various systems and equipment (including, but not limited to, the Frame 7 Compressor and D-11 Steam Turbines, as well as the GE Bently Nevada instrumentation). Based on the foregoing, as well as its level of expertise and resources, staff recommends award of a contract to GEII, the more technically qualified bidder, which fully meets or exceeds all the bid requirements and has provided satisfactory services under an existing contract for such work. Additionally, a crucial component of the work scope is the ability to submit technical questions for engineering review to the Power Answer Center ('PAC') and execute the recommendations of such PAC cases, which are proprietary to GE. The availability of this resource will be especially useful in resolving emergent issues during the next major five-year outage scheduled during the term of the new contract. Rates for the field engineer and specialty rates will be based on GE's published rates in effect at the time of service. The new contract would become effective on or about January 1, 2014, 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, $1.5 million.

The contract with **Underground Systems, Inc. dba USi (Q13-5513; PO# TBA)** would provide for monitoring and maintenance services for the Long Island Sound Y-49 345kV Feeder cable oil leak detection and uprate systems, as well as leak detection services for the Q-35 L&M cable (to commence one year after system installation, approximately June 2015). Services would include, but are not limited to, continuous monitoring of the leak detection system on a 24/7/365 basis, as well as maintenance and repair of the installed systems, including annual calibration and leak testing, field maintenance and technical support, as needed, and an answering service that would notify the appropriate parties of calls regarding system alarms and operating issues in the event of a suspected or actual dielectric fluid leak. Although the existing contract for such services was awarded on a sole source basis, staff attempted to identify any other firm/s that would be able to perform this work. To that end, bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 51 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. One proposal was received and evaluated. Reasons provided by some of the other firms that did not submit a proposal include, but are not limited to, it was not their scope of work or they downloaded the bid documents for information purposes only. As the original system designer of the existing proprietary software and hardware configuration, USi is uniquely qualified to monitor and maintain these systems, provide replacement parts and on-site support services for these systems, in order to ensure the reliability of the Y-49 and Q-35 L&M cables and to fulfill the Authority's regulatory licensing commitments. Based on the foregoing, as well as its reasonable pricing, staff recommends the award of a contract to USi, which is technically qualified to perform these services and has provided excellent service under the existing contract for such work. The new contract would become effective on or about January 1, 2014, 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, $1,582,900.

Transmission

The contracts with **Michels Power (A Division of Michels Corporation) and Northline Utilities, LLC ('Northline') (RFQ C13-20078249WS; PO#s TBA)** would provide for transmission emergency response services for the Authority's Transmission Facilities, as needed, when impacted by natural, environmental or other disasters. Historically, the Authority's Transmission Maintenance Organization ('TMO') has provided first response and evaluation services, primarily for weather-related events / emergencies that include structural failures to the line system and superstructures or infrastructure failures caused by rain, ice, wind and/or snow. Other emergency responses may be for events caused by public intervention, purported acts of vandalism, contractor error or aging/deteriorating infrastructure. The Authority has responded to incidental localized emergencies in New York State involving the Transmission System and larger regional events, such as Hurricane Sandy in 2012, Hurricane Irene in 2011 and the wind-related events of Hurricane Earl in 2010 to assist LIPA, the Buffalo Snowstorm of 2006, and the St. Lawrence County Ice Storm in 1998. Responses in each circumstance were managed based on the breadth, scope and available resources for the event. The Authority's Transmission Emergency Restoration Plan ('TERP') outlines the strategy for the safe, efficient and orderly restoration of transmission lines after a facility failure. The purpose of the proposed emergency response contracts would be to provide for additional resources and backup services, if necessary, for large scale events, those causing catastrophic failure of the transmission system and those outside the scope of the TMO. To that end, bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 46 firms, including those that may have responded to a notice in the New York State *Contract Reporter*. Three proposals were received and evaluated by a multidisciplinary Evaluation Committee, as further set forth in the Award Recommendation documents. Based on contractor qualifications, specified proposal requirements (e.g., construction and emergency response capabilities, available equipment, past emergency response activities, number and qualifications of response personnel, training procedures, etc.), environmental, health and safety requirements and available labor force / resources, staff recommends the award of contracts to two firms: Michels Power and Northline, the most technically acceptable bidders, which are qualified to perform such work and meet the bid requirements. Both firms have provided satisfactory services under prior contracts for similar work. The award of contracts to these two firms would put the Authority in the best position to respond to a large scale catastrophic event on its Transmission System, if necessary. The new contracts would become effective on or about January 1, 2014, 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, $5 million. Total commitments and expenditures for both contracts will be tracked against the approved aggregate total. Such contracts will be closely monitored for utilization levels, available approved funding and combined total expenditures.

Contract Extensions and/or Additional Funding:

Law

At their meeting of May 26, 2010, the Trustees approved the award of multiyear contracts for legal services in the categories of Bond, Underwriter and Disclosure Counsel in the aggregate amount of $3 million, Energy Services Counsel in the aggregate amount of $4 million and General Legal Services in the aggregate amount of $6 million. Contracts for the General Legal Services and Energy Services categories were entered into with the designated law firms for an initial term of three years, with an option for two additional years. Contracts for the Bond, Underwriter and Disclosure Counsel category were entered into with the designated law firms for an initial term of two years, with an option for three additional years. In the three and one-half years since these approvals, there developed the need to add more work in the area of Energy Services. By way of examples, the New York City Customer issues (Buyers' Side Mitigation) and 100 MW Solar project required outside counsel assistance, with the result that it is anticipated that the funding for the Energy Services category will be expended in 2014. At this time, there appears to be sufficient funding for the Bond, Underwriter and Disclosure Counsel and General Legal Services categories for the expected work through the end of those contracts. Accordingly, staff proposes to consolidate funding for the three separate categories into a single authorized allocation in the Law Department budget for outside counsel, with the result that remaining funds in the three categories can be shifted between and among the categories, as long as they are consistent with the previously-approved aggregate total funding for the three categories. The Trustees' approval is therefore requested to authorize such proposed consolidation of aggregate funding for the contracts set forth in Exhibit '2d-B,' to be allocated as necessary. It should be noted that the Gonzalez Saggio firm is a New York State-certified MBE and the Schoeman Updike firm is a New York State-certified WBE.

Operations COO

Labor Relations

The contract with **Joseph M. Bress (4500213229)** provides for consulting services to assist the Authority in connection with labor negotiations, on an 'as needed' basis. Such services include, but are not limited to: developing a labor strategy with Authority management prior to and during negotiations of labor contracts with the various unions; representing the Authority in all phases of negotiations of collective bargaining agreements with its various unions, including impasse proceedings and other related proceedings before the Public Employment Relations Board ('PERB'); briefing Authority management and the Trustees on the status of labor negotiations and presenting the terms of the proposed Agreement to the Trustees and collaborating and participating in the Authority's negotiation team. The subject contract, which was awarded on a single-source basis, became effective on January 30, 2012 for an initial term of less than one year. Subsequently, staff recommended a one-year extension of the subject contract, which was approved by the Trustees at their meeting of December 18, 2012. Mr. Bress has been working with the Authority's negotiating team on its expired contracts with the International Brotherhood of Electrical Workers ('IBEW') and the Utility Workers Union of America ('UWUA'), including changes to wages, benefits and work rules. Contract negotiations with both labor unions are still ongoing. Mr. Bress's services are also needed to negotiate a contract with a newly-created collective bargaining unit at the Authority's Charles Poletti power generating site. Mr. Bress is uniquely qualified to perform such services. As a retired New York State employee, who was also retained by the Governor's Office to negotiate the CSEA contract, Mr. Bress offers specialized expertise at very competitive rates. He has provided valuable service to the Authority under the existing contract. Since the process is still ongoing, it would not be prudent to bid this work midstream and there is no guarantee that it would result in the identification of another individual as qualified or as competitively priced as Mr. Bress. The current contract amount is $450,000; total expenditures for 2012 – 2013 are well below the authorized contract limit and staff anticipates that sufficient funding will be available for the proposed extended term, including the optional year. Since the need for such services is ongoing, the consultant has performed satisfactory work and adequate funding is still available under this contract, staff recommends a one-year extension of the subject contract through December 31, 2014, with an option to extend for an additional year, if necessary. The Trustees are therefore requested to approve an extension of the subject contract through December 31, 2014 (with an option to extend for an additional year through December 31, 2015, if needed), with no additional funding requested.

Operations Support Services

Project Management

The contract with **Quality Integrated Services, Inc. ('QIS') (4500223661)** provides for testing and inspection services of various materials including, but not limited to, concrete samples, metals, surface coatings (paint), welds and soil for the Niagara Power Project, on an 'as needed' basis. The independent testing laboratory performs such verification testing or inspection services related to work being performed at the Project, to ensure that a material conforms to all requisite standards and requirements. The original award, which was competitively bid, became effective on October 31, 2012, for a term of less than one year. Interim approval for a five-month extension through March 31, 2014, was authorized in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures, to provide for the continuation of such services on current projects, while allowing sufficient time for the re-bidding, evaluation and approval process for a new multiyear award. The current contract amount is $237,750; adequate funding is available under this contract to cover services provided during the proposed extended term. The Trustees are therefore requested to ratify the interim extension and to formally approve extension of the subject contract through March 31, 2014, with no additional funding requested.

FISCAL INFORMATION

Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2014 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.

RECOMMENDATION

The Senior Vice President – Enterprise Shared Services, the Senior Vice President – Operations Support Services and Chief Engineer, the Senior Vice President – Power Generation, the Acting Vice President – Project Management, the Vice President – Engineering, the Vice President – Environment, Health and Safety, the Acting Vice President – Procurement, the Vice President – Information Technology and Chief Information Officer, the Vice President – Transmission, the Director – Corporate Support Services, the Director – Asset and Maintenance Management, the Director – Labor & Special Projects, 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 that the Trustees approve the award of multiyear procurement (services) contracts to the companies listed in Exhibit '2d-A' and the extension and/or funding of the procurement (services) contracts listed in Exhibit '2d-B,' for the purposes and in the amounts discussed within the item and/or listed in the respective exhibits.

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

The following resolution, as submitted by the President and Chief Executive Officer, was adopted with Vice Chair Mahoney being recused from the vote as it pertains to CHA Consulting, Inc. and Orrick Herrington & Sutcliffe LLP; and Trustee LeChase as it pertains to CHA Consulting, Inc. and Nixon Peabody LLP.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement services and other contracts set forth in Exhibit "2d-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 pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contracts listed in Exhibit "2d-B," attached hereto, are 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 the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

e. Plattsburgh to Vermont Transmission Facility (PV-20) – Acquisition of Property – Map No. CL-1506, Parcel No. 1506

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to authorize the acquisition by purchase or eminent domain of a permanent easement over and across Cumberland Head Road in the Town of Plattsburgh, County of Clinton, as more particularly shown on the attached Exhibit '2e-A.'

BACKGROUND

The Plattsburgh to Vermont Transmission Facility ('PV-20') is an approximately 9-mile long 115 kV circuit that connects the Plattsburgh Substation in Beekmantown, New York, to the Vermont Electric Company substation in Milton, Vermont. A single 115 kV circuit extends from the Plattsburgh Substation to the Cumberland Head Transition Station, where it transitions to submarine cables and enters Lake Champlain. The existing submarine/subterranean cables consist of four 115 kV cables that were installed in 1958 and three 115 kV cables that were installed in 1971. The 1958 cables have exceeded their projected 50-year useful life and the 1971 cables are approaching the end of their useful life. The Authority has proposed replacing 4,800 feet of submarine/subterranean 115 kV design capacity cables in New York State with 230 kV design capacity cables.

DISCUSSION

The PV-20 line runs overland from the Plattsburgh substation for approximately 7.5 miles prior to entering Lake Champlain. At the time of initial installation, the Authority secured easement rights over and across all lands necessary to connect to the submerged portion of the Project except for rights to a parcel, approximately 30 x 50 feet, at the point where the 1971 alignment crosses Cumberland Head Road, a public roadway purportedly owned and maintained by the County of Clinton. The Authority is the fee owner of the adjoining lands on both sides of Cumberland Head Road. This acquisition will perfect the Authority's easement rights over and across Cumberland Head Road and extinguish any potential third-party rights which might impede the Authority's use. It is expected that the property will be appropriated under Section 402 (A)(4) of the New York State Eminent Domain Procedure Law, which authorizes the immediate acquisition of lands in the bed or beds of any streams, lakes, streets, roads, highways, or rights-of-way by the filing of a map and description of the parcel and sets forth a streamlined procedure for the vesting of title.

FISCAL INFORMATION

It is not anticipated that there will be any financial consequences of this transaction. Any costs or consideration incurred will be paid from the Real Estate O&M budget.

RECOMMENDATION

The Senior Vice President – Enterprise Shared Services, the Vice President – Transmission, the Acting Vice President – Project Management and the Director – Site Purchasing/Real Estate recommend that the Trustees approve the acquisition of permanent easement rights in and to the property shown and described on the map entitled 'Power Authority of the State of New York, St. Lawrence River Project, Barnhart-Plattsburgh Transmission Line, County of Clinton, Town of Plattsburgh, Map No. CL-1506, Parcel No.1506.'

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

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

RESOLVED, That pursuant to the provisions of Article 5, Title 1 of the Public Authorities Law, the Authority hereby finds it necessary to acquire by purchase or eminent domain the real properties shown and described on a map entitled "Power Authority of the State of New York, St. Lawrence River Project, Barnhart-Plattsburgh Transmission Line, County of Clinton, Town of Plattsburgh, Map No. CL-1506, Parcel No.1506," and hereby finds and determines that such real property is required for public use and hereby determines that such real property is reasonably necessary for the Plattsburgh to Vermont Transmission Facility ("PV-20") line, and be it further

RESOLVED, That in the opinion of the Authority the acquisition of the real property shown and described on said Map No. CL-1506 is *de minimis* in nature so that the public interest will not be prejudiced by the acquisition of such real property without a public hearing; and be it further

RESOLVED, That the Executive Vice President – Enterprise Shared Services and Administration be, and hereby is, authorized and directed to execute on behalf of the Authority such certificates, requests, and directions on terms and conditions substantially in accord with the foregoing report of the President and Chief Executive Officer, as are necessary or desirable for the acquisition of such real property; and be it further

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

f. St. Lawrence River Power Project – Conveyance of Surplus Lands to the County of Franklin – Map No. CL-909, Parcel No. 951 and Map No. CL-910, Parcel No. 952

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to authorize the conveyance of two adjoining parcels of surplus land improved by a communications tower, totaling approximately 3.91 acres, located in the Town of Ellenburg, Clinton County, to the County of Franklin.

DISCUSSION

The Ellenburg properties were acquired in 1958. A 200-foot communications tower (the 'tower') was erected in 1975 in support of the Barnhart-Plattsburgh Transmission Line. Recently, the Transmission Department determined that the tower was unsafe to climb and that major repairs and upgrades would be required to keep it operational. Concurrently, staff determined that the equipment installed in Ellenburg could be moved to the Authority's new communication tower at the Ryan Substation. Staff therefore concluded that it was no longer economically feasible to incur the ongoing maintenance and repair costs associated with the tower and that the property was surplus to the Authority's needs. In consideration of these factors, the tower was scheduled for demolition.

The scheduled demolition was put on hold when Franklin County expressed interest in acquiring the property for use in support of its 911 emergency system (Franklin County Letter of intent attached as Exhibit '2f-A'). The New York State Police also expressed interest in installing equipment on the tower and the Authority has been advised that these two entities intend to coordinate use of the site. The Adirondack region lacks adequate communications infrastructure, and the Authority's transfer of the Ellenburg property will provide significant benefit to the population of the North Country. At present, Franklin County maintains 911equipment on the microwave tower located inside the fenced area of the Authority's Willis substation. Relocation of this equipment to the Ellenburg site will eliminate this third-party use of the Authority's property.

The appraised value of the property is $60,000.00; however, in support of this significant public benefit, it is recommended that the property be transferred for consideration of $1.00, the payment of which shall be waived.

Title 5-A of Article 9 of the Public Authorities Law (the 'Act') and the Authority's Guidelines for the Disposal of Real Property (the 'Guidelines') allow the Authority, with the approval of the Trustees, to dispose of Authority real property by negotiation and for less than fair market value when the transferee is a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the asset will remain with the government or any other public entity.

The County has inspected the property and has been made aware that the tower requires repair and upgrading prior to its continued use. The transfer is to be conditioned upon the execution of an agreement between the Authority and the County of Franklin, to include language stating that the County takes the property 'as is,' that it indemnifies and holds the Authority harmless from any claims arising from its acquisition and use of the property and that use of the asset will remain with the government or other public entity.

FISCAL INFORMATION

In accordance with the foregoing, the Authority will transfer title to approximately 3.91 acres of real property located in the Town of Ellenburg to the County of Franklin without payment to the Authority.

RECOMMENDATION

The Senior Vice President – Enterprise Shared Services, the Vice President – Transmission, the Acting Vice President – Project Management and the Director – Site Purchasing/Real Estate recommend that the Trustees approve the transfer of title to properties shown and described on the maps entitled Map No. CL-909, Parcel No. 951 and Map No. CL-910, Parcel No. 952 to the County of Franklin.

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

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

RESOLVED, That pursuant to the provisions of Article 5, Title 1 of the Public Authorities Law, the Authority hereby finds and determines that title to the real properties shown and described on the maps entitled "Power Authority of the State of New York, St. Lawrence River Power Project Map No. CL-909, Parcel No. 951" and "Power Authority of the State of New York, St. Lawrence River Power Project, Map No. CL-910, Parcel No. 952" may be transferred to the County of Franklin; and be it further

RESOLVED, That the Executive Vice President – Enterprise Support Services and Administration or designee, be, and hereby is, authorized and directed to execute on behalf of the Authority such deeds and supporting documents as are necessary or desirable for the transfer of such real property; and be it further

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

g. <u>Proposed Schedule of Trustees' Meetings in 2014</u>

The Corporate Secretary submitted the following report:

The following schedule of meetings for the year 2014 is recommended:

Date	**Location**	**Time**
January 28, 2014	WPO	11:00 a.m.
February 25, 2014	WPO	11:00 a.m.
March 25, 2014 – Annual	WPO	11:00 a.m.
April	***NO MEETING SCHEDULED***	
May 20, 2014	WPO	11:00 a.m.
June	***NO MEETING SCHEDULED***	
July 29, 2014	WPO	11:00 a.m.
August	***NO MEETING SCHEDULED***	
September 30, 2014	NIA	11:00 a.m.
October	***NO MEETING SCHEDULED***	
November	***NO MEETING SCHEDULED***	
December 16, 2014	WPO	11:00 a.m.

<u>RECOMMENDATION</u>

The President and Chief Executive Officer and the Corporate Secretary support the proposed schedule for the Authority's Trustees' Meetings for the year 2014, as set forth in the foregoing report.

I recommend the approval of the proposed schedule by adoption of the resolution below."

The following resolution, as submitted by the Corporate Secretary, was unanimously adopted.

RESOLVED, That the schedule of Trustees' Meetings for the year 2014, as set forth in the foregoing report of the Corporate Secretary, be, and hereby is, approved.

h. Transfer of Western New York Hydropower Allocations to Delphi Automotive PLC and Proposed Contract – Notice of Public Hearing

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to: (1) approve the transfer of two Western New York hydropower allocations, 500 kilowatts ('kW') of Expansion Power ('EP') and 1,000 kW of Replacement Power ('RP'), from GM Component Holdings LLC ('GMCH') to Delphi Automotive PLC ('Delphi'); (2) establish the term of each such allocation to be five years starting from the date of commencement of electric service of any portion of the allocation in exchange for, among other things, Delphi's commitment to maintain an employment level of 250 jobs and make a capital investment of $1.78 million at the Delphi facility, described herein, for the five-year term of the allocations; and (3) authorize the Corporate Secretary to convene a public hearing on the form of the proposed contract finally negotiated with Delphi, the current form of which is attached as Exhibit '2h-A,' and transmit copies of such proposed form of contract to the Governor and legislative leaders pursuant to Public Authorities Law ('PAL') §1009.

BACKGROUND

GMCH, a subsidiary of General Motors LLC ('GM'), operates a manufacturing facility in Lockport, Niagara County, which is a center of GM's system component manufacturing with nearly 2.8 million square feet of manufacturing and office space across multiple buildings (the 'Lockport Facility'). GMCH acquired the Lockport Facility in October 2009 in connection with Delphi's emergence from bankruptcy. As part of the acquisition, GMCH agreed to lease 'Building 6' of the Lockport Facility, known as the Lockport Technical Center ('LTC'), to Delphi and give Delphi an option to purchase the LTC.

GMCH manufactures radiators, condensers, evaporators, HVAC modules and other automobile components at the Lockport Facility, while Delphi operated the LTC, a 270,000 square-foot facility, where 250 Delphi engineers provide laboratory and testing services of various automobile components and systems.

In December 2009, to support the continued operations of the Lockport Facility, the Trustees approved the transfer of four allocations of Authority hydropower from Delphi to GMCH. These allocations included (i) two large in-service EP allocations, 14,300 kW and 10,000 kW (the 'In-Service Allocations'), and (ii) two smaller allocations, 500 kW of EP and 1,000 kW of RP that had not yet been placed in service (the 'Pending Allocations').

In 2010, the Trustees approved the extension of GMCH's In-Service Allocations (24,300 kW) during the Authority's Western New York ('WNY') long-term contract extension initiative, in return for GMCH's agreement to maintain 950 employees and invest $5.165 million annually in the Lockport Facility for the seven years of the extended term (through June 30, 2020).

In connection with the consideration of the LTC purchase option, GMCH and Delphi determined that utility services used by each company at the Lockport Facility (e.g., water, sewer, gas and electricity) needed to be divided in order to make the two companies' co-existence on the campus economically viable. In order for Delphi to commit to the investment needed to purchase the LTC and make the necessary utility improvements, Delphi needed incentives to mitigate the costs of the improvements. Empire State Development Corporation ('ESD'), New York State Electric & Gas ('NYSEG') and Niagara County each supported the project to help secure Delphi's continued WNY operations.

GMCH and Delphi ultimately reached agreement on the terms of the LTC purchase, and the process to separate utility services and perform the necessary infrastructure changes began in 2011. Delphi completed the utility separation of the LTC facility from the larger GMCH campus in November 2013, and the LTC purchase is expected to be final in early in 2014. Delphi has spent over $7.5 million in capital expenditures in the last three years to complete the utility separation project, including a new substation and stand-alone electric service to the building.

DISCUSSION

A lingering option for Delphi to reduce costs is to move its WNY operations – its operations at the LTC and its operations at the Rochester Technical Center which provides environmental, emissions, and other testing services and employs over 200 engineers – to Troy, Michigan where it is headquartered.

In an effort to support Delphi's continued presence at the LTC, GMCH and Delphi have requested that the Pending Allocations be transferred from GMCH back to Delphi, their original recipient. Delphi will commit to retain 250 jobs and spend at least $1.78 million dollars in capital improvements at the LTC facility over five years, with a majority of that spending being front-loaded ($1.5 million in 2014). GMCH will continue to meet its commitment levels of 950 jobs and more than $5 million in spending yearly.

While the transfer of the Pending Allocations will not create new jobs, its purpose is to secure the retention of the existing 250 jobs and $1.78 million in capital investments for the term of the Pending Allocations. With the continued presence of both GMCH and Delphi, the Lockport Facility would continue to be one of the largest and highest paying employment sources in Niagara County.

Delphi's commitments would be secured through a hydropower contract with the Authority. The Authority is in the process of discussing the proposed contract with Delphi and anticipates receiving consent to a contract form substantially similar to Exhibit '2h-A.'

As required by PAL §1009, when the Authority believes it has reached agreement with its co-party, it transmits the proposed form of contract to the Governor and other elected officials for their information, and holds a public hearing on the proposed contract. At least 30-days' notice of the hearing must be given by publication in each of six selected newspapers once per week during such period. Following the public hearing, the form of contract may be modified, if advisable. Upon approval of the final proposed contract by the Authority, the Authority must 'report' the proposed contract, along with its recommendations and the public hearing records, to the Governor and other elected officials. Upon approval by the Governor, the Authority may execute the contract.

The general form of the proposed Delphi contract is consistent with recently approved contracts for the sale of EP and RP. Some pertinent provisions of the proposed form of the contract include:

- The provision for direct billing of all production charges (i.e. demand and energy) as well as all New York Independent System Operator, Inc. ('NYISO') charges, plus taxes or any other required assessments, all as set forth in the Authority's Service Tariff No. WNY-1.
- Commercially reasonable provisions relating to financial security to reflect a direct billing arrangement between the Authority and its EP/RP customers.
- Provisions authorizing data transfers and addressing other utility-driven requirements which are necessary for efficient program implementation.
- Enforceable employment and usage commitments.
- Annual job reporting requirements and a job compliance threshold of 90%. Should Delphi's actual jobs reported fall below the compliance threshold, the Authority has the right to reduce the allocation on a pro-rata basis.
- The allocations would be sold to Delphi pursuant to the Authority's Service Tariff No. WNY-1, which applies to all allocations of EP and RP commencing July 1, 2013.
- Transmission and delivery service would be provided by NYSEG in accordance with its Public Service Commission-approved delivery service tariff.

RECOMMENDATION

The Manager – Business Power Allocations and Compliance recommends that the Trustees: (1) approve the transfer of the Pending Allocations, 500 kW of Expansion Power and 1,000 kW of Replacement Power, from GM Component Holdings LLC ('GMCH') to Delphi Automotive PLC ('Delphi'); (2) establish the term of each Pending Allocation to be five years starting from the date of commencement of electric service of any portion of the Pending Allocation, in exchange for, among other things, Delphi's commitment to maintain an employment level of 250 jobs and make a capital investment of $1.78 million at the Lockport Technical Center ('LTC'), for the five-year term of the Pending Allocations; and (3) authorize the Corporate Secretary to convene a public hearing on the form of the proposed contract finally negotiated with Delphi, the current form of which is attached as Exhibit '2h-A,' and transmit copies of such proposed form of the contract to the Governor and legislative leaders pursuant to PAL §1009.

Staff will report to the Board of Trustees on the public hearing and the contract and at that time make additional recommendations regarding the proposed contract.

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

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

RESOLVED, That the transfer of allocations of Authority hydropower totaling 1,500 kilowatts ("kW"), comprised of 500 kW of Expansion Power and 1,000 kW of Replacement Power (the "Pending Allocations"), from GM Components Holdings LLC to Delphi Automotive PLC ("Delphi") be, and hereby is, approved subject to agreement on a direct sale contract between the Authority and Delphi which provides for Delphi's employment and capital investment commitments as well as other terms and conditions which the Authority deems appropriate (the "Contract"); and be it further

RESOLVED, that the term of each of each Pending Allocation shall be five years starting from the date of commencement of electric service for any portion of the Pending Allocation; and be it further

RESOLVED, That the Trustees hereby authorize a public hearing on the terms of the proposed form of the Contract for the sale of the Pending Allocations; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to transmit copies of the proposed Contract 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 pursuant to Public Authorities Law ("PAL") §1009; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to arrange for the publication of a notice of public hearing in six newspapers throughout the State, in accordance with PAL §1009; and be it further

RESOLVED, That the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any

and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

i. Direct Sale Contract for the Sale of Western New York Hydropower to M&T Bank – Transmittal to the Governor

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to: (1) approve the proposed final contract for the sale of Expansion Power ('EP') to M&T Bank ('M&T'); and (2) authorize transmittal of the proposed final contract to the Governor for his approval and authorization for the Authority to execute the contract pursuant to Public Authorities Law ('PAL') §1009. The proposed final contract is attached as Exhibit '2i-A.'

BACKGROUND

Under PAL §1005(13), the Authority may allocate and sell directly or by sale for resale, 250 MW of EP and 445 MW of Replacement Power ('RP') to businesses located within 30 miles of the Niagara Power Project, provided that the amount of EP allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

At their July 26, 2011 meeting, the Trustees awarded an allocation of 3,000 kW of EP to M&T in return for the creation of 124 jobs and capital expansion commitment of $51.625 million. The contract would enable the Authority to sell the allocation to M&T under a direct sale arrangement for the approved five-year term of the allocation. Transmission and delivery service would be provided by National Grid in accordance with its Public Service Commission-filed delivery service tariffs.

The following is a summary of some pertinent provisions of the contract:

- The contract would provide for the direct billing of all production charges (*i.e.* demand and energy) as well as all New York Independent System Operator, Inc. ('NYISO') charges, plus taxes or any other required assessments, as set forth in the Trustee approved Service Tariff WNY-1 ('ST WNY-1').

- The contract includes M&T's agreed-upon commitments with respect to employment, power utilization and capital investment. The Authority would retain the right to reduce or terminate customer's allocation if employment, power utilization, or capital investment commitments are not met.

- The contract includes the ability to award additional allocations of EP or RP to the customer for further expansion at the same facility, which would be incorporated into Schedule A of the contract. The Trustees approved this convention in the 2010 long-term extension contract, which simplifies contract administration.

- To accommodate non-payment risk that could result from a direct billing arrangement with the Authority, the contract includes commercially reasonable provisions concerning, among other things, the ability to require deposits in the event of the customer's failure to make payment for any two monthly bills. This is consistent with recent Authority contracts that incorporate direct billing, including the Authority's Recharge New York sales contracts.

The Authority has discussed the proposed contract with M&T and has received the customer's consent to it. The customer acknowledges that ST WNY-1 rates will apply to its allocation consistent with all allocations of EP and RP as of July 1, 2013.

As required by PAL §1009, when the Authority has reached agreement with its co-party on such a contract, it is required to transmit the proposed contract to the Governor and other elected officials and hold a public hearing on the proposed contract. At least 30-days' notice of the hearing must be given by publication once in each week during such period in each of six selected newspapers. Following the public hearing, the contract may be modified, if advisable.

Upon approval of the final proposed contract by the Authority, the Authority must 'report' the proposed contract, along with its recommendations and the public hearing records, to the Governor and other elected officials. Upon approval by the Governor, the Authority may execute the contract.

DISCUSSION

At their July 23, 2013 meeting, the Trustees authorized the Corporate Secretary to transmit the proposed contract for M&T to the Governor and legislative leaders and schedule a public hearing on the contract. A public hearing was held on October 3, 2013 at the Niagara Power Project's Power Vista Visitors' Center in Lewiston, New York. There were no oral statements made at the public hearing and no written statements were submitted. The official transcript of the public hearing is attached as Exhibit '2i-B.'

RECOMMENDATION

The Manager – Business Power Allocations and Compliance recommends that the Trustees approve the proposed contract for the sale of Replacement Power to M&T Bank, as detailed in Exhibit '2i-A,' and authorize the transmittal of the contract to the Governor for approval.

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

The following resolution, as submitted by the President and Chief Executive Officer, was adopted with Trustee Mahoney recused from the vote.

RESOLVED, That the contract for the sale of Expansion Power ("EP") to M&T Bank is in the public interest and in accordance with Public Authorities Law §1009 should be submitted to the Governor for his approval and that copies of the contract, along with the record of the public hearing thereon, be forwarded to 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 in the name of and on behalf of the Authority if the contract is approved by the Governor; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be, and hereby is, authorized, subject to the approval of the form thereof by the Executive Vice President and General Counsel, to negotiate and execute any and all documents necessary or desirable to implement the contract with M&T Bank as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

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

<u>Discussion Agenda</u>:

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

a. *<u>Corporate Performance</u>*

President Quiniones stated that the reports by the Executive Management will cover the months of October and November and at the January meeting they will present a 2013 year-end report on the operations of the Authority. He continued that based on the Performance Scorecard, the Authority performed very well during the months of October and November. He said other than the effects of the forced outage earlier in the year due to the failure of the Y-49 transmission line that connects Westchester County and Long Island, he anticipates that the year-end report will indicate a very successful year of operations for the Authority during 2013.

b. Report of the Chief Operating Officer

Mr. Edward Welz provided highlights of the report to the Trustees.

Transmission Reliability

- ***Two outages on the MA-2 transmission line in order to repair a broken cross arm;***
- ***Repairs were made to a pothead on the GL-3 line;***
- ***Repairs on the Y-49 Transmission line were completed.***

Environmental/Safety

- ***Environmental incidents for the year were below target of 32 incidents;***
- ***The DART rate for the year, the measure of the Authority's safety performance, was .72%; the annual target is .78%.***

St. Lawrence Power Project

- ***The LEM program at STL has been completed;***
- ***Successful completion of table top functional exercise with FERC and the first responders at STL for the Authority's emergency action plan.***

Transmission

- ***First phase of the Marcy Substation autotransformer bank and reactor refurbishment completed;***
- ***Replaced four motor operated disconnects at the Marcy Substation;***
- ***Working on the Alcoa new substation and new transmission line;***
- ***Work on the LPGP LEM program at Niagara continues;***
- ***Working with GE to plan and schedule an outage to repair the generator step-up transformer at the 500 MW plant;***
- ***Work on the replacement of the generator step-up transformers at the St. Lawrence facility to begin in 2014;***
- ***Started transmission line substation design work for the Authority's T-LEM program.***

Compliance

- ***The new Bulk Electric System definition will be effective in 2014. This will put some pressure on the Authority with new equipment and new transmission lines upcoming compliance review by NERC and FERC.***

Personnel

- ***Plans to restructure several departments within Operations in order to facilitate a more efficient operation underway;***
- ***Labor negotiations with IBEW and UWUA unions will resume soon.***

Responding to a question from Trustee LeChase, Mr. Welz said that both unions will continue with the salaries and benefits they had before the contracts expire.

c. <u>Report of the Chief Financial Officer</u>

Mr. Donald Russak provided highlights of the financial report to the Trustees. He said the state of the Authority's financial position remains strong. The Authority continues to improve on its projections and therefore expects to meet all its metrics and targets for the year.

<u>Net Inome</u>

- ***Net Income is expected to remain above budget ending the year at a level exceeding $200 million;***
  - ***Drivers of Performance – As has been reported over the past few months, higher than forecast hydro generation and capacity prices largely contributed to this positive performance.***
- ***At these projected levels, the business requirements for cash flow and liquidity will be met for the year.***

<u>Revolving Credit Agreement</u>

- ***The $550 million Revolving Credit Agreement supporting NYPA's Commercial Paper Program was successfully renegotiated for an additional year pursuant to its terms and prior Trustee authorization;***
  - ***Significant Savings – Commitment Fees will be reduced from 65 basis points to 35 bps per annum for an annual savings of approximately $1.7 million***
- ***As part of this process, each of the three Ratings Agencies reaffirmed NYPA's solid credit ratings.***

d. Chief Risk Officer's Report

Mr. William Nadeau provided highlights of the report to the Trustees.

Enterprise Risk Report – Lessons Learned

The Enterprise Risk Report issued in September outlined nine enterprise risks which staff is now working on to begin development of mitigation plans. Also, in looking at the lessons learned from the process, the Enterprise Risk team reviewed: how the team did in communicating the process, and NYPA's overall understanding of the risk management philosophy in place. Also, the Enterprise Risk team plans to conduct 19 sessions with various stakeholders throughout the Authority next month to aggregate and come up with lessons learned from the just completed NYPA- wide Risk Assessment process so that as the team goes forward with future assessment, there will be the strongest opportunity for successful implementation.

Integration with Strategy

The Enterprise Risk staff discussed the Report with Mr. Robert Lurie of Strategic Planning. The discussions included areas which have been integrated into some of the initiatives that are currently in place, such as asset management and workforce planning, and which can be used to help develop business plans.

Risk Response and Key Rsk Indicator - Pilot

The Risk Department has retained the firm of Deloitte and Touche to assist in the development of mitigation plans from the two pilot risks identified by the Executive Risk Management Committee (increasingly difficult to attract and retain employees; and significant increase in nonrecurring O&M based upon some of the past policies and an aging infrastructure) the form of which will be presented to the Executive Risk Management Committee, the Executive Management Committee and thereafter, the Audit Committee in March.

Integration with Internal Audit

The Enterprise Risk Management team had several meetings with Mr. Lesly Pardo and the Internal Audit staff pertaining to the development of the 2014 Audit Plan. The discussions included the risks, at the enterprise level, that Internal Audit needs to be aware of in developing the Audit Plan;

examining the risks associated with the audits and strengthening the processes associated with those risks within the Authority.

e. <u>Report of the Senior Vice President of Strategic Planning</u>

Mr. Robert Lurie provided highlights of the report to the Trustees. He outlined the 2014 action plan for those initiatives related to the three major areas in NYPA Strategic Plan: 1) workforce planning – knowledge management and process efficiency; 2) Infrastructure Modernization – Smart grid and Asset management; 3) Customer Value - Customer services.

- ***Teams have been set up to work on business cases for each of the initiatives including the scope, costs and benefits, and necessary resources.***
- ***An external plan describing the initiatives and how they will benefit the stakeholders is being drafted. The draft plan will be presented to the Board in January 2014.***
- ***Staff will also develop business plans showing how the initiatives will be achieved. This will include communications; internal rollout across the organization; teams and organizational structure that will be necessary for each strategy; development of a detailed business plan for each strategy; and implementation.***
- ***Governance structure and process to ensure proper accountability as each initiative is being developed.***
- ***Outreach to external stakeholders in order to get feedback from them.***
- ***January 2014 the Board will be requested to approve the mission/vision goals.***
- ***The Board will be requested to approve capital allocation for specific detailed business plan for each one of the initiatives.***

Responding to a question from Trustee LeChase, Mr. Lurie said the Authority will be communicating with potential customers in terms of getting market intelligence and feedback from them in terms of what they would like to see in the service bundle, after which the Authority to will develop its market plan. This will take place early next year.

President Quiniones added that the Authority has a lot of experience in energy efficiency projects and renewable projects which include not only large governmental buildings, but also some private sector economic development customers and municipals electric systems. He continued that, historically, the Authority implements programs that are effectuated through legislation, e.g., RNY or other hydro programs, Energy efficiency, Built Smart; however, the Authority is now taking a different approach, looking at the what customers indicate they would like from the Authority and making a determination if the Authority has skill-set that can be

developed to address those needs its customers value. After a screening process, the Authority will determine if it has the resources to assist the customers.

4. 2014 Operating Budget and Filing of the 2014-2017 Four-Year Financial Plan Pursuant to Regulations of the Office of the State Comptroller

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to approve the 2014 Operating Budget, Operations and Maintenance ('O&M') Budget, Capital Budget and Energy Services Budget for the Power Authority. The Operating Budget sets forth the expected revenues and expenses of the Authority and includes the recommended 2014 O&M Budget, the Capital Budget and the Energy Services Budget (see attached Exhibits '4-A,' '4-B,' '4-C' and '4-D,' respectively) in the following amounts:

2014 Budget	($ million)
O&M	$ 379.3
Capital	$ 279.3
Energy Services	$ 222.3

Also, in accordance with regulations of the Office of the State Comptroller ('OSC'), the Trustees are requested to approve the 2014-2017 Four-Year Financial Plan ('Four-Year Financial Plan' – see attached Exhibit '4-E') and authorize: (i) submitting the approved Four-Year Financial Plan to OSC, (ii) posting the approved Four-Year Financial Plan on the Authority's website and (iii) making the approved Four-Year Financial Plan available for public inspection at not less than five convenient public places throughout New York State.

BACKGROUND

The Authority is committed to providing clean, low-cost and reliable energy consistent with its commitment to the environment and safety, while promoting economic development and job development, energy efficiency, renewables and innovation, for the benefit of our customers and all New Yorkers. The 2014 Budgets are intended to provide the Authority's operating facilities and support organizations with the resources needed to meet this overall mission and the Authority's strategic objectives.

The OSC implemented regulations in March 2006 addressing the preparation of annual budgets and four-year financial plans by 'covered' public authorities, including the Authority. (See 2 NYCRR Part 203 ('Part 203')). These regulations establish various procedural and substantive requirements, discussed below, relating to the budgets and financial plans of public authorities. The Budget and Four-Year Financial Plan have been prepared in accordance with these regulations.

In approving the 2014 O&M, Capital and Energy Services Budgets, the Trustees will be authorizing spending for 2014 operations, spending for capital projects and general plant purchases of $750,000 or less. There are no requests for new positions in the 2014 Budget. In accordance with the Authority's Expenditure Authorization Procedures, the President and Chief Executive Officer may, during the course of the year, authorize an additional 1.0% in the O&M budget, up to 15 new positions, capital projects of $3 million or less, or an increase in spending of no more than $1 million to a capital project previously approved by the Trustees. All other spending authorizations must be approved by the Trustees.

DISCUSSION

O&M Budget

The base O&M budget of $379.3 million (Exhibit '4-B') reflects a renewed focus on the effective operation and maintenance of the Authority's critical investments in New York State's electric infrastructure.

The 2014 O&M Budget for Operations provides $215 million for baseline, or recurring, work. In addition to the baseline work, scheduled maintenance outages at the 500 MW plant and the Small Clean Power Plants (totaling $13 million) and planned enhancements in non-recurring maintenance work at the operating facilities (totaling $55 million) are designed to support high reliability goals. Some of the major non-recurring projects include: Niagara Dam Face Repair, ($5.7 million); Marcy Substation Auto Transformer and Reactor Refurbishment, ($4.0 million); St. Lawrence Region Line Clearance Remediation ($3.5 million); Painting of Barnhart Island Bridge ($3.3 million); Massena Autobreakers 1&2 Reactor Banks Refurbishment ($3.2 million); Joint Works with Ontario-Hydro ($2.1 million); Flynn Water Storage Tanks Refurbishment ($1.7 million) and the St. Lawrence Control Room Asbestos Abatement ($1.6 million).

Most of the increase in the budget for the support functions ($4.0 million) consists of increases in fringe benefits (Other Post-Employment Benefits (‘OPEB’), New York State pension costs and medical benefits), consulting expenses for executive initiatives (includes funding for the Energy Management Control Center), the on-site Master's Program and hardware and software maintenance and license costs along with lost rental income in the White Plains Office.

Payroll costs, which include salaries, overtime and fringe benefits, account for $206.7 million, or 54.5% of the budget, down from 55.8% last year. Overall, headcount at the Authority will not increase, as there are no requests for new positions in the 2014 Budget.

The Astoria Energy II Budget totals $27.0 million and represents the contractual O&M costs for the plant, which was placed in commercial operations in New York City in July 2011. These costs are being recovered from the Authority’s New York City Governmental customers, who are beneficiaries of the outputs of these projects, via a long-term contract.

<u>Capital Budget</u>

The 2014 Capital Budget (Exhibit ‘4-C’) totals $279.3 million, an increase of $87.0 million from the 2013 Budget. Of this amount, $187.5 million – or 67% of the total – represents planned investments in the Authority’s Upstate New York facilities at Niagara and St. Lawrence, as well as in its statewide Transmission network. Significant capital projects for 2014 include the Lewiston Pump Generation Plant Life Extension and Modernization (‘LEM’), ($59.8 million); the Massena 765/230 kv Multi-Unit Autotransformer Replacement, ($18.9 million); the St. Lawrence Breaker and Relay Replacement, ($14.0 million); Marcy South Series Compensation, ($10.2 million); the Niagara 115 kv Outdoor Circuit Breaker Upgrade, ($10.0 million); the Coopers Corner Shunt Reactor, ($9.4 million); the St. Lawrence Generator Step-Up Transformer Replacement, ($6.8 million); and the St. Lawrence Nature Center ($6.3 million).

The Capital Budget includes $9.1 million of minor additions and general plant purchases that will be authorized by approval of this budget.

<u>Energy Services Budget</u>

The Budget for Energy Services and Technologies (Exhibit ‘4-D’) totals $222.3 million, an increase of $21.5 million over the 2013 budget. These expenditures will be subsequently recovered over time from the benefiting customers. The Budget includes increased funding for energy efficiency projects for Authority customers and other eligible entities as the Authority strives to support Governor Cuomo’s improved energy efficiency and clean, renewable energy goals.

<u>Operating Budget</u>

The 2014 Operating Budget (Exhibit ‘4-A’) sets forth the expected revenues and expenses of the Authority on a Project/Market Area basis and serves as the basis for the Authority’s financial reporting during the year. Expected revenues received from customers are based on contracts and tariffs that are approved by the Trustees. Market-based sales of any surplus energy from the Authority’s generating facilities or purchases made on behalf of customers (except for those made through previously approved purchased power agreements) are assumed to be transacted at the market clearing price in the wholesale market. Projected expenses for O&M are detailed above.

The Other Expenses category largely reflects various accruals (e.g., Other Post-Employment Benefit prior service obligations) and other miscellaneous expenses for which Trustee approval is sought on a case-by-case basis (e.g., Power for Jobs Transitional Payments, Recharge New York Residential Discount Program, etc.). Also reflected in the 2014 Operating Budget is an assumed level of contributions to New York State totaling $90 million. Any such contribution may only be made if authorized by the Legislature and upon a determination (not requested at this time) by the Trustees that the payment would be feasible and advisable at the time of such disbursement.

Four-Year Financial Plan

Under Part 203 of the OSC Regulations, the Trustees are required to adopt a 2014 Budget and Four-Year Financial Plan (Exhibit '4-E'). The 2014 Budget, which is the first year of the Four-Year Financial Plan, is being brought to the Board for approval at this time. The remaining three years are indicative forecasts. The approved Four-Year Financial Plan must be available for public inspection not less than seven days before the commencement of the next fiscal year for a period of not less than 45 days and in not less than five convenient public places throughout the State. The approved Four-Year Financial Plan must also be submitted to OSC, via electronic filing through the Public Authorities Reporting Information System maintained by OSC and the Authority Budget Office, within seven days of approval by the Trustees. The regulations also require the Authority to post the Four-Year Financial Plan on its Web site.

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

Other key elements that must be incorporated in each approved budget and four-year financial plan are a description of the budget process and the principal assumptions, as well as a self-assessment of risks to the budget and financial plan. Additionally, the approved Four-Year Financial Plan must include a certification by the Chief Operating Officer.

FISCAL INFORMATION

Payment of O&M expenses will be made from the Operating Fund. Payment for Capital and Energy Services expenditures will be made from the Capital Fund and the Energy Conservation Construction and Effectuation Fund, respectively. Monies of up to $332.2 million from the Operating Fund will be transferred to the Capital Fund for capital expenditures, provided that at the time of withdrawal of such amount or portions of such amount, the monies withdrawn are not then needed for any of the purposes specified in Sections 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. The 2014 Operating Budget shows adequate earnings levels so that the Authority may maintain its financial goals for cash flow and reserve requirements.

The Four-Year Financial Plan net income estimates for each of the years 2015 through 2017 are indicative forecasts and the Trustees are not being asked to approve any revenue and expenditure amounts for those years at this time.

RECOMMENDATION

The Director of Budgets and the Vice President of Financial Planning recommend the Trustees approve the 2014 Operation and Maintenance, Capital and Energy Services Budgets and the Operating Budget as discussed herein and authorize (i) submitting the approved Four-Year Financial Plan to the Office of the State Comptroller in the prescribed format, (ii) posting the approved Four-Year Financial Plan on the Authority's Web site and (iii) making the approved Four-Year Financial Plan available for public inspection at not less than five convenient public locations throughout New York State.

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

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

RESOLVED, That the 2014 Operating Budget, specifically including the 2014 Budgets for Operation and Maintenance, Capital and Energy Services expenditures, as discussed in the foregoing report of the President and Chief Executive Officer, are hereby approved; and be it further

RESOLVED, That up to $332.2 million of monies in the Operating Fund are hereby authorized to be withdrawn from such Fund and deposited in the Capital Fund, provided that at the time of withdrawal of such amount or portions of such amount, the monies withdrawn are not then needed for any of the purposes specified in Sections 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations as amended and supplemented, with the satisfaction of such condition being evidenced by a certificate of the Treasurer or the Deputy Treasurer; and be it further

RESOLVED, That pursuant to 2 NYCRR Part 203, the attached 2014-2017 Four-Year Financial Plan, including its certification by the Chief Operating Officer, is approved in accordance with the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to 2 NYCRR Part 203, the Corporate Secretary be, and hereby is, authorized to submit the approved Four-Year Financial Plan to the Office of the State Comptroller in the prescribed format, post the approved Four-Year Financial Plan on the Authority's website and make the approved Four-Year Financial Plan available for public inspection at not less than five convenient public places throughout New York State; and be it further

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

Mr. Donald Russak provided highlights of staff's recommendation to the Trustees. In response to a question from chairman Koelmel, Mr. Russak said there are some positive indicators offsetting some of the negative drivers indicated in the Plan. For example, the contract with Alcoa, negotiated with the expectation that Alcoa will be reinvesting in its smelter in Massena, NY, will result in an increase in energy revenues effective

January 1, 2014; increased rates of previously-approved contracts will add additional revenues; and revenues from the hydro resources.

Responding to further questioning from Chairman Koelmel, Mr. Russak said it will not be necessary for the Authority to pull back on investments on its facilities because of expenses related to the HTP project. Responding to still further questioning from Chairman Koelmel, Mr. Russak said that investments in long-life assets such as the HTP project is typical in the utility business, e.g. the Authority's reinvestment in its 51-year Lewiston Plant in order to keep it operational for the next 50 years. He continued that the HTP project will add to the city's reliability since it will have access to a greater array of energy resources; there are other opportunities that will be available to the Authority at the end of the purchase agreement; and, in the life of the agreement, the Authority will get its investment back. Responding to comment from the Chairman, Mr. Russak agreed that this project will not deter the Authority from investing in its facilities and carrying out its charge in keeping with its mission. Mr. Russak said in his opinion, the Authority is in a very strong position to finance its ongoing operations and strategic initiatives. The Authority's balance sheet is very strong at this time; it has borrowing capacity and, with the cash flows that it is generating, it will be able to finance this project without it having any detrimental effect on the Authority's core business.

In response to a question from Trustee Foster, Mr. Russak said that the plan for the $726 million T-LEM program that was approved by the Board is to invest in the Authority's facilities from now until the year 2023. This will include work on the Authority's substations and transmission lines which are 50 - 60 years old.

5. <u>Power Allocations</u>:

a. <u>Power Allocations Under the Recharge New York Program</u>

The President and Chief Executive Officer submitted the following report:

"<u>SUMMARY</u>

The Trustees are requested to:

1. Approve allocations of Recharge New York ('RNY') Power available for 'retention' purposes to the businesses listed in Exhibit '5a-A;'

2. Approve allocations of RNY Power available for 'expansion' purposes to the businesses listed in Exhibit '5a-B;' and

3. Approve the transfer of the RNY Power allocation identified in Exhibit '5a-E.'

These actions have been recommended by the Economic Development Power Allocation Board ('EDPAB') at its December 17, 2013 meeting.

<u>BACKGROUND</u>

On April 14, 2011, Governor Andrew M. Cuomo signed into law the RNY Power Program as part of Chapter 60 (Part CC) of the Laws of 2011 ('Chapter 60'). The program makes available 910 megawatts ('MW') of 'RNY Power,' 50% of which will be provided by the Authority's hydropower resources and 50% of which will be procured by the Authority from other sources. RNY Power contracts can be for a term of up to seven years in exchange for job and capital investment commitments.

RNY Power is available to businesses and not-for-profit corporations for job retention and business expansion and attraction purposes. Specifically, Chapter 60 provides that at least 350 MW of RNY Power shall be dedicated to facilities in the service territories served by the New York State Electric and Gas, National Grid and Rochester Gas and Electric utility companies; at least 200 MW of RNY Power shall be dedicated to the purpose of attracting new businesses and encouraging expansion of existing businesses statewide; and up to 100 MW shall be dedicated for eligible not-for-profit corporations and eligible small businesses statewide.

Under the statute, 'eligible applicant' is defined to mean an eligible business, eligible small business, or eligible not-for-profit corporation; however, an eligible applicant shall not include retail businesses as defined by EDPAB, including, without limitation, sports venues, gaming or entertainment-related establishments or places of overnight accommodations. At its meeting on April 24, 2012, EDPAB defined a retail business as a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services, consistent with the rules previously promulgated by EDPAB for implementation of the Authority's Economic Development Power program.

Prior to entering into a contract with an eligible applicant for the sale of RNY Power, and prior to the provision of electric service relating to a RNY Power allocation, the Authority must offer each eligible applicant that has received an award of RNY Power the option to decline to purchase the RNY Market Power component of such award. If the applicant declines to purchase the RNY Market Power component from the Authority, the Authority has no responsibility for supplying RNY Market Power component of the award.

As part of Governor Andrew M. Cuomo's initiative to foster business activity and streamline economic development, applications for all statewide economic development programs, including the RNY Power Program, have been incorporated into a single on-line Consolidated Funding Application ('CFA') marking a fundamental shift in how State economic development resources are marketed and allocated. Beginning in September 2011, the CFA was available to applicants. The CFA continues to serve as an efficient and effective tool to streamline and expedite the State's efforts to generate sustainable economic growth and employment opportunities. All applications that are considered for an RNY Power allocation are submitted through the CFA process.

Applications for RNY Power are subject to a competitive evaluation process and are evaluated based on the following criteria set forth in the statutes providing for the RNY Power Program (the 'RNY Statutes'):

> '(i) the significance of the cost of electricity to the applicant's overall cost of doing business, and the impact that a recharge New York power allocation will have on the applicant's operating costs;
>
> (ii) the extent to which a recharge New York power allocation will result in new capital investment in the state by the applicant;
>
> (iii) the extent to which a recharge New York power allocation is consistent with any regional economic development council strategies and priorities;
>
> (iv) the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the applicant were to receive an allocation;
>
> (v) the applicant's payroll, salaries, benefits and number of jobs at the facility for which a recharge New York power allocation is requested;
>
> (vi) the number of jobs that will be created or retained within the state in relation to the requested recharge New York power allocation, and the extent to which the applicant will agree to commit to creating or retaining such jobs as a condition to receiving a recharge New York power allocation;
>
> (vii) whether the applicant, due to the cost of electricity, is at risk of closing or curtailing facilities or operations in the state, relocating facilities or operations out of the state, or losing a significant number of jobs in the state, in the absence of a recharge New York power allocation;
>
> (viii) the significance of the applicant's facility that would receive the recharge New York power allocation to the economy of the area in which such facility is located;
>
> (ix) the extent to which the applicant has invested in energy efficiency measures, will agree to participate in or perform energy audits of its facilities, will agree to participate in energy efficiency programs of the authority, or will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving a recharge New York power allocation;
>
> (x) whether the applicant receives a hydroelectric power allocation or benefits supported by the sale of hydroelectric power under another program administered in whole or in part by the authority;
>
> (xi) the extent to which a recharge New York power allocation will result in an advantage for an applicant in relation to the applicant's competitors within the state; and
>
> (xii) in addition to the foregoing criteria, in the case of a not-for-profit corporation, whether the applicant provides critical services or substantial benefits to the local community in which the facility for which the allocation is requested is located.'

Based on the evaluation of these criteria, the applications were scored and ranked. Evaluations also considered scores provided by the relevant Regional Economic Development Council under the third and eighth criteria.

In arriving at recommendations for RNY Power for EDPAB's consideration, staff, among other things, attempted to maximize the economic benefits of low-cost NYPA hydropower, the critical state asset at the core of the RNY Power Program, while attempting to ensure that each recipient receives a meaningful RNY Power allocation.

Business applicants with relatively high scores were recommended for allocations of retention RNY Power of 50% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 10 MW for any recommended allocation. Not-for-profit corporation applicants that scored relatively high were recommended for allocations of 33% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 5 MW. Applicants currently receiving hydropower allocations under other Authority power programs were recommended for allocations of RNY Power of 25% of the requested amount, subject to the caps as stated above.

RNY Power allocations have been awarded by the Trustees on six prior occasions – in April, June, September and December of 2012, and March and July of this year. There is currently 73 MW of unallocated RNY Power of the 710 MW block made available for business 'retention' purposes. Of that 710 MW retention block, 100 MW was set aside for not-for-profit corporations and small businesses, of which 9.8 MW is available to allocate to such entities. Lastly, there is 134.6 MW of unallocated RNY Power of the 200 MW block made available for business 'expansion' purposes. These figures reflect Trustee actions on RNY Power applications taken prior to any actions the Trustees take today.

DISCUSSION

1. Retention-Based RNY Power Allocations – Action Item

The Trustees are asked to address applications submitted via the CFA process for RNY Power retention-based allocations. Consistent with the evaluation process as described above, EDPAB recommended at its December 17, 2013 meeting that RNY Power retention allocations be awarded to the businesses listed in Exhibit '5a-A.' Each business has stated a willingness to create or retain jobs in New York State. Additionally, these applicants will be committing to capital investments in exchange for the recommended RNY Power allocations.

The RNY Power 'retention' allocations identified in Exhibit '5a-A' are each recommended for a term of seven years. An allocation recommended by EDPAB qualifies the subject applicant to enter into a contract with the Authority for the purchase of the RNY Power. The Authority's standard RNY Power contract template, approved by the Trustees at their March 27, 2012 meeting, contains provisions addressing such things as effective periodic audits of the recipient of an allocation for the purpose of determining contract and program compliance, and for the partial or complete withdrawal of an allocation if the recipient fails to maintain mutually agreed-upon commitments, relating to, among other things, employment levels, power utilization, and capital investments. In addition, there is a requirement that a recipient of an allocation perform an energy efficiency audit at its facility not less than once during the first five years of the term of the allocation.

As noted in Exhibit '5a-A,' some of these applicants are also being recommended for expansion-based allocations, having satisfied the criteria for both components of the RNY Power Program.

2. Expansion-Based RNY Power Allocations – Action Item

The Trustees are asked to address applications submitted for RNY Power expansion-based allocations via the CFA process which request allocations from the 200 MW block of RNY Power dedicated by statute for for-profit businesses that propose to expand existing businesses or create new business in the State. These applications sought a RNY Power allocation for either (i) expansion only, in the case of a new business or facility, or (ii) expansion *and* retention, in the case of an existing business. EDPAB recommended at its December 17, 2013 meeting that RNY Power expansion-based allocations be made to the businesses listed in Exhibit '5a-B.' Each such allocation would be for a term of seven years.

As with the evaluation process used for the retention recommendations described above, applications for the expansion-based RNY Power were scored based on the statutory criteria, albeit with a focus on information regarding each applicants' specific project to expand or create their new facility or business (*e.g.*, the expansion project's cost, associated job creation, and new electric load due to the expansion).

The respective amounts of the expansion-related allocations listed in Exhibit '5a-B' are largely intended to provide approximately 70% of the individual expansion projects' estimated new electric load. Because these projects have estimated new electric load amounts, and to ensure that an applicant's overestimation of the amount needed would not cause that applicant to receive a higher proportion of RNY Power to new load, the allocations in Exhibit '5a-B' are recommended based on an 'up to' amount basis. Each of these applicants would be required to, among other commitments, add the new electric load as stated in its application, and would be allowed to use up to the amount of their RNY Power allocation in the same proportion of the RNY Power allocation to the requested load as stated in Exhibit '5a-B.' The contracts for these allocations would also contain the standard provisions previously summarized in the last paragraph of Section 1 above.

3. Ineligibility Determination – Informational Item

In the process of reviewing the current round of applications for RNY Power, EDPAB determined that the applicants listed on Exhibit '5a-C' propose projects that constitute a retail business as defined by EDPAB, and therefore are ineligible for RNY Power. No action by the Trustees is required on these applications.

4. Applications Not Recommended or Not Considered – Informational Item

As indicated on Exhibit '5a-D', EDPAB decided not to recommend two applicants for expansion-based RNY Power allocations, not to recommend two applicants for retention-based RNY Power allocations, and further decided not to consider other applications for an RNY Power allocation.

Three applications were not recommended for an RNY Power allocation because the potential recommended amount, based on the applicant's requested amount did not meet the 10 kW allocation amount requirement established by the Authority for RNY Power allocations. Additionally, the other application not recommended for an expansion-based RNY Power allocation did not meet the requirement set by the Authority of creating new jobs as a result of the project.

EDPAB did not consider the other applications listed on Exhibit '5a-D' for one or more of the following reasons: (i) the application was withdrawn; (ii) the application was not sufficiently complete to permit evaluation and/or applicants were unresponsive to requests from Authority staff for more information necessary to fully evaluate the applications; (iii) the application was submitted by a Transitional Electricity Discount ('TED') beneficiary; (iv) the applicant does not have a demand meter; and/or (v) in the case of expansion-based requests for RNY Power, the applicant proposed projects that were too premature to enable the applicant to make the commitments necessary for an allocation of RNY Power. No action by the Trustees is required on these applications.

5. Transfer of RNY Power – Action Item

At its December 17, 2013 meeting, EDPAB approved and recommended that the Trustees approve the transfer of an RNY Power allocation for one company due to an acquisition. The transfer is described in Exhibit '5a-E.' The company will agree to the respective job and capital investment commitments made in the original applications. The Trustees have previously authorized transfers of RNY Power and other Authority power programs like Economic Development Power in similar circumstances.

6. Allocations Declined or Rescinded – Informational Item

EDPAB has recommended, and the Trustees have approved, hundreds of RNY Power allocations since the inception of the program. Specifically, 801 allocations totaling 779 MW have been awarded to more than 750 businesses and not-for-profit organizations throughout the State. In the course of reviewing the award and contract offered, many awardees have decided to decline the award or have not been responsive to the contract offering.

Awardees have declined 65 allocations totaling 48.2 MW by not accepting all or part of the RNY Power allocations awarded to them. The reasons for such decisions include an inability to gain corporate sign-off on an award's agreed-upon commitments, a material change in the awardee's business status after being approved for RNY, a reluctance to accept certain contractual conditions such as audit requirements, and potential minimal savings due to the particular operating characteristics of the awardee's facility.

In addition, 60 allocations totaling 28.5 MW have been rescinded by the Authority after a reasonable amount of time had elapsed since the time of award with no response from the awardees. After multiple outreaches and transmittal of contract documents by NYPA staff, these awardees were non-responsive and the awards have been withdrawn. The declined and rescinded awards are listed on Exhibit '5a-F.' The result of the allocations being declined and rescinded positively affects the availability of MWs to allocate in future evaluation periods. No action by the Trustees is required on these applications.

RECOMMENDATION

The Manager – Business Power Allocations and Compliance recommends that the Trustees: (1) approve the allocations of RNY Power for retention purposes to the businesses listed in Exhibit '5a-A' as indicated therein; (2) approve the allocations of RNY Power for expansion purposes to the businesses listed in Exhibit '5a-B' as indicated therein; and (3) authorize the transfer of the RNY Power allocation identified in Exhibit '5a-E' as indicated therein.

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

Mr. Michael Huvane provided highlights of staff's recommendation to the Trustees. In response to a question from Trustee Foster, Mr. Huvane said the statute does not prohibit the Authority from negotiating contracts for more than seven years; the Board of Trustees makes that determination. Ms. McCarthy agreed and added that the earlier power programs were for shorter terms; however, based on feedback from businesses interested in the low-cost power for longer term contracts, the Authority revised it to seven years. An exception can be made at the request of a company if the Board finds that the request is reasonable.

The following resolution, as submitted by the President and Chief Executive Officer, was adopted with Vice Chair Mahoney being recused from the vote as it pertains to G.C. Hanford Manufacturing Co., John Mezzalingua Associates LLC and Pathfinder Industries, Inc. and Trustee LeChase as it pertains to RED-Rochester, LLC.

WHEREAS, the Economic Development Power Allocation Board ("EDPAB") has recommended that the Authority approve the Recharge New York ("RNY") Power allocations for retention purposes to the applicants listed in Exhibit "5a-A"; and

WHEREAS, EDPAB has recommended that the Authority approve the RNY Power allocations for expansion purposes to the applicants listed in Exhibit "5a-B"; and

WHEREAS, EDPAB has recommended that the Authority authorize the transfer of the RNY Power allocation identified in Exhibit "5a-E";

NOW THEREFORE BE IT RESOLVED, That the Authority hereby authorizes the allocations of RNY Power for retention purposes to the applicants listed on Exhibit "5a-A" in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority hereby authorizes the allocations of RNY Power for expansion purposes to the applicants listed on Exhibit "5a-B" in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority hereby authorizes transfer of allocation of RNY Power identified in Exhibit "5a-E" in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further

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

b. Allocations of Hydropower and Notice of Public Hearing

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to approve allocations of available hydropower totaling 7,100 kilowatts ('kW') to Brunner International, Inc. ('Brunner') (2,400 kW), Gracious Living USA ('Gracious Living') (3,700 kW) and Ford Motor Company ('Ford') (1,000 kW), as further described herein and in Exhibit '5b-A.' These allocations, collectively, will support capital expansion of nearly $207 million and the creation of 643 jobs in Western New York ('WNY'). The Trustees are also requested to authorize a public hearing pursuant to Public Authorities Law ('PAL') §1009 on the proposed direct sale contract for the allocation to Gracious Living, the current form of which is attached as Exhibit '5b-B.'

The allocation of hydropower to Brunner will support a capital investment of $15 million and the creation of 43 new jobs in Medina (Orleans County). The allocation of hydropower to Ford will support a capital investment of $150 million and the creation of 350 new jobs in Buffalo. The allocation of hydropower to Gracious Living will support a capital investment of $41.975 million and the creation of 250 new jobs in Buffalo (Erie County).

BACKGROUND

Under PAL §1005(13), the Authority may contract to allocate 250 megawatts ('MW') of firm hydroelectric power as EP and up to 445 MW of Replacement Power ('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 and RP must be evaluated under criteria that include but need not be limited to, those set forth in PAL §1005(13)(a), which details 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 to be 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.

The Authority works closely with business associations, local distribution companies and economic development entities to garner support for the projects to be recommended for allocations of Authority hydropower. Discussions routinely occur with National Grid, Empire State Development Corporation, the Buffalo Niagara Enterprise and Niagara County Center for Economic Development and Erie County Industrial Development Agency to coordinate other economic development incentives that may help bring projects to New York State. Staff confers with these entities to help maximize the value of hydropower to improve the economy of WNY and the State of New York. Each organization has expressed support for the following recommendations.

DISCUSSION

At this time, 8,245 kW of unallocated EP and 35,228 kW of unallocated RP are available to be awarded to businesses under the criteria set forth in PAL Section 1005(13)(a).

1. BRUNNER INTERNATIONAL, INC.

Brunner International, Inc., located in Medina in Orleans County, submitted an application for hydropower requesting 4,800 kW in connection with the construction of a 45,000-square-foot addition to expand the production of machined axle forgings sold to large, heavy-duty truck and trailer suppliers. A long-time Authority hydropower customer, Brunner currently receives four allocations totaling 5,500 kW.

Started in 1992, Brunner has built itself into a market/industry leader in the manufacturing of brake shoes, S-Cams and axles for heavy-duty trucks and trailers. Brunner is the largest private sector employer in Orleans County, with 363 full-time employees (an employment level well above Brunner's contractual commitment with NYPA). It also has two facilities in Niagara Falls, Ontario, Canada.

Brunner's project would expand axle shaft production, which began in Medina in 2007 with the help of a hydropower allocation. The expansion project would help Brunner compete with low-cost manufacturers in India and China, significantly increase Brunner's already considerable market share, and solidify the overall long term future of the Medina plant. Brunner has also made a strong commitment to its facilities in Orleans County by investing over $6 million in capital purchases, upgrades and repair and maintenance of existing equipment during the past two years alone.

The company proposes an investment of $15 million with plans to begin production in the fall of 2014 and hire 43 new employees to support its expanded business operations.

The job creation ratio for a recommended amount of 2,400 kW is 18 new jobs per MW. This ratio is below the historic average of 19.2 new jobs per MW over the past four years. The total project investment of $15 million results in a capital investment ratio of $6.25 million per MW. This ratio is below the four-year historic average of $20.9 million per MW.

Both Kentucky and Tennessee are courting Brunner for this expansion. Locating the new operations in that part of the country would provide certain advantages to Brunner, including significantly reduced shipping costs, as most of Brunner's suppliers and customers are located in that region. An allocation of hydropower would help Brunner withstand increased competition from Asia and support the company's decision to choose Medina rather than other suitable locations in the United States for this expansion.

ESD has offered an incentive package of $750,000 under the Excelsior Jobs Program. In addition, the Orleans County Economic Development Agency is offering its standard PILOT tax incentives.

Staff recommends that a RP allocation of 2,400 kW be awarded to Brunner International, Inc. in order to help secure an investment of $15 million and creation of 43 new jobs at its facility in WNY, as detailed in Exhibit '5b-A-1.'

2. <u>FORD MOTOR COMPANY</u>

Ford Motor Company has submitted an application for hydropower requesting 1,000 kW to design, build, upgrade several press lines and install ten new assembly lines to provide stamping and welded sheet metal assemblies for 2015 Ford vehicles.

Ford's Buffalo Stamping Plant has been in operation for 63 years manufacturing various metal stampings and welded sub-assemblies for Ford's automotive car and truck assembly plants in North America. A long-time Authority hydropower customer, Ford currently receives three allocations totaling 8,700 kW. According to Ford, the hydropower allocations provided to this plant have been critical in maintaining operations, preserving as many jobs as possible and positioning the Buffalo facility to compete internally for new investment and production.

Ford's application for hydropower details its plans to invest $150 million to upgrade tooling and add ten new assembly lines to provide stampings and welded sheet metal assemblies for 2015 Ford vehicles at its Lakeshore Road location. The project would consist of design, build and installation of automation and support for several press lines and new assembly lines, including line tools and manufacturing aids. It will also include a tooling launch of the next generation of technologies including robots for material handling, welding and roll hemming; weld controllers with adaptive welding; and technologies to provide discrete drives, motion, process and safety control for automated sub-assembly equipment, servo driven pumps, and other systems.

Ford would commit to creating 350 new positions at its facility above its current employment of 640 as a result of this project, with a start-up of the new equipment and assembly lines in the fourth quarter of 2014.

The calculated job creation ratio for 350 new jobs and a 1 MW proposed allocation is 350 jobs per MW. This ratio is well above the historic average of 19.2 new jobs per MW for the last four years. The total capital investment of $150 million committed by Ford would result in a capital investment ratio of $150 million per MW. This ratio is well above the four-year historic average of $20.9 million per MW.

The automotive industry remains highly competitive in both North America and world-wide. Ford's Buffalo Stamping Plant is competing against the seven other Ford stamping plants in North America for this major expansion project. The application states that this project will not only secure the future growth of the Buffalo Stamping Plant, but will position the facility to handle Ford's next generation of business.

ESD has offered an incentive package of $5 million under the NY Works Fund Capital Grant, up to $2 million in tax credits under the Excelsior Jobs Program. In addition, the WNY Power Proceeds Allocation Board has recommended that NYPA provide Ford with a $1 million grant from the Western New York Economic Development Fund.

Staff recommends that an EP allocation totaling 1,000 kW be awarded to Ford in exchange for a total of $150 million of capital investment and the creation of 350 well-paying new jobs, as detailed in Exhibit '5b-A-2.'

3. GRACIOUS LIVING USA

Gracious Living USA ('Gracious Living') submitted an application for hydropower requesting 4,500 kW to renovate and refurbish four existing, abandoned buildings on 50 acres of property in Buffalo to open an injection molding manufacturing and warehouse facility. An owner-operated business, the Gracious Living family of companies was established in 1980 and has become the largest injection molding company in Canada (outside the automotive industry). The company manufacturers and imports resin-based outdoor furniture, accessories, tables, storage units, pools, housewares and a variety of other indoor and outdoor plastic products.

Currently based in Woodbridge, Ontario, Gracious Living is looking to establish a greater presence in the U.S. and is planning to renovate and refurbish nearly 50 acres of property on Fuhrmann Boulevard along Buffalo's Outer Harbor. It would be their first move into the U.S. in an attempt to expand its manufacturing and distribution business in this market while at the same time lower operating costs and growing its U.S. customer base. Gracious Living is currently operating under a 120-day due diligence period to conduct environmental testing and other investigations at the property.

Gracious Living plans to renovate the four existing buildings for manufacturing and warehouse purposes during most of 2014 and intends to begin operations next winter. The company plans to install 40 injection molding machines over a three-year period with a total three-year investment of $41,975,000. Gracious Living would hire 150 employees during the first year of operations and would commit to create a total of 250 jobs within three-years of operation.

The job creation ratio for a recommended amount of 3,700 kW is 68 new jobs per MW. This ratio is well above the historic average of 19.2 new jobs per MW over the past four years. The total project investment of $41.975 million results in a capital investment ratio of $11.34 million per MW. This ratio is below the four-year historic average of $20.9 million per MW.

As a plastic injection molding manufacturer, Gracious Living operates in a highly competitive market with major competitors for its products located in China, as well as Georgia, Massachusetts, and Pennsylvania. Additionally, the company's major customers (e.g., big box retailers) are continually demanding lower-cost goods. A hydropower allocation will support the company's decision to move forward with this project, creating much-needed WNY-based jobs and using private investment to return a large parcel of land along the Buffalo Waterfront to productive use.

ESD has offered an incentive package of $2 million under the Excelsior Jobs Program.

Staff recommends 3,700 kW of RP be awarded to Gracious Living in order to secure an investment of $41.975 million and the creation of 250 jobs in WNY, as detailed in Exhibit '5b-A-3.'

4. CONTRACT INFORMATION

The Authority is in the process of discussing a proposed hydropower sales contract with Gracious Living and anticipates receiving customer approval of a contract form substantially similar to that attached as Exhibit '5b-B.' Accordingly, the Trustees are requested to authorize a public hearing pursuant to PAL §1009 on the contract form attached as Exhibit '5b-B.' A public hearing is not needed for Brunner or Ford as they are existing hydropower customers each with the WNY contract form that allows additional allocations and associated commitments to be folded into the existing contract.

As required by PAL §1009, when the Authority believes it has reached agreement with its prospective co-party on a contract for the sale of EP or RP, it will transmit the proposed form of contract to the Governor and other elected officials, and hold a public hearing on the contract. At least 30-days' notice of the hearing must be given by publication in each of six selected newspapers once per week during such period. Following the public hearing, the form of contract may be modified, if advisable. Upon approval of the final proposed contract by the Authority, the Authority must 'report' the proposed contract, along with its recommendations and the public hearing records, to the Governor and other elected officials. Upon approval by the Governor, the Authority may execute the contract.

The general form of the proposed contract is consistent with recently approved contracts for the sale of EP and RP. Some pertinent provisions of the proposed form of contract include the provision for direct billing of all production charges (i.e., demand and energy) as well as all New York Independent System Operator, Inc. ('NYISO') charges, plus taxes or any other required assessments, all as set forth in the Authority's Service Tariff No. WNY-1. The proposed form of contract would also include (i) commercially reasonable provisions relating to financial security to reflect a direct billing arrangement between the Authority and its EP/RP customers, and (ii) provisions authorizing data transfers and addressing other utility-driven requirements which are necessary for efficient program implementation. Such provisions have been used in other Authority contracts forms, including the Authority's Recharge New York Power Program contracts.

As is typical, the provision of electric service for this hydropower allocation is subject to enforceable employment and usage commitments. The standard contract form includes annual job reporting requirements and a job compliance threshold of 90%. Should Gracious Living's actual jobs reported fall below the compliance threshold, the Authority has the right to reduce the allocation on a pro-rata basis.

Each of the recommended allocations would be sold to these companies pursuant to the Authority's Service Tariff No. WNY-1, which applies to all allocations of EP and RP commencing July 1, 2013. Transmission and delivery service would be provided by National Grid in accordance with its Public Service Commission-filed service tariffs.

RECOMMENDATION

The Manager – Business Power Allocations and Compliance recommends that the Trustees approve the allocations of Replacement Power to Brunner International, Inc. (2,400 kW) and to Gracious Living USA (3,700 kW), and 1,000 kW of Expansion Power to Ford Motor Company, as detailed in Exhibit '5b-A.'

Lastly, the Trustees are requested to authorize the Corporate Secretary to convene a public hearing on the form of the proposed contract finally negotiated with Gracious Living, the current form of which is attached as Exhibit '5b-B,' and transmit copies of the proposed form of the contract to the Governor and legislative leaders pursuant to PAL §1009.

Staff will report to the Board of Trustees on the public hearing and the proposed contract and, at a later time, make additional recommendations regarding the proposed contract.

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

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

RESOLVED, That allocations totaling 7,100 kW of Authority hydropower to Brunner International, Inc. (2,400 kW Replacement Power), Ford Motor Company (1,000 kW Expansion Power), and Gracious Living USA (3,700 kW Replacement Power), as detailed in Exhibit "5b-A," be, and hereby are, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Trustees hereby authorize a public hearing on the terms of the proposed form of the direct sale contract for the sale of hydropower and energy finally negotiated with Gracious Living USA (the "Contract"), subject to rates previously approved by the Trustees; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to transmit copies of the proposed Contract 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 pursuant to Public Authorities Law ("PAL") §1009; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to arrange for the publication of a notice of public hearing in six newspapers throughout the State, in accordance with the provisions of PAL §1009; and be it further

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

6. Awards of Fund Benefits from the Western New York Economic Development Fund Recommended by the Western New York Power Proceeds Allocation Board

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to: (1) accept the recommendations of the Western New York Power Proceeds Allocation Board ('WNYPPAB') and make awards of Fund Benefits from the Western New York Economic Development Fund ('Fund') to the applicants listed in Exhibit '6-A-1' (Visit Buffalo Niagara, Niagara University, Forest Lawn Heritage Foundation, CNC Technical Solutions, Inc., Washington Mills, Inc., Lineagen, Inc., and Ford Motor Company), and Exhibit '6-A-2' (Niagara Label Company, Inc., OSC Manufacturing & Equipment Services, Inc. and Yancey's Fancy, Inc./D&Y Cheeses, Inc.), in the amounts listed on such Exhibits.

For clarity, the three applicants listed in Exhibit '6-A-2' were recommended for an award by the WNYPPAB at its meeting on September 10, 2013. However, these applications were not forwarded to the Trustees for consideration at that time because Authority staff needed to review the proposed projects for compliance with the State Environmental Quality Review Act. That review has been completed and the award recommendations for these projects are being presented to the Trustees for consideration at this time.

For informational purposes, Exhibit '6-B' lists: (1) projects and applicants the WNYPPAB has determined are ineligible for Fund Benefits; (2) projects the WNYPPAB has determined are not being recommended for an award of Fund Benefits; and (3) applications that have been deferred for future consideration by the WNYPPAB.

BACKGROUND

1. Western New York Power Proceeds Allocation Act

On March 30, 2012, Governor Cuomo signed into law the Western New York Power Proceeds Allocation Act (the 'Act'). The Act provides for the creation, by the Authority, of the Western New York Economic Development Fund. The Fund consists of the aggregate excess of revenues received by the Authority from the sale of Expansion Power ('EP') and Replacement Power ('RP') produced at the Niagara Power Project that was sold in the wholesale energy market over what revenues would have been received had such energy been sold on a firm basis to an eligible EP or RP customer under the applicable tariff or contract. Under the Act, the monies in the Fund are available to support economic development in Western New York ('WNY') by eligible applicants for eligible projects as 'Fund Benefits.'

Under the Act, an 'eligible applicant' is a private business, including a not-for-profit corporation. 'Eligible projects' is defined to mean 'economic development projects by eligible applicants that are physically located within the State of New York within a thirty-mile radius of the Niagara power project located in Lewiston, New York that will support the growth of business in the state and thereby lead to the creation or maintenance of jobs and tax revenues for the state and local governments.' Eligible projects include, for example, capital investments in buildings, equipment, and associated infrastructure owned by an eligible applicant for fund benefits; transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York state; support for tourism and marketing and advertising efforts for WNY state tourism and business; and energy-related projects.

Eligible projects do not include public interest advertising or advocacy; lobbying; the support or opposition of any candidate for public office; the support or opposition to any public issue; legal fees related to litigation of any kind; expenses related to administrative proceedings before state or local agencies; or retail businesses as defined by the board, including without limitation, sports venues, gaming and gambling or entertainment-related establishments, residential properties, or places of overnight accommodation.

Fund Benefits have been provided to successful eligible applicants in the form of grants. It is anticipated that Fund Benefits will be disbursed as reimbursement for expenses incurred by an eligible applicant for an eligible project.

At least 15% percent of Fund Benefits must be dedicated to eligible projects which are 'energy-related projects, programs and services,' which is 'energy efficiency projects and services, clean energy technology projects and services, and high performance and sustainable building programs and services, and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.'

Allocations of Fund Benefits may only be made on the basis of moneys that have been deposited in the Fund. No award may encumber future funds that have been received but not deposited in the Fund.

2. <u>WNYPPAB</u>

Under the Act, the WNYPPAB is charged with soliciting applications for Fund Benefits, reviewing applications, making eligibility determinations, and evaluating the merits of applications for Fund Benefits. WNYPPAB uses the criteria applicable to EP, RP and Preservation Power ('PP'), and for revitalization of industry as provided in Public Authorities Law §1005. Additionally, WNYPPAB is authorized to consider the extent to which an award of Fund Benefits is consistent with the strategies and priorities of the Regional Economic Development Council having responsibility for the region in which an eligible project is proposed.

The WNYPPAB met on March 4, 2013 and, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. At that time, WNYPPAB defined 'retail business' to mean a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.

WNYPPAB also designated the Western New York Regional Director of Empire State Development Corporation ('ESD') to be its designee ('Designee') to act on its behalf on all administrative matters. Among other things, the Designee was authorized to preform analyses of the applications for Fund Benefits and make recommendations to WNYPPAB on the applications.

3. <u>Application Process</u>

In an effort to provide for the efficient review of applications and disbursement of Fund Benefits, the WNYPPAB established a series of application due dates coupled with a schedule of dates through the end of 2013 on which the WNYPPAB would meet to consider applications. In addition, the application process was promoted through a media release and with assistance from state and local entities, including the Western New York and Finger Lakes Regional Economic Development Councils, the Empire State Development Corporation and other local and regional economic development organizations within the State. A webpage was created that is hosted on WWW.NYPA.GOV/WNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by the Western New York Empire State Development regional office. Additionally, ESD and the Authority hosted a meeting on June 25, 2013 in Buffalo with a plethora of WNY economic development agencies to further educate them on the Fund and how they can continue to market the Fund to their constituents.

In this fourth round, the WNYPPAB received 40 applications seeking more than $23 million in Fund Benefits. WNYPPAB's staff analyzed the applications and made recommendations to WNYPPAB concerning each of the applications based on eligibility requirements and Program Criteria. Copies of the recommendations from the WNYPPAB staff are attached as 'Exhibit '6-C.'

At its November 18, 2013 meeting, the WNYPPAB took the following actions on applications for Fund Benefits:

4. Recommendations for Awards of Fund Benefits

The WNYPPAB is recommending to the Trustees that the applicants listed on Exhibit '6-A-1' each receive an award of Fund Benefits in the amounts indicated. Based on the applications, these proposed projects would directly create or retain approximately 902 jobs in WNY. The total investment to be expended on the proposed projects is expected to exceed $108M.

The WNYPPAB is also recommending that the applicants listed on Exhibit '6-A-2' each receive an award of Fund Benefits in the amounts indicated. Based on these applications, the proposed projects would directly create or retain approximately 214 jobs in WNY. The total amount to be expended on these proposed projects is expected to exceed $38M.

In total, based on the respective applications, the projects listed on Exhibits '6-A-1' and '6-A-2' are expected to create or retain approximately 1,116 jobs and result in an expenditure of project investment in the total amount of approximately $146M.

5. Other Determinations

For the Trustees' information, Exhibit '6-B' lists: (1) projects and applicants the WNYPPAB has determined are ineligible for Fund Benefits; (2) projects the WNYPPAB has determined are not being recommended for an award of Fund Benefits; and (3) applications that have been deferred for future consideration. This information is being provided for information only. No action by the Trustees is required with respect to these matters.

DISCUSSION

Under the Act, a recommendation for Fund Benefits by WNYPPAB is a prerequisite to an award of Fund Benefits by the Authority, and the Act authorizes the Authority to award Fund Benefits to an applicant upon a recommendation of the WNYPPAB. Upon a showing of good cause, the Authority has discretion as to whether to adopt the WNYPPAB's recommendation, or to award benefits in a different amount or on different terms and conditions than proposed by the WNYPPAB. In addition, the Authority is authorized to include within the contract covering an award ('Award Contract') such other terms and conditions the Authority deems appropriate.

Given the nascent stage of the proposed projects, it is not possible at this time to identify all of the terms and conditions that would be applicable to each award and memorialized in an Award Contract. With the Trustees' authorization, it is anticipated that the Authority, in consultation with ESD, will negotiate final terms and conditions with successful applicants after receipt of more detailed information concerning the projects and proposed schedules. In addition to appropriate business terms, staff anticipates that Award Contracts will contain provisions for periodic audits of the successful applicant for the purpose of determining contract and program compliance, and where appropriate, terms providing for the partial or complete recapture of Fund Benefits disbursements if the applicant fails to maintain agreed-upon commitments, relating to, among other things, employment levels and/or project element due dates.

RECOMMENDATION

The Vice President, Marketing recommends that:

(1) the Trustees accept the recommendations of the Western New York Power Proceeds Allocation Board ('WNYPPAB') and make awards of Fund Benefits to the applicants listed in Exhibits 'A-1' and 'A-2' in the amounts indicated, conditioned upon an agreement to be negotiated with each applicant on the final terms and conditions that would be applicable to each award to be contained in an Award Contract that is approved by the President and Chief Executive Officer and approved as to form by the Executive Vice President and General Counsel, or so approved by their designees;

(2) the Senior Vice President – Economic Development and Energy Efficiency, or his designees, in consultation with the Empire State Development Corporation, be authorized to negotiate with the applicants concerning such final terms and conditions that will be applicable to the awards; and

(3) the Senior Vice President – Economic Development and Energy Efficiency, or his designees, be authorized to execute, on behalf of the Authority, Award Contracts for each of the awards listed on Exhibit '6-A' subject to the foregoing conditions.

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

Mr. John Giumarra provided highlights of staff's recommendation to the Trustees. In response to a question from Chairman Koelmel, Mr. Russak said that since the program began, the Authority has accumulated approximately $26 million and the amounts deposited in the fund is based on the megawatts of unsold replacement power. Responding to further questioning from Chairman Koelmel, Mr. Russak said deposits to the fund are made on a quarterly basis.

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

WHEREAS, the Western New York Power Proceeds Allocation Board ("NYPPAB") has recommended that the Authority make awards of Fund Benefits from the Western New York Economic Development Fund ("Fund") to the applicants listed in Exhibits "6-A-1" and "6-A-2";

NOW THEREFORE BE IT RESOLVED, That the Authority hereby accepts the recommendations of the WNYPPAB and authorizes awards of Fund Benefits to the applicants listed on Exhibits "6-A-1" and Exhibit "6-A-2" in the amounts identified in such Exhibits, conditioned upon an agreement between the Authority and each applicant on the final terms and conditions that would be applicable to each award and set forth in a written award contract ("Award Contract") between the Authority and each applicant that is approved by the President and Chief Executive Officer and approved as to form by the Executive Vice President and General Counsel, or so approved by their designees; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, in consultation with the Empire State Development Corporation, is authorized to negotiate with successful applicants concerning such final terms and conditions that will be applicable to the awards; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, is authorized to execute on behalf of the Authority Award Contracts for each of the awards listed on Exhibit "6-A" subject to the foregoing conditions; and be it further

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

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

Mr. Chairman, I move that the Authority conduct an executive session to consult with counsel. Upon motion made and seconded an Executive Session was held.

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

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

9. Next Meeting

The Regular Meeting of the Trustees will be held on **January 28, 2014, at 11:00 a.m., at the Clarence D. Rappleyea Building, White Plains, New York,** unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

Upon motion made and seconded, the meeting was adjourned by the Chairman at approximately 1:30 p.m.

Karen Delince
Corporate Secretary

EXHIBITS

For

December 17, 2013

Regular Trustees' Meeting

Procurement (Services) Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A"
December 17, 2013

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
ENTERPRISE SHARED SERVICES - CORPORATE SUPPORT SERVICES - FACILITY MGMT	**Q13-5536; 4 awards:** **1. C.W. BROWN, INC. ♦** Armonk, NY **2. LLF CONSTRUCTION ♦ SERVICES, INC.** White Plains, NY **3. ROYAL DIAMOND CONSTRUCTION CORP.** Cortlandt Manor, NY **4. SCULLY CON-STRUCTION LLC** North White Plains, NY (PO#s TBA)	01/01/14 (on or about)	Provide for on-call General Contracting services (e.g., plumbing, electrical, carpentry, masonry) for the Rappleyea Building, garage and grounds	12/31/18	B/C	*Note: represents aggregate total for up to **5**-year term		**$6,000,000***
ENTERPRISE SHARED SERVICES - IT	**Q13-5484; 10 pre-qualified firms:** **1. BAYFORCE TECHNOLOGY SOLUTIONS, INC.** Tampa, FL **2. CARLYLE CONSULTING SERVICES, INC.** New York, NY [continued on next page]	01/01/14 (on or about)	Provide for services of specialized SAP temp-orary programming per-sonnel, on an "as needed" basis	12/31/16	B/S	*Note: represents aggregate total for up to **3**-year term		**$2,700,000***

♦ M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
1 Award Basis: B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
	Q13-5484 continued							
	3. ECLARO INTERNATIONAL, ♦ INC. New York, NY							
	4. EXPERIS US, INC. Milwaukee, WI							
	5. GROM ASSOCIATES, INC. Flemington, NJ							
	6. MITCHELL MARTIN INC. New York, NY							
	7. SAGE GROUP CONSULTING, ♦ INC. Hazlet, NJ							
	8. SAPTA GLOBAL, INC. ♦ dba ZEN4IT Woodbridge, NJ							
	9. SIERRA INFOSYS, INC. ♦ Houston, TX							
	10. UNIQUE COMP, INC. ♦ Long Island City, NY (PO#s TBA)							

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Procurement (Services) Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A"
December 17, 2013

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
OPERATIONS SUPPORT SERVICES - ENGINEERING	**Q13-5489; 5 awards:** **1. CHA CONSULTING, INC.** Albany, NY **2. GEI CONSULTANTS, INC. (a Delaware Corp.) dba GEI Consultants, INC., P.C. in New York** New York, NY **3. GZA GEOENVIRONMENTAL OF NEW YORK** Norwood, MA (HQ) New York, NY (Branch Office) **4. NORTHEAST PROFESSIONAL ENGINEERING CONSULTANTS, LLC** N. Franklin, CT **5. PAUL C. RIZZO ENGINEERING - NEW YORK, PLLC** Tarrytown, NY (PO#s TBA)	01/01/14 (on or about)	Provide for on-call civil and geotechnical engineering services, as needed	12/31/18	B/A	*Note: represents aggregate total for up to 5-year term		**$5,000,000***
OPERATIONS - POWER GEN - NIAGARA	**DCB ELEVATOR ♦ CO., INC.** Lewiston, NY (N13-20081116GJ; PO# TBA)	01/01/14 (on or about)	Provide for elevator maintenance services for the Niagara Project	12/31/17	B/S	*Note: represents total for up to 4-year term		**$500,000***
OPERATIONS - POWER GEN - 500 MW POWER PROJECT	**GENERAL ELECTRIC INTERNATIONAL, INC.** North Bergen, NJ (6000143507; PO# TBA)	01/01/14 (on or about)	Provide for technical assistance to support the 500 MW Power Project	12/31/18	B/S	*Note: represents total for up to 5-year term		**$1,500,000***

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2	**Contract Type:**	**P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service**

Procurement (Services) Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A"
December 17, 2013

Plant Site	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
OPERATIONS COO - TRANSMISSION	**C13-20078249WS; 2 awards:** **1. MICHELS POWER (A Division of Michels Corp.)** Neenah, WI (HQ) Syracuse, NY (Branch) **2. NORTHLINE UTILITIES LLC** Au Sable Forks, NY (PO#s TBA)	01/01/14 (on or about)	Provide for Transmission Emergency Response Services, as needed	12/31/18	B/C	*Note: represents aggregate total for up to **5**-year term		**$5,000,000***
OPERATIONS SUPPORT SERVICES - ASSET & MAINT. MGMT	**UNDERGROUND SYSTEMS, INC. dba USi** Armonk, NY (Q13-5513; PO# TBA)	01/01/14 (on or about)	Provide for monitoring and maintenance services for the Y-49 and Q-35 L&M cable oil leak detection and uprate systems	12/31/18	B/S	*Note: represents total for up to 5-year term		**$1,582,900***

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Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

Plant Site/ Bus. Unit	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
CONSOLIDATION OF PREVIOUSLY-APPROVED AGGREGATE FUNDING:								
LAW	**16 contracts with 13 firms in 3 categories:**		Provide for legal services in the 3 categories set forth below	Up to 5 years from the respective effective date	B/L			**$13,000,000***
	BOND, UNDERWRITER and DISCLOSURE COUNSEL:							
	1. **GONZALEZ SAGGIO ♦ & HARLAN LLP** New York, NY **4600002286**	08/01/10				*Note: represents consolidation of previously approved aggregate funding for 3 categories into one aggregate total: **$3 million for Bond, Underwriter and Disclosure Counsel + $4 million for Energy Services Counsel + $6 million for General Legal Services**		
	2. **HAWKINS DELAFIELD & WOOD LLP** New York, NY **4600002288**	09/01/10						
	3. **NIXON PEABODY LLP** Albany, NY **4600002289**	09/01/10						
	4. **ORRICK HERRINGTON & SUTCLIFFE LLP** New York, NY **4600002284**	08/22/11						

[continued on next page]

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

Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
December 17, 2013

Plant Site/ Bus. Unit	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
	ENERGY SERVICES COUNSEL:							
	5. HOLLAND & KNIGHT LLP New York, NY **4600002305**	06/01/10						
	6. MERCER THOMP-SON LLC Atlanta, GA **4600002295**	09/01/10						
	7. NIXON PEABODY LLP Albany, NY **4600002309**	09/01/10						
	8. TROUTMAN SANDERS LLP New York, NY **4600002294**	07/01/10						
	9. VAN NESS FELDMAN LLP Washington, D.C. **4600002293**	07/01/10						

[continued on next page]

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

Plant Site/ Bus. Unit	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
	GENERAL LEGAL SERVICES:							
	10. CARTER LEDYARD & MILBURN LLP New York, NY **4600002312**	02/23/11						
	11. HOLLAND & KNIGHT LLP New York, NY **4600002304**	06/01/10						
	12. NIXON PEABODY LLP Albany, NY **4600002308**	09/01/10						
	13. REISMAN PEIREZ REISMAN & CAPO-BIANCO LLP Garden City, NY **4600002313**	08/20/10						
	14. RIVKIN RADLER LLP Uniondale, NY **4600002290**	08/20/10						
	15. SCHOEMAN ♦ UPDIKE KAUFMAN STERN & ASCHER LLP New York, NY **4600002292**	08/01/10						

[continued on next page]

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Plant Site/ Bus. Unit	Company Contract #	Start of Contract	Description of Contract	Closing Date	Award Basis[1] Contract Type[2]	Compensation Limit	Amount Expended To Date	Authorized Expenditures For Life Of Contract
	GENERAL LEGAL SERVICES continued:							
	16. WHITEMAN OSTER-MAN & HANNA LLP Albany, NY **4600002314**	08/23/10						
EXTENSIONS:								
OPERATIONS COO - LABOR RELATIONS	**JOSEPH M. BRESS** Washington, D.C. **4500213229**	01/30/12	Provide for labor negotiation services	12/31/14 (+ option to extend for an additional year through 12/31/15, if needed)	Si/P	$450,000 *Note: represents originally authorized amount; NO ADDITIONAL FUNDING REQUESTED	$85,211	$450,000*
OPERATIONS SUPPORT SERVICES – PROJ MGMT + NIAGARA	**QUALITY INTEGRATED SERVICES, INC. (QIS)** Buffalo, NY **4500223661**	10/31/12	Provide for on-call testing and inspection services for concrete samples, metals, surface coatings, welds and soil for the Niagara Project	03/31/14	B/S	$237,750 *Note: represents originally authorized amount; NO ADDITIONAL FUNDING REQUESTED	$115,201	$237,750*

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

EXHIBIT A

New York Power Authority
St. Lawrence-FDR
Power Project
PV-20 Transmission Line
Proposed Easement At
Cumberland Head Road
Town of Plattsburgh
Clinton County

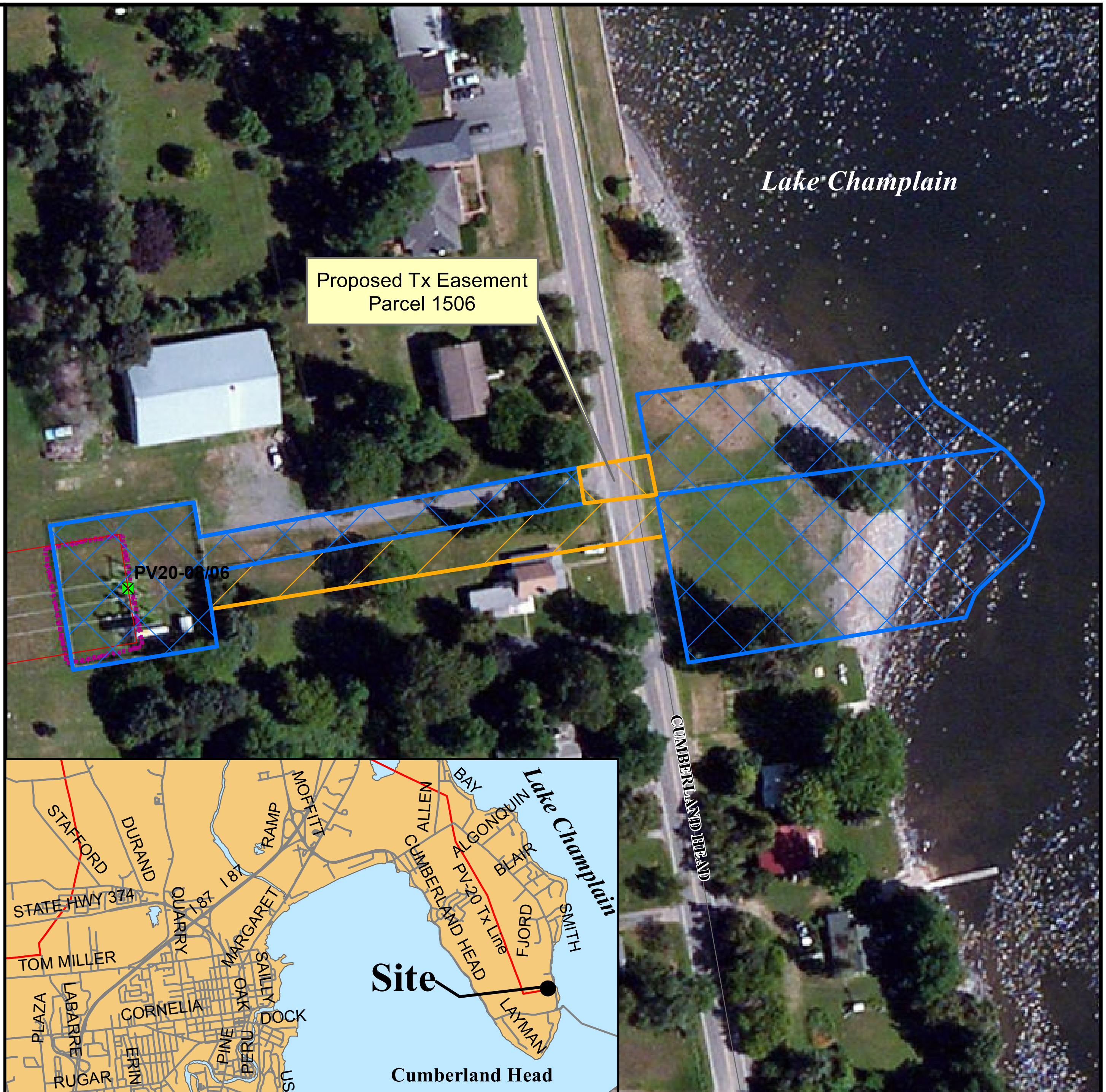
Legend

- NYPA Fee-Owned Property
- Existing NYPA Tx Easements
- Maintained Edge of ROW
- NYPA Tx Structures
- Public Highways

N

1 inch = 100 feet

0 25 50 100 150 200 Feet



PV20 Cumberland Head Parcel 1506 11/14/13

FRANKLIN COUNTY LEGISLATURE

355 West Main Street, Suite 409
Malone, New York 12953

Telephone (518) 481-1641
Fax: (518) 481-1639

October 10, 2013

Mr. Andrew B. Cline
General Manager - Transmission Maintenance
Clark Energy Center
6520 Glass Factory Road
Marcy, New York 13403-2100

RE: CONVEYANCE OF ELLENBURG RADIO SITE

Dear Mr. Cline:

I would like to request the conveyance of the NYPA Ellenburg Radio site, and the improvements attached thereto, for our Franklin County 911 Emergency Communications System. The Ellenburg site will improve interoperable communications for Franklin County as well as our partner agencies.

Sincerely,

D. Billy Jones

D. BILLY JONES, CHAIRMAN
FRANKLIN COUNTY LEGISLATURE

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF EXPANSION POWER AND/OR REPLACEMENT POWER
to
DELPHI AUTOMOTIVE PLC

The POWER AUTHORITY OF THE STATE OF NEW YORK ("Authority"), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law ("PAL"), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Expansion Power and/or Replacement Power ("Agreement") with Delphi Automotive PLC ("Customer"), with offices at 5725 Delphi Drive, Troy, Michigan 48098. The Authority and the Customer are from time to time referred to in this Agreement as "Party" or collectively as "Parties" and agree follows:

RECITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, Federal Energy Regulatory Commission ("FERC") Project No. 2216, known as "Expansion Power" (or "EP"), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, FERC Project No. 2216, known as "Replacement Power" (or "RP"), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, EP consists of 250 megawatts ("MW") of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, RP consists of 445 MW of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, Niagara Power Project hydroelectric power plays an important role in providing competitively priced power for sale to attract and retain business investment and to promote economic development in western New York State.

WHEREAS, the Authority is authorized pursuant to PAL § 1005(13)(a) to award EP and/or RP based on, among other things, the criteria listed in the PAL, including but not limited to an applicant's long-term commitment to the region as evidenced by the current and planned capital investment; the type and number of jobs supported or created by the allocation; and the state, regional and local economic development strategies and priorities supported by local units of governments in the area in which the recipient's facilities are located;

WHEREAS, PAL § 1005(11) provides that the Authority is authorized to "[t]o exercise all the powers necessary or convenient to carry out and effectuate the purposes and provisions of … title [1 of article 5 of the PAL] … and as incidental thereto to . . . sell … electric power, and generally to do any and every thing necessary or convenient to carry out the purposes of … title [1 of article 5 of the PAL] …";

WHEREAS, on December 17, 2013, the Authority's Board of Trustees ("Trustees") approved the transfer of a 1,000 kilowatt ("kW") allocation of RP and a 500 kW allocation of EP to the Customer for a five (5) year term (defined in Section I of this Agreement as the

"Allocation") in connection with the continued operation of the Facility as further described in this Agreement;

WHEREAS, on December 17, 2013, the Trustees authorized the Authority to, among other things, take any and all actions and execute and deliver any and all agreements and other documents necessary to effectuate its approval of the transfer of the Allocation;

WHEREAS, the Parties have reached an agreement on the terms and conditions that will be applicable to the sale of the Allocation provided for in this Agreement;

WHEREAS, the Authority has complied with requirements of PAL § 1009 which specifies the approval process for contracts negotiated by the Authority; and

WHEREAS, the Governor of the State of New York has approved the terms of this Agreement pursuant to PAL § 1009(3).

NOW THEREFORE, in consideration of the mutual covenants herein, the Authority and the Customer agree as follows:

NOW THEREFORE, the Parties hereto agree as follows:

I. Definitions

A. **Agreement** means this Agreement.

B. **Allocation** refers to the allocation(s) of EP and/or RP set forth in Schedule A.

C. **Contract Demand** is as defined in Service Tariff No. WNY-1.

D. **Electric Service** is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules.

E. **Expansion Power** (or **EP**) is 250 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

F. **Facility** means the Customer's facilities as further described in this Agreement.

G. **Firm Power** is as defined in Service Tariff No. WNY-1.

H. **Firm Energy** is as defined in Service Tariff No. WNY-1.

I. **FERC** means the Federal Energy Regulatory Commission (or any successor organization).

J. **FERC License** means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal

Power Act, which became effective September 1, 2007 after expiration of the Project's original license which became effective in 1957.

K. **Hydro Projects** is a collective reference to the Project and the Authority's St. Lawrence-FDR Project, FERC Project No. 2000.

L. **Load Serving Entity (or LSE)** means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

M. **NYISO** means the New York Independent System Operator or any successor organization.

N. **NYISO Tariffs** means the NYISO's Open Access Transmission Tariff or the NYISO's Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

O. **Project** means the Niagara Power Project, FERC Project No. 2216.

P. **Replacement Power (or RP)** is 445 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

Q. **Rules** are the applicable provisions of Authority's rules and regulations (Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as may be modified from time to time by the Authority.

R. **Service Tariff No. WNY-1** means the Authority's Service Tariff No. WNY-1, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

S. **Schedule A** refers to the Schedule A entitled "Expansion Power and/or Replacement Power Allocations" which is attached to and made part of this Agreement.

T. **Schedule B** refers to the Schedule B entitled "Expansion Power and/or Replacement Commitments" which is attached to and made part of this Agreement.

U. **Schedule C** refers to the Schedule C entitled "Takedown Schedule" which is attached to and made part of this Agreement.

V. **Substitute Energy** means energy that the Authority provides at the request of the Customer to replace hydroelectricity that would otherwise have been supplied to the Customer under this Agreement. Unless otherwise agreed upon by the Parties, Substitute Energy refers to energy purchased by the Authority for the Customer from markets administered by the NYISO.

W. **Taxes** is as defined in Service Tariff No. WNY-1

X. **Unforced Capacity (or "UCAP")** means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

Y. **Utility Tariff** means the retail tariff(s) of the Customer's local electric utility filed and approved by the PSC applicable to the delivery of EP and/or RP.

II. Electric Service

A. The Authority shall make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, Service Tariff No. WNY-1and the Rules. The Customer shall not be entitled to receive Electric Service under this Agreement for any EP and/or RP allocation unless such EP and/or RP allocation is identified on Schedule A.

B. The Authority will provide, and the Customer shall pay for, Electric Service with respect to the Allocation specified on Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall take and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.

C. The Authority shall provide UCAP in amounts necessary to meet the Customer's NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with Service Tariff No. WNY-1.

D. The Customer acknowledges and agrees that Customer's local electric utility shall be responsible for delivering the Allocation to the Facility specified in Schedule A, and that the Authority has no responsibility for delivering the Allocation to the Customer.

E. The Contract Demand for the Customer's Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as EP or RP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all EP and RP customers, as applicable, based on the terms of such ruling, order, or decision.

F. The Contract Demand may not exceed the Allocation.

III. Rates, Terms and Conditions

A. Electric Service shall be sold to the Customer based on the rates, terms and conditions provided for in this Agreement, Service Tariff No. WNY-1 and the Rules.

B. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30 days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority's competitive position with respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority's bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. Any rate increase to Customer under this subsection shall be on a non-discriminatory basis as compared to other Authority customers after giving consideration to the factors set forth in the first sentence of this subsection. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

IV. Expansion and/or Replacement Power Commitments

A. Schedule B sets forth the Customer's specific "Expansion Power and/or Replacement Power Commitments." The commitments agreed to in Schedule B are in addition to any other rights and obligations of the Parties provided for in the Agreement. The Authority shall have the right to reduce the Allocations based on reductions in the Contract Demand made pursuant to Schedule B if the Customer fails to meet such commitments.

B. The Authority will provide written notice to the Customer of any reduction made pursuant to this Article within thirty (30) days of such determination and will furnish the Customer with a revised Schedule A which reflects the reduced Allocation.

C. Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the Authority deems necessary to determine the Customer's compliance with the Customer's obligations provided for in Schedule B.

V. Rules and Service Tariff

Service Tariff No. WNY-1, as may be modified or superseded from time to time by the Authority, is hereby incorporated into this Agreement with the same force and effect as if set forth herein at length. In the event of any inconsistencies, conflicts, or differences between the provisions of Service Tariff No. WNY-1 and the Rules, the provisions of Service Tariff No. WNY-1 shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and Service Tariff No. WNY-1, the provisions of this Agreement shall govern.

VI. Transmission and Delivery of Firm Power and Firm Energy; Responsibility for Charges

A. The Customer shall be responsible complying with all requirements of its local electric utility that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff.

B. The Customer shall be solely responsible for paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff. Should the Authority incur any charges associated with such delivery service, the Customer shall reimburse the Authority for all such charges.

C. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority's behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff ("NYISO Charges"), as set forth in Service Tariff No. WNY-1 or any successor service tariff, regardless of whether such NYISO Charges are transmission-related. Such NYISO Charges shall be in addition to the charges for power and energy.

D. By entering into this Agreement, the Customer consents to the exchange of information between the Authority and the Customer's local electric utility pertaining to the Customer that the Authority and the local electric utility determine is necessary to provide for the Allocation, sale and delivery of EP and/or RP to the Customer, the proper and efficient implementation of the EP and/or RP programs, billing related to EP and/or RP, and/or the performance of such parties' obligations under any contracts or other arrangements between them relating to such matters.

E. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement or other form of understanding between the Authority and the Customer's local electric utility on terms and conditions that are acceptable to the Authority.

F. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, provide documentation, execute consents and provide other information (collectively, "Information") which the Authority determines is necessary for the provision of Electric Service, the delivery of EP and/or RP, billing related to the EP and/or RP program, the effective and proper administration of the EP and/or RP program, and/or the performance of contracts or other arrangements between the Authority and the Customer's local electric utility. The Customer's failure to provide such Information shall be grounds for the Authority in its sole discretion to withhold or suspend Electric Service to the Customer.

VII. Billing and Billing Methodology

A. The billing methodology for the Allocation shall be determined on a "load factor sharing" basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer's local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.

B. The Authority will render bills by the 10th business day of the month for charges due for the previous month. Such bills shall include charges for Electric Service, NYISO Charges associated with the Allocation (subject to adjustment consistent with any later NYISO re-billings to the Authority), and other applicable charges.

C. The Authority may render bills to the Customer electronically.

D. The Authority and the Customer may agree in writing to an alternative method for the rendering of bills and for the payment of bills, including but not limited to the use of an Authority-established customer self-service web portal.

E. The Authority will charge and collect from the Customer all Taxes (including local, state and federal taxes) the Authority determines are applicable, unless the Customer furnishes the Authority with proof satisfactory to the Authority that (i) the Customer is exempt from the payment of any such Taxes, and/or (ii) the Authority is not obligated to collect such Taxes from the Customer. If the Authority is not collecting Taxes from the Customer based on the circumstances described in (i) or (ii) above, the Customer shall immediately inform the Authority of any change in circumstances relating to its tax status that would require the Authority to charge and collect such Taxes from the Customer.

F. Unless otherwise agreed to by the Authority and the Customer in writing, if the Customer fails to pay any bill when due, an interest charge of two percent (2%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent (1 1/2%) of the sum unpaid shall be added on the first day of each succeeding billing period until the amount due, including interest, is paid in full.

G. Unless otherwise agreed to by the Authority and the Customer in writing, in the event the Customer disputes any item of any bill rendered by Authority, the Customer shall pay such bill in full within the time provided for by this Agreement, and adjustments, if appropriate, will be made thereafter.

H. If at any time after commencement of Electric Service the Customer fails to make complete and timely payment of any two (2) bills for Electric Service, the Authority shall have the right to require the Customer to deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit shall be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. If the Customer fails or refuses to provide the deposit within thirty (30) days of a request for such deposit, the Authority may, in its sole discretion, suspend Electric Service to the Customer or terminate this Agreement.

I. All other provisions with respect to billing are set forth in Service Tariff No. WNY-1 and the Rules.

J. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

VIII. Hydropower Curtailments and Substitute Energy

A. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of the Authority's firm power customers served by the Authority from the Hydro Projects, curtailments (*i.e.* reductions) in the amount of Firm Power and Firm Energy associated with the Allocation to which the Customer is entitled shall be applied on a *pro rata* basis to all firm power and energy customers served from the Hydro Projects, consistent with Service Tariff No. WNY-1 as applicable.

B. The Authority shall provide reasonable notice to Customer of any curtailments referenced in Section VIII.A of this Agreement that could impact Customer's Electric Service under this Agreement. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer to replace the Firm Power and Firm Energy that would otherwise have been supplied pursuant to this Agreement.

C. For each kilowatt-hour of Substitute Energy supplied by the Authority, the Customer will pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Billing and payment for Substitute Energy shall be governed by the Billing and Payments provision of the Authority's Rules (Section 454.6) and shall apply directly to the Substitute Energy service supplied to the Customer.

D. The Parties may enter into a separate agreement to facilitate the provision of Substitute Energy, provided, however, that the provisions of this Agreement shall remain in effect notwithstanding any such separate agreement. The provision of Substitute Energy may be terminated by the Authority or the Customer on fifteen (15) days' prior written notice.

IX. Effectiveness, Term and Termination

A. This Agreement shall become effective and legally binding on the Parties upon execution of this Agreement by the Authority and the Customer.

B. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (1) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (2) termination by the Authority pursuant to this

Agreement, Service Tariff No. WNY-1, or the Rules; or (3) expiration of the Allocation by its own term as specified in Schedule A.

C. The Customer may exercise a partial termination of the Allocation upon at least thirty (30) days' notice prior written notice to the Authority. The termination shall be effective commencing with the first billing period as defined in Service Tariff No. WNY-1.

D. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, Service Tariff No. WNY-1, or the Rules.

X. Additional Allocations

A. Upon proper application by the Customer, the Authority may in its discretion award additional allocations of EP or RP to the Customer at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (i) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (ii) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix, within a reasonable time after commencement of Electric Service for any such additional allocation.

B. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for additional allocations and consider the terms and conditions that should be applicable of any additional allocations.

XI. Notification

A. Correspondence involving the administration of this Agreement shall be addressed as follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email: MED-BPAC@nypa.gov
Facsimile: 914-390-8156
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

Delphi Automotive PLC
5725 Delphi Drive
Troy, Michigan 48098
Email:
Facsimile:
Attention:

The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XI.B of this Agreement.

B. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (1) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (2) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (3) if delivered by hand, with written confirmation of receipt; (4) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (5) if sent by electronic mail to the appropriate address as set forth above, with written confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

XII. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a).

XIII. Venue

Each Party consents to the exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement.

XIV. Successors and Assigns; Resale of Hydropower

A. The Customer may not assign or otherwise transfer an interest in this Agreement.

B. The Customer may not resell or allow any other person to use any quantity of EP and/or RP it has purchased from the Authority under this Agreement.

C. Electric Service sold to the Customer pursuant to this Agreement may only be used by the Customer at the Facility specified in Schedule A.

XV. Previous Agreements and Communications

A. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, representations, warranties, commitments, offers, contracts and writings, written or oral, with respect to the subject matter hereof.

B. Except as otherwise provided in this Agreement, no modification of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XVI. Severability and Voidability

A. If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

B. Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

XVII. Waiver

A. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.

B. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XVIII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement by email as a PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]

AGREED:

DELPHI AUTOMOTIVE PLC

By: ____

Title: ____

Date: ____

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: ____
John R. Koelmel, Chairman

Date: ____

SCHEDULE A TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER TO CUSTOMER

EXPANSION POWER AND/OR REPLACEMENT POWER ALLOCATIONS

Customer: Delphi Automotive PLC

Type of Allocation (EP or RP)	Amount (kW)	Facility	Expiration Date	Trustee Approval Date
EP	500	Lockport Technical Center 200 Upper Mountain Road Lockport, New York 14094	Five (5) years from commencement of Electric Service of any portion of this Allocation	12/17/13
RP	1,000	Lockport Technical Center 200 Upper Mountain Road Lockport, New York 14094	Five (5) years from commencement of Electric Service of any portion of this Allocation	12/17/13

SCHEDULE B TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER TO CUSTOMER

EXPANSION POWER AND/OR REPLACEMENT POWER COMMITMENTS

I. Customer Commitments and Related Matters

A. Employment Levels

The provision of EP and/or RP to the Customer hereunder is in consideration of, among other things, the Customer's creation and/or maintenance of the employment level set forth in the Appendix of this Schedule (the "Base Employment Level"). Such Base Employment Level shall be the total number of full-time positions held by: (1) individuals who are employed by the Customer at Customer's Facility identified in the Appendix to this Schedule, and (2) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (collectively, "Base Level Employees"). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.

The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for *bona fide* economic or management reasons.

The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority's sole discretion.

B. Employment Records and Reports

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer's Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice

all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

C. Capital Investment

The provision of EP and/or RP to the Customer hereunder is in consideration of, among other things, the Customer's Capital Investment Commitments set forth in the Appendix of this Schedule B.

The Customer shall furnish to the Authority records and other proof of the Customer's capital investments in the Facility as the Authority may request to allow the Authority to determine the Customer's compliance with the Capital Investment Commitments provided for in the Appendix to this Schedule B.

In addition, each year beginning with 2014, the Customer shall record its annual capital investments at the Facility, and report such information to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority will use such information for the purpose of determining the Customer's compliance with the Capital Investment Commitments provided for in the Appendix to this Schedule B.

II. <u>Reductions of Contract Demand</u>

A. Employment Levels

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in this Schedule B, for the subject calendar year, the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

B. Power Utilization Levels

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement. If the average of the Customer's six (6) highest Billing Demands (as such term is described in Service Tariff No. WNY-1) for Expansion Power is less than 90% of the Customer's Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

C. Capital Investment Levels

If the Customer's capital investment at the Facility in any year is less than 90% of its Capital Investment Commitment for such year, the Contract Demand may be reduced by the Authority subject to Article II.D of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the capital investment made at the Facility for such year divided by the Capital Investment Commitment for such year. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

D. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to this Schedule , the Authority shall provide the Customer with at least thirty (30) days prior written notice of such reduction, specifying the amount of the reduction of Contract Demand and the reason for the reduction, provided, however, that before making the reduction, the Authority may consider the Customer's scheduled or unscheduled maintenance or facilities upgrading periods when such events temporarily reduce plant employment levels or electrical demand as well as business cycle.

III. Energy Efficiency Audits; Information Requests

Unless otherwise agreed to by the Authority in writing, the Customer shall undergo an energy efficiency audit of its Facility and equipment at which the Allocation is consumed at the Customer's expense at least once during the term of this Agreement but in any event not less than once every five years. The Customer will provide the Authority with a copy of the audit or, at the Authority's option, a report describing the results of the audit, and provide documentation requested by the Authority to verify the implementation of any efficiency measures implemented at the Facility.

The Customer agrees to cooperate to make its Facility available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform, if any, at the Authority's own expense.

The Customer shall provide information requested by the Authority or its designee in surveys, questionnaires and other information requests relating to energy efficiency and energy-related projects, programs and services.

The Customer may, after consultation with the Authority, exclude from written copies of audits, reports and other information provided to the Authority under this Article trade secrets and other information which if disclosed would harm the competitive position of the Customer.

APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

Beginning with the commencement of Electric Service through the Expiration Date as provided for in Schedule A, the Customer agrees to maintain a Base Employment Level of two hundred fifty (250) persons at the Customer's Facility located at the Lockport Technical Center, 200 Upper Mountain Road, Lockport, New York 14094 in accordance with Article I of this Schedule B.

CAPITAL INVESTMENT COMMITMENTS

The Customer shall make capital investments in the Facility in the following amounts for each calendar year indicated:

Calendar Year	Capital Investment Commitment
2014	$1,500,000
2015	$70,000
2016	$70,000
2017	$70,000
2018	$70,000
Total	$1,780,000

SCHEDULE C TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND ENERGY TO CUSTOMER

TAKEDOWN SCHEDULE

N/A

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

Schedule of Rates for Sale of Firm Power to Expansion and Replacement Customers located In Western New York

Service Tariff No. WNY-1

Table of Contents

Schedule of Rates for Firm Power Service

I. Applicability

To sales of Expansion Power and/or Replacement Power (as defined below) directly to a qualified business Customer (as defined below) for firm power service.

II. Abbreviations and Terms

- kW — kilowatt(s)
- kW-mo. — kilowatt-month
- kWh — kilowatt-hour(s)
- MWh — megawatt-hour(s)
- NYISO — New York Independent System Operator, Inc. or any successor organization
- PAL — New York Public Authorities Law
- OATT — Open Access Transmission Tariff

Agreement: An executed "Agreement for the Sale of Expansion and/or Replacement Power and Energy" between the Authority and the Customer (each as defined below).

Annual Adjustment Factor or **AAF**: This term shall have the meaning set forth in Section V herein.

Authority: The Power Authority of the State of New York, a corporate municipal instrumentality and a political subdivision of the State of New York created pursuant to Chapter 772 of the New York Laws of 1931 and existing and operating under Title 1 of Article 5 of the PAL, also known as the "New York Power Authority."

Customer: A business customer who has received an allocation for Expansion Power and/or Replacement Power from the Authority and who purchases Expansion Power and/or Replacement Power directly from the Authority.

Electric Service: The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

Expansion Power and/or **Replacement Power**: Firm Power and Firm Energy made available under this Service Tariff by the Authority from the Project for sale to the Customer for business purposes pursuant to PAL § 1005(5) and (13).

Firm Power: Capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the Agreement between the Authority and the Customer and this Service Tariff. Firm Power shall not include peaking power.

Firm Energy: Energy (kWh) associated with Firm Power.

Load Serving Entity or **LSE**: This term shall have the meaning set forth in the Agreement.

Load Split Methodology or **LSM**: A load split methodology applicable to a Customer's allocation. It is usually provided for in an agreement between the Authority and the Customer's local electric utility, an agreement between the Authority and the Customer, or an agreement between the Authority, the Customer and the Customer's local electric utility, or such local utility's tariff, regarding the delivery of WNY Firm Power. The load split methodology is often designated as "Load Factor Sharing" or "LFS" , "First through the Meter" or "FTM", "First through the Meter Modified" or "FTM Modified", or "Replacement Power 2" or "RP 2".

Project: The Authority's Niagara Power Project, FERC Project No. 2216.

Rate Year or **RY**: The period from July 1 through June 30 starting July 1, 2013, and for any year thereafter.

Rules: The Authority's rules and regulations set forth in 21 NYCRR § 450 *et seq*., as they may be amended from time to time.

Service Tariff: This Service Tariff No. WNY-1.

Target Rate: This term shall have the meaning set forth in Section III herein.

All other capitalized terms and abbreviations used but not defined herein shall have the same meaning as set forth in the Agreement.

III. <u>Monthly Rates and Charges</u>

A. <u>Expansion Power (EP) and Replacement Power (RP) Base Rates</u>

Beginning on July 1, 2013, there will be a 3-year phase-in to new base rates. The phase-in will be determined by the rate differential between the 2012 EP/RP rates and a "Target Rate." The Target Rate, specified in Section III.A.1. below, is based on the rates determined by the Authority to be applicable in RY 2013 for sales of "preservation power" as that term is defined in PAL § 1005(13). The following Sections III.A.1-4 describe the calculation and implementation of the phase-in.

1. The initial rate point will be established by the EP/RP rates ($/kW and $/MWh), determined by mid-April 2012 and made effective on May 1, 2012 in accordance with the Authority's then-applicable EP and RP tariffs. The Target Rate (*i.e.* demand and energy rates) for RY 2013 shall be $7.99/kW and $13.66/MWh.

2. The difference between the two rate points is calculated and divided by 3 to correspond with the number of Rate Years over which the phase-in will occur. The resulting quotients (in $/kW and $/MWh) are referred to as the "annual increment."

3. The annual increment will be applied to the base rates for the 3-year period of the 2013, 2014 and 2015 Rate Years, which shall be as follows:

   RY 2013: July 1, 2013 to June 30, 2014
   RY 2014: July 1, 2014 to June 30, 2015
   RY 2015: July 1, 2015 to June 30, 2016

   The annual rate adjustments normally made effective on May 1, 2013 under then-applicable EP and RP tariffs will be suspended, such that demand and energy rates established in 2012 shall be extended through June 30, 2013.

4. Effective commencing in RY 2013, the Annual Adjustment Factor ("AAF") described in Section V herein, shall be applied as follows:

   A. For the RY 2013 only, the AAF will be suspended, and the RY 2013 rate increase will be subject only to the annual increment.

   B. For the RYs 2014 and 2015, the AAF will be applied to the demand and energy rates after the addition of the annual increment to the rates of the previous RY rates. Such AAF will be subject to the terms and limits stated in Section V herein.

   C. Beginning in RY 2016, the AAF will be applied to the previous RY rates, and the annual increment is no longer applicable.

B. <u>EP and RP Rates no Lower than Rural/Domestic Rate</u>

At all times the applicable base rates for demand and energy determined in accordance with Sections III.A and V of this Service Tariff shall be no lower than the rates charged by the

Authority for the sale of hydroelectricity for the benefit of rural and domestic customers receiving service in accordance with the Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1) and PAL § 1005(5) (the "Rural/Domestic Rate"). This provision shall be implemented as follows: if the base rates, as determined in accordance with Sections III.A and V of this Service Tariff, are lower than the Rural/Domestic Rate on an average $/MWh basis, each set of rates measured at 80% load factor which is generally regarded as representative for EP and RP Customers, then the base rates determined under Sections III.A and V of this Service Tariff will be revised to make them equal to the Rural/Domestic Rate on an average $/MWh basis. However, the base rates as so revised will have no effect until such time as these base rates are lower than the Rural/Domestic Rate.

C. Monthly Base Rates Exclude Delivery Service Charges

The monthly base rates set forth in this Section III exclude any applicable costs for delivery services provided by the local electric utility.

D. Minimum Monthly Charge

The minimum monthly charge shall equal the product of the demand charge and the contract demand (as defined herein). Such minimum monthly charge shall be in addition to any NYISO Charges or Taxes (each as defined herein) incurred by the Authority with respect to the Customer's Allocation.

E. Estimated Billing

If the Authority, in its sole discretion, determines that it lacks reliable data on the Customer's actual demand and/or energy usage for a Billing Period during which the Customer receives Electric Service from the Authority, the Authority shall have the right to render a bill to the Customer for such Billing Period based on estimated demand and estimated usage ("Estimated Bill").

For the purpose of calculating a Billing Demand charge for an Estimated Bill, the demand charge will be calculated based on the Customer's Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated demand (kW) will be calculated based on an average of the Customer's Billing Demand (kW) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated demand (kW) value for the Estimated Bill will equal the Customer's Takedown (kW) amount.

- For Customers whose allocation is subject to a First through the Meter/ FTM, FTM Modified, or RP 2 LSM, the estimated demand (kW) value will equal the Customer's Takedown (kW) amount.

For the purpose of calculating a Billing Energy charge for an Estimated Bill, the energy charge will be calculated based on the Customer's Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated energy (kWh) will be based on the average of the Customer's Billing Energy (kWh) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated energy value (kWh) will be equal to the Takedown (kW) amount at 70 percent load factor for that Billing Period.

- For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated energy (kWh) will be equal to the Takedown (kW) amount at 100 percent load factor for that Billing Period.

If data indicating the Customer's actual demand and usage for any Billing Period in which an Estimated Bill was rendered is subsequently provided to the Authority, the Authority will make necessary adjustments to the corresponding Estimated Bill and, as appropriate, render a revised bill (or provide a credit) to the Customer.

The Minimum Monthly Charge provisions of Section III B.D. shall apply to Estimated Bills.

The Authority's discretion to render Estimated Bills is not intended to limit the Authority's rights under the Agreement.

F. <u>Adjustments to Charges</u>

In addition to any other adjustments provided for in this Service Tariff, in any Billing Period, the Authority may make appropriate adjustments to billings and charges to address such matters as billing and payment errors, the receipt of actual, additional, or corrected data concerning Customer energy or demand usage.

G. <u>Billing Period</u>

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 electric utility in whose service territory the Customer's facilities are located.

H. <u>Billing Demand</u>

The billing demand shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

I. <u>Billing Energy</u>

The billing energy shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

J. <u>Contract Demand</u>

The contract demand of each Customer will be the amount of Expansion Power and/or Replacement Power, not to exceed their Allocation, provided to such Customer by the Authority in accordance with the Agreement.

IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Availability of Energy

1. Subject to Section IV.B.2, the Authority shall provide to the Customer in any billing period Firm Energy associated with Firm Power. The offer of Firm Energy for delivery shall fulfill the Authority's obligations for purposes of this provision whether or not the Firm Energy is taken by the Customer.

2. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of NYPA's Firm Power customers served from the Hydro Projects, hydropower curtailments (*i.e.* reductions) in the amount of Firm Power and Energy to which the Customer is entitled shall be applied on a *pro rata* basis to all Firm Power and Energy customers served from the Hydro Projects. Reductions as a percentage of the otherwise required Firm Power and Energy sales will be the same for all Firm Power and Energy customers served from the Hydro Projects. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods. The Customer will receive appropriate bill credits as provided under the Rules.

C. Delivery

For the purpose of this Service Tariff, Firm Power and Firm Energy shall be deemed to be offered when the Authority is able to supply Firm Power and Firm Energy to the Authority's designated NYISO load bus. If, despite such offer, there is a failure of delivery caused by the Customer, NYISO or local electric utility, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Adjustment of Rates

To the extent not inconsistent with the Agreement, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to the Customer.

E. Billing Methodology and Billing

Unless otherwise specified in the Agreement, the following provisions shall apply:

1. The billing methodology to be used to render bills to the Customer related to its Allocation shall be determined in accordance with the Agreement and delivery agreement between the Authority and, as applicable, the Customer or local electric utility or both.

2. Billing Demand –The Billing Demand charged by the Authority to each Customer will be the highest 15 or 30-minute integrated demand, as determined by the local utility, during each Billing Period recorded on the Customer's meter multiplied by a percentage based on the Load Split Methodology provided for in any contract between the Authority and the Customer's local electric utility, any contract between the Authority and the Customer, or any contract between the Authority, the Customer and the Customer's local electric utility for delivery of WNY Power. Billing Demand may not exceed the amount of the Contract Demand.

3. Billing Energy –The kilowatt-hours charged by the Authority to each Customer will be the total number of kilowatt-hours recorded on the Customer's meter for the Billing Period multiplied by a percentage based on the methodology provided for in any contract between the Authority and the Customer's local electric utility for delivery of WNY Power.

F. Payment by Customer to Authority

1. Demand and Energy Charges, Taxes

The Customer shall pay the Authority for Firm 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 demand charge per kilowatt for Firm Power specified in this Service Tariff or any modification thereof applied to the Customer's billing demand (as defined in Section IV.E, above) for the billing period; and

b. The energy charge per MWh for Firm Energy specified in this Service Tariff or any modification thereof applied to the Customer's billing energy (as defined in Section IV.E, above) for the billing period; and

c. A charge representing reimbursement to the Authority for all applicable Taxes incurred by the Authority as a result of providing Expansion Power and/or Replacement Power allocated to the Customer.

2. Transmission Charge

The Customer shall compensate the Authority for all transmission costs incurred by the Authority with respect to the Allocation, including such costs that are charged pursuant to the OATT.

3. 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 NYISO pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with providing Electric Service to the Customer:

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

B. Marginal losses;

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

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

E. 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 under the provisions of its OATT or under other applicable tariffs; and

F. Any charges assessed on the Authority with respect to the provision of Electric 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 the Authority with respect to Electric Service to the Customer), applicable tariffs, or required to be paid by the Authority in accordance with law, regardless of whether such charges are assessed by the NYISO or another third party.

The NYISO Charges, if any, incurred by the Authority on behalf of the Customer, are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.
The method of billing NYISO charges to the Customer will be based on Authority's discretion.

4. Taxes Defined

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

5. Substitute Energy

The Customer shall pay for Substitute Energy, if applicable, as specified in the Agreement.

6. Payment Information

Bills computed under this Service Tariff 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 the Authority. In the event that there is a dispute on any items of a bill rendered by the Authority, the Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

G. Rendition and Payment of Bills

1. The Authority will render bills to the Customer for Electric Service on or before the tenth (10th) business day of the month for charges due for the previous Billing Period. Bills will reflect the amounts due and owing, and are subject to adjustment as provided for in the Agreement, Service Tariff No. WNY-1 and the Rules. Unless otherwise agreed to by the Authority and the Customer in writing, the Authority shall render bills to the Customer electronically.

2. Payment of bills by the Customer shall be due and payable by the Customer within twenty (20) days of the date the Authority renders the bill.

3. Except as otherwise agreed by the Authority in writing, if the Customer fails to pay any bill when due an interest charge of two percent of the amount unpaid will be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent of the sum unpaid shall be added on the first day of each succeeding Billing Period until the amount due, including interest, is paid in full.

4. If at any time after commencement of Electric Service the Customer fails to make complete payment of any two (2) bills for Electric Service when such bills become due pursuant to Agreement, the Authority shall have the right to require that the Customer deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit will be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. The failure or refusal of the Customer to provide the deposit within thirty (30) days of a request for such deposit will be grounds for the Authority in its sole discretion to suspend Electric Service to the Customer or terminate this Agreement.

H. Adjustment of Charges

1. Distribution Losses

   The Authority will make appropriate adjustments to compensate for distribution losses of the local electric utility.

I. Conflicts

The Authority's Rules shall apply to the Electric 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, the provisions of this Service Tariff shall govern.

J. Customer Resales Prohibited

The Customer may not resell any quantity of Expansion Power and/or Replacement Power.

V. Annual Adjustment Factor

A. Adjustment of Rates

1. The AAF will be based upon a weighted average of three indices described below. For each new Rate Year, the index value for the latest available calendar year ("Index Value for the Measuring Year") will be compared to the index value for the calendar year immediately preceding the latest available calendar year (the Index Value for the Measuring Year -1"). The change for each index will then be multiplied by the indicated weights. As described in detail below, these products are then summed, producing the AAF. The AAF will be multiplied by the base rate for the current Rate Year to produce the base rates for the new Rate Year, subject to a maximum adjustment of ±5.0% ("±5% Collar"). Amounts outside the ±5% Collar shall be referred to as the "Excess."

   Index 1, "BLS Industrial Power Price" (35% weight): The average of the monthly Producer Price Index for Industrial Electric Power, commodity code number 0543, not seasonally adjusted, as reported by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS") electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 1, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

   Index 2, "EIA Average Industrial Power Price" (40% weight): The average weighted annual price (as measured in cents/kWh) for electric sales to the industrial sector in the ten states of CT, MA, ME, NH, NJ, NY, OH, PA, RI and VT ("Selected States") as reported by Coal and Electric Data and Renewables Division; Office of Coal, Nuclear, Electric and Alternate Fuels; Energy Information Administration ("EIA"); U.S. Department of Energy Form EIA-861 Final Data File. For Index 2, the Index Value for the Measuring Year will be the index for the calendar year two years preceding July 1 of the new Rate Year.

   Index 3, "BLS Industrial Commodities Price Less Fuel" (25% weight): The monthly average of the Producer Price Index for Industrial Commodities less fuel, commodity code number 03T15M05, not seasonally adjusted, as reported by the U.S. Department of Labor, BLS electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 3, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

2. Annual Adjustment Factor Computation Guide

   Step 1: For each of the three Indices, divide the Index Value for Measuring Year by the Index Value for the Measuring Year-1.

   Step 2: Multiply the ratios determined in Step 1 by percentage weights for each Index. Sum the results to determine the weighted average. This is the AAF.

   Step 3: Commencing RY 2014, modifications to the AAF will be subject to ±5% Collar, as described below.

   a) When the AAF falls outside the ±5% Collar, the Excess will be carried over to the subsequent RY. If the AAF in the subsequent RY is within the ±5% Collar, the current RY Excess will be added to/subtracted from the subsequent Rate Year's AAF, up to the ±5% Collar.

b) Excesses will continue to accrue without limit and carry over such that they will be added to/subtracted from the AAF in any year where the AAF is within the ±5% Collar.

Step 4: Multiply the current Rate Year base rate by the AAF calculated in Step 2 to determine the new Rate Year base rate.

The foregoing calculation shall be performed by the Authority consistent with the sample presented in Section V.B below.

3. The Authority shall provide the Customer with notice of any adjustment to the current base rate per the above and with all data and calculations necessary to compute such adjustment by June 15th of each year to be effective on July 1 of such year, commencing in 2014. The values of the latest officially published (electronically or otherwise) versions of the indices and data provided by the BLS and EIA as of June 1 shall be used notwithstanding any subsequent revisions to the indices.

4. If during the term of the Agreement any of the three above indices ceases to be available or ceases to be reflective of the relevant factors or of changes which the indices were intended by the Parties to reflect, the Customer and the Authority shall mutually select a substitute Index. The Parties agree to mutually select substitute indices within 90 days, once notified by the other party that the indices are no longer available or no longer reflect the relevant factors or changes with the indices were intended by the Parties to reflect. Should the 90-day period cover a planned July 1 rate change, the current base rates will remain in effect until substitute indices are selected and the adjusted rates based on the substitute indices will be retroactive to the previous July 1. If unable to reach agreement on substitute indices within the 90-day period, the Parties agree to substitute the mathematic average of the PPI—Intermediate Materials, Supplies and Components (BLS Series ID WPUSOP2000) and the PPI-- Finished Goods (BLS Series ID WPUSOP3000) indices for one or more indices that have ceased to be available and shall assume the percentage weighting(s) of the one or more discontinued indices as indicated in Section V.A.1.

B. <u>Sample Computation of the AAF (hypothetical values for July 1, 2014 implementation):</u>

<u>STEP 1</u>

Determine the Index Value for the Measuring Year (MY) and Measuring Year - 1 (MY-1) for Each Index

- Index 1 - Producer Price Index, Industrial Power

	Measuring Year (2013)	Measuring Year - 1 (2012)
January	171.2	167.8
February	172.8	167.6
March	171.6	168.2
April	173.8	168.6
May	175.1	171.6
June	185.7	180.1
July	186.4	182.7
August	184.7	179.2
September	185.5	181.8
October	175.5	170.2
November	172.2	168.8
December	171.8	166.6
Average	177.2	172.8
Ratio of MY/MY-1		**1.03**

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

- Index 2 – EIA Industrial Rate

State	Revenues ($000s)	Sales (MWh)	Avg. Rate (cents/kWh)
Measuring Year (2012)			
CT	590,972	6,814,757	
MA	1,109,723	13,053,806	
ME	328,594	4,896,176	
NH	304,363	2,874,495	
NJ	1,412,665	15,687,873	
NY	2,001,588	26,379,314	
OH	3,695,978	78,496,166	
PA	3,682,192	63,413,968	
RI	152,533	1,652,593	
VT	155,903	2,173,679	
TOTAL	13,434,511	215,442,827	**6.24**
Measuring Year -1 (2011)			
CT	579,153	6,678,462	
MA	1,076,431	12,662,192	
ME	310,521	4,626,886	
NH	298,276	2,817,005	
NJ	1,370,285	15,217,237	
NY	1,891,501	24,928,452	
OH	3,622,058	76,926,243	
PA	3,571,726	61,511,549	
RI	144,144	1,561,700	
VT	152,785	2,130,205	
TOTAL	13,016,880	209,059,931	**6.23**
Ratio of MY/MY-1			**1.00**

- Index 3 – Producer Price Index, Industrial Commodities Less Fuel

	Measuring Year (2013)	Measuring Year -1 (2012)
January	190.1	187.2
February	190.9	188.0
March	191.6	188.7
April	192.8	189.9
May	194.7	191.8
June	195.2	192.3
July	195.5	192.3
August	196.0	193.1
September	196.1	193.2
October	196.2	193.8
November	196.6	193.7
December	196.7	194.0
Average	194.4	191.5
Ratio of MY/MY-1		**1.02**

STEP 2

Determine AAF by Summing the Weighted Indices

Index	Ratio of MY to MY-1	Weight	Weighted Factors
PPI Industrial Power	1.03	0.35	0.361
EIA Industrial Rate	1.00	0.40	0.400
PPI Industrial Commodities less fuel	1.02	0.25	0.255
AAF			**1.016**

STEP 3

Apply Collar of ±5.0% to Determine the Maximum/Minimum AAF.

-5.0% < 1.6% < 5.0%; collar does not apply, assuming no cumulative excess.

STEP 4

Apply AAF to Calculate the New Rate Year Base Rate

	Demand $/kW-mo.	Energy $/MWh
Current Rate Year Base Rate	7.56	12.91
New Rate Year Base Rate	7.68	13.12

Exhibit A

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF EXPANSION POWER AND/OR REPLACEMENT POWER

to

M&T Bank

The POWER AUTHORITY OF THE STATE OF NEW YORK (“Authority”), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law (“PAL”), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Expansion Power and/or Replacement Power (“Agreement”) with M&T Bank (“Customer”), with offices and/or facilities at 191 Park Club Lane, Amherst, New York 14221. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree follows:

RECITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, Federal Energy Regulatory Commission (“FERC”) Project No. 2216, known as “Expansion Power” (or “EP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, FERC Project No. 2216, known as “Replacement Power” (or “RP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, EP consists of 250 megawatts (“MW”) of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, RP consists of 445 MW of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, the Authority is authorized pursuant to PAL § 1005(13)(a) to award EP and/or RP based on, among other things, the criteria listed in the PAL, including but not limited to an applicant’s long-term commitment to the region as evidenced by the current and planned capital investment; the type and number of jobs supported or created by the allocation; and the state, regional and local economic development strategies and priorities supported by local units of governments in the area in which the recipient’s facilities are located;

WHEREAS, the Customer applied to the Authority for an allocation of EP to support an expansion/upgrade at the Facility;

WHEREAS, on July 26, 2011 the Authority’s Board of Trustees (“Trustees”) approved a 3,000 kilowatt (“kW”) allocation of EP to the Customer for a five (5) year term in connection with the construction and operation of the Facility (defined in Section I of this Agreement as the “Allocation”) as further described in this Agreement;

WHEREAS, on July 26, 2011, the Trustees authorized the Authority to, among other things, take any and all actions and execute and deliver any and all agreements and other documents necessary to effectuate its approval of the Allocation;

WHEREAS, the provision of Electric Service associated with the Allocation is an unbundled service separate from the transmission and delivery of power and energy to the

Customer, and delivery service will be performed by the Customer's local electric utility in accordance with the Utility Tariff;

WHEREAS, the Parties have reached an agreement on the sale of the Allocation to the Customer on the terms and conditions provided for in this Agreement;

WHEREAS, the Authority has complied with requirements of PAL § 1009 which specifies the approval process for contracts negotiated by the Authority; and

WHEREAS, the Governor of the State of New York has approved the terms of this Agreement pursuant to PAL § 1009(3).

NOW THEREFORE, in consideration of the mutual covenants herein, the Authority and the Customer agree as follows:

NOW THEREFORE, the Parties hereto agree as follows:

I. Definitions

A. **Agreement** means this Agreement.

B. **Allocation** refers to the allocation of EP and/or RP awarded to the Customer as specified in Schedule A.

C. **Contract Demand** is as defined in Service Tariff No. WNY-1.

D. **Electric Service** is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules.

E. **Expansion Power** (or **EP**) is 250 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

F. **Facility** means the Customer's facilities as described in Schedule A.

G. **Firm Power** is as defined in Service Tariff No. WNY-1.

H. **Firm Energy** is as defined in Service Tariff No. WNY-1.

I. **FERC** means the Federal Energy Regulatory Commission (or any successor organization).

J. **FERC License** means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project's original license which became effective in 1957.

K. **Hydro Projects** is a collective reference to the Project and the Authority's St. Lawrence-FDR Project, FERC Project No. 2000.

L. **Load Serving Entity (or LSE)** means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

M. **NYISO** means the New York Independent System Operator or any successor organization.

N. **NYISO Tariffs** means the NYISO's Open Access Transmission Tariff or the NYISO's Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

O. **Project** means the Niagara Power Project, FERC Project No. 2216.

P. **Replacement Power (or RP)** is 445 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

Q. **Rules** are the applicable provisions of Authority's rules and regulations (Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as may be modified from time to time by the Authority.

R. **Service Tariff No. WNY-1** means the Authority's Service Tariff No. WNY-1, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

S. **Schedule A** refers to the Schedule A entitled "Expansion Power and/or Replacement Power Allocations" which is attached to and made part of this Agreement.

T. **Schedule B** refers to the Schedule B entitled "Expansion Power and/or Replacement Commitments" which is attached to and made part of this Agreement.

U. **Schedule C** refers to the Schedule C entitled "Takedown Schedule" which is attached to and made part of this Agreement.

V. **Substitute Energy** means energy that the Authority provides at the request of the Customer to replace hydroelectricity that would otherwise have been supplied to the Customer under this Agreement. Unless otherwise agreed upon by the Parties, Substitute Energy refers to energy purchased by the Authority for the Customer from markets administered by the NYISO.

W. **Taxes** is as defined in Service Tariff No. WNY-1

X. **Unforced Capacity (or "UCAP")** means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

Y. **Utility Tariff** means the retail tariff(s) of the Customer's local electric utility filed and approved by the PSC applicable to the delivery of EP and/or RP.

II. Electric Service

A. The Authority shall make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, Service Tariff No. WNY-1and the Rules. The Customer shall not be entitled to receive Electric Service under this Agreement for any EP and/or RP allocation unless such EP and/or RP allocation is identified on Schedule A.

B. The Authority will provide, and the Customer shall pay for, Electric Service with respect to the Allocation specified on Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall take and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.

C. The Authority shall provide UCAP in amounts necessary to meet the Customer's NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with Service Tariff No. WNY-1.

D. The Customer acknowledges and agrees that Customer's local electric utility shall be responsible for delivering the Allocation to the Facility specified in Schedule A, and that the Authority has no responsibility for delivering the Allocation to the Customer.

E. The Contract Demand for the Customer's Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as EP or RP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all EP and RP customers, as applicable, based on the terms of such ruling, order, or decision.

F. The Contract Demand may not exceed the Allocation.

III. Rates, Terms and Conditions

A. Electric Service shall be sold to the Customer based on the rates, terms and conditions provided for in this Agreement, Service Tariff No. WNY-1 and the Rules.

B. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30 days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority's competitive position with respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority's bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. Any rate increase to Customer under this subsection shall be on a non-discriminatory basis as compared to other Authority customers after giving consideration to the factors set forth in the first sentence of this subsection. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

IV. Expansion and/or Replacement Power Commitments

A. Schedule B sets forth the Customer's specific "Expansion and/or Replacement Power Commitments." The commitments agreed to in Schedule B are in addition to any other rights and obligations of the Parties provided for in the Agreement.

B. The Authority's obligation to provide Electric Service under this Agreement, and the Customer's obligation to take and pay for such Electric Service, are expressly conditioned upon the Customer's timely completion of the commitments described in Schedule B.

C. In the event of partial completion of the Facility and/or the committed improvements thereto which has resulted in such Facility and/or such improvements being partly operational and the partial attainment of the Base Employment Level, the Authority may, upon the Customer's request, provide Electric Service to the Customer in an amount determined by the Authority to fairly correspond to the completed portion of the Facility and/or the committed improvements thereto, provided that the Customer demonstrates that the amount of requested Electric Service is needed to support the operations of the partially completed Facility and/or such improvements.

D. The Customer shall give the Authority not less than ninety (90) days' advance notice in writing of the anticipated date of partial or full completion of the Facility and/or the committed improvements thereto. The Authority will inspect the Facility for the purpose of verifying the completion status of the Facility and/or such improvements and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time after verification based on applicable operating procedures of the Authority, the Customer's local electric utility and the NYISO.

E. In the event the Customer fails to complete the Facility and/or the committed improvements thereto by the date(s) specified in the Appendix to Schedule B, the Allocation, at the option and discretion of the Authority, may be canceled or reduced by the total amount of kilowatts determined by the Authority to fairly correspond to the uncompleted portion of the Facility and/or such improvements, provided that in such event, and upon request of the Customer, such date(s) may be extended by the Authority in its sole discretion.

V. Rules and Service Tariff

Service Tariff No. WNY-1, as may be modified or superseded from time to time by the Authority, is hereby incorporated into this Agreement with the same force and effect as if set forth herein at length. In the event of any inconsistencies, conflicts, or differences between the provisions of Service Tariff No. WNY-1 and the Rules, the provisions of Service Tariff No. WNY-1 shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and Service Tariff No. WNY-1, the provisions of this Agreement shall govern.

VI. Transmission and Delivery of Firm Power and Firm Energy; Responsibility for Charges

A. The Customer shall be responsible complying with all requirements of its local electric utility that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff.

B. The Customer shall be solely responsible for paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff. Should the Authority incur any charges associated with such delivery service, the Customer shall reimburse the Authority for all such charges.

C. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority's behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff ("NYISO Charges"), as set forth in Service Tariff No. WNY-1 or any successor service tariff, regardless of whether such NYISO Charges are transmission-related. Such NYISO Charges shall be in addition to the charges for power and energy.

D. By entering into this Agreement, the Customer consents to the exchange of information between the Authority and the Customer's local electric utility pertaining to the Customer that the Authority and the local electric utility determine is necessary to provide for the Allocation, sale and delivery of EP and/or RP to the Customer, the proper and efficient implementation of the EP and/or RP programs, billing related to EP and/or RP, and/or the performance of such parties' obligations under any contracts or other arrangements between them relating to such matters.

E. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement or other form of understanding between the Authority and the Customer's local electric utility on terms and conditions that are acceptable to the Authority.

F. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, provide documentation, execute consents and provide other information (collectively, "Information") which the Authority determines is necessary for the provision of Electric Service, the delivery of EP and/or RP, billing related to the EP and/or RP program, the effective and proper administration of the EP and/or RP program, and/or the performance of contracts or other arrangements between the Authority and the Customer's local electric utility. The Customer's failure to provide such Information shall be grounds for the Authority in its sole discretion to withhold or suspend Electric Service to the Customer.

VII. Billing and Billing Methodology

A. The billing methodology for the Allocation shall be determined on a "load factor sharing" basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer's local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.

B. The Authority will render bills by the 10th business day of the month for charges due for the previous month. Such bills shall include charges for Electric Service, NYISO Charges associated with the Allocation (subject to adjustment consistent with any later NYISO re-billings to the Authority), and other applicable charges.

C. The Authority may render bills to the Customer electronically.

D. The Authority and the Customer may agree in writing to an alternative method for the rendering of bills and for the payment of bills, including but not limited to the use of an Authority-established customer self-service web portal.

E. The Authority will charge and collect from the Customer all Taxes (including local, state and federal taxes) the Authority determines are applicable, unless the Customer furnishes the Authority with proof satisfactory to the Authority that (i) the Customer is exempt from the payment of any such Taxes, and/or (ii) the Authority is not obligated to collect such Taxes from the Customer. If the Authority is not collecting Taxes from the Customer based on the circumstances described in (i) or (ii) above, the Customer shall immediately inform the Authority of any change in circumstances relating to its tax status that would require the Authority to charge and collect such Taxes from the Customer.

F. Unless otherwise agreed to by the Authority and the Customer in writing, if the Customer fails to pay any bill when due, an interest charge of two percent (2%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent (1 1/2%) of the sum unpaid shall be added on the first day of each succeeding billing period until the amount due, including interest, is paid in full.

G. Unless otherwise agreed to by the Authority and the Customer in writing, in the event the Customer disputes any item of any bill rendered by Authority, the Customer shall pay such bill in full within the time provided for by this Agreement, and adjustments, if appropriate, will be made thereafter.

H. If at any time after commencement of Electric Service the Customer fails to make complete and timely payment of any two (2) bills for Electric Service, the Authority shall have the right to require the Customer to deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit shall be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. If the Customer fails or refuses to provide the deposit within thirty (30) days of a request for such deposit, the Authority may, in its sole discretion, suspend Electric Service to the Customer or terminate this Agreement.

I. All other provisions with respect to billing are set forth in Service Tariff No. WNY-1 and the Rules.

J. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

VIII. Hydropower Curtailments and Substitute Energy

A. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of the Authority's firm power customers served by the Authority from the Hydro Projects, curtailments (*i.e.* reductions) in the amount of Firm Power and Firm Energy associated with the Allocation to which the Customer is entitled shall be applied on a *pro rata* basis to all firm power and energy customers served from the Hydro Projects, consistent with Service Tariff No. WNY-1 as applicable.

B. The Authority shall provide reasonable notice to Customer of any curtailments referenced in Section VIII.A of this Agreement that could impact Customer's Electric Service under this Agreement. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer to replace the Firm Power and Firm Energy that would otherwise have been supplied pursuant to this Agreement.

C. For each kilowatt-hour of Substitute Energy supplied by the Authority, the Customer will pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Billing and payment for Substitute Energy shall be governed by the Billing and Payments provision of the Authority's Rules (Section 454.6) and shall apply directly to the Substitute Energy service supplied to the Customer.

D. The Parties may enter into a separate agreement to facilitate the provision of Substitute Energy, provided, however, that the provisions of this Agreement shall remain in effect notwithstanding any such separate agreement. The provision of Substitute Energy may be terminated by the Authority or the Customer on fifteen (15) days' prior written notice.

IX. Effectiveness, Term and Termination

A. This Agreement shall become effective and legally binding on the Parties upon execution of this Agreement by the Authority and the Customer.

B. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (1) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (2) termination by the Authority pursuant to this Agreement, Service Tariff No. WNY-1, or the Rules; or (3) expiration of the Allocation by its own term as specified in Schedule A.

C. The Customer may exercise a partial termination of the Allocation upon at least thirty (30) days' notice prior written notice to the Authority. The termination shall be effective commencing with the first billing period as defined in Service Tariff No. WNY-1.

D. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, Service Tariff No. WNY-1, or the Rules.

X. Additional Allocations

A. Upon proper application by the Customer, the Authority may in its discretion award additional allocations of EP or RP to the Customer at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (i) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (ii) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.

B. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for additional allocations and consider the terms and conditions that should be applicable of any additional allocations.

XI. Notification

A. Correspondence involving the administration of this Agreement shall be addressed as follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email: MED-BPAC@nypa.gov
Facsimile: (914) 390-8156
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

M&T Bank
191 Park Club Lane
Amherst, New York 14221
Email:
Facsimile:
Attention:

The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XI.B of this Agreement.

B. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (1) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (2) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (3) if delivered by hand, with written confirmation of receipt; (4) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (5) if sent by electronic mail to the appropriate address as set forth above, with written confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

XII. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a).

XIII. Venue

Each Party consents to the exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement.

XIV. Successors and Assigns; Resale of Hydropower

A. The Customer may not assign or otherwise transfer an interest in this Agreement.

B. The Customer may not resell or allow any other person to use any quantity of EP and/or RP it has purchased from the Authority under this Agreement.

C. Electric Service sold to the Customer pursuant to this Agreement may only be used by the Customer at the Facility specified in Schedule A.

XV. Previous Agreements and Communications

A. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, representations, warranties, commitments, offers, contracts and writings, written or oral, with respect to the subject matter hereof.

B. Except as otherwise provided in this Agreement, no modification of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XVI. Severability and Voidability

A. If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

B. Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

XVII. Waiver

A. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.

B. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XVIII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement by email as a PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]

AGREED:

M&T Bank

By: ____

Title: ____

Date: ____

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: ____
John R. Koelmel, Chairman

Date: ____

<u>SCHEDULE A TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER TO CUSTOMER</u>

EXPANSION POWER AND/OR REPLACEMENT POWER ALLOCATIONS

Customer: M&T Bank

Type of Allocation	Allocation Amount (kW)	Facility	Trustee Approval Date	Expiration Date
EP	3,000	191 Park Club Lane, Amherst, New York 14221	July 26, 2011	Five (5) years from commencement of Electric Service of any portion of this Allocation.

SCHEDULE B TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER TO CUSTOMER

EXPANSION POWER AND/OR REPLACEMENT POWER COMMITMENTS

I. Employment Commitments

A. Employment Levels

The provision of EP and/or RP to the Customer hereunder is in consideration of, among other things, the Customer's creation and/or maintenance of the employment level set forth in the Appendix of this Schedule (the "Base Employment Level"). Such Base Employment Level shall be the total number of full-time positions held by: (1) individuals who are employed by the Customer at Customer's Facility identified in Schedule A, and (2) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility (collectively, "Base Level Employees"). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.

The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for *bona fide* economic or management reasons.

The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority's sole discretion.

B. Employment Records and Reports

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer's Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice

all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

II. Reductions of Contract Demand

A. Employment Levels

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in this Schedule B, for the subject calendar year, the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

B. Power Utilization Levels

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement. If the average of the Customer’s six (6) highest Billing Demands (as such term is described in Service Tariff No. WNY-1) for Expansion Power is less than 90% of the Customer’s Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

C. Capital Investment

The Customer agrees to undertake the capital investment set forth in the Appendix to this Schedule.

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the Authority deems necessary to determine the Customer’s compliance with the Customer’s obligations provided for in this Schedule B.

D. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to this Schedule , the Authority shall provide the Customer with at least thirty (30) days prior written notice of such reduction, specifying the amount of the reduction of Contract Demand and the reason for the reduction, provided, however, that before making the reduction, the Authority may consider the Customer's scheduled or unscheduled maintenance or facilities upgrading periods when such events temporarily reduce plant employment levels or electrical demand as well as business cycle.

III. Energy Efficiency Audits; Information Requests

Unless otherwise agreed to by the Authority in writing, the Customer shall undergo an energy efficiency audit of its Facility and equipment at which the Allocation is consumed at the Customer's expense at least once during the term of this Agreement but in any event not less than once every five years. The Customer will provide the Authority with a copy of the audit or, at the Authority's option, a report describing the results of the audit, and provide documentation requested by the Authority to verify the implementation of any efficiency measures implemented at the Facility.

The Customer agrees to cooperate to make its Facility available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform, if any, at the Authority's own expense.

The Customer shall provide information requested by the Authority or its designee in surveys, questionnaires and other information requests relating to energy efficiency and energy-related projects, programs and services.

The Customer may, after consultation with the Authority, exclude from written copies of audits, reports and other information provided to the Authority under this Article trade secrets and other information which if disclosed would harm the competitive position of the Customer.

APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

Within three (3) years of commencement of Electric Service and continuing through the term of the Allocation, the Customer shall employ at least one hundred and sixty nine (169) full-time employees ("Base Employment Level") at the Customer's Facility. The Base Employment Level shall be maintained for the term of the Allocation. The Base Employment Level is derived from: (1) a stipulation by the Customer at the time of the award of the Allocation that 45 existing jobs that will be transferred to the Facility; and (2) a commitment by the Customer to create 124 new jobs at the Facility.

CAPITAL INVESTMENT

The Customer shall make a capital investment of at least $51.625 million to build the Facility and/or make the capital improvements to the Facility as described in this Appendix (the "Capital Investment"). The Capital Investment for the Facility is expected to consist of the following specific expenditures:

(1) Infrastructure upgrades (building and power):	$7.1 million
(2) Cooling equipment/upgrades:	$4.05 million
(3) Uninterruptable power supply and misc. equipment	$2.475 million
(4) The purchase and installation of computer equipment (e.g., data servers, routers, related hardware and software) at the Facility:	$38.0 million
Capital Investment	$51.625 million

The portion of the Capital Investment related to items (1), (2), and (3), or $13.625 million, shall be made, and the Facility and/or the improvements thereto shall be completed and fully operational, no later than July 26, 2014 (*i.e.*, within three (3) years of the Authority's award of the Allocation), and the portion of the Capital Investment related to item (4), or $38 million, shall be made within five (5) years of commencement of Electric Service of any portion of the Allocation. Upon request of the Customer, such dates may be extended by the Authority in its sole discretion.

SCHEDULE C TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER TO CUSTOMER

TAKEDOWN SCHEDULE

N/A

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

Schedule of Rates for Sale of Firm Power to Expansion and Replacement Customers located In Western New York

Service Tariff No. WNY-1

Table of Contents

Schedule of Rates for Firm Power Service

I. Applicability

To sales of Expansion Power and/or Replacement Power (as defined below) directly to a qualified business Customer (as defined below) for firm power service.

II. Abbreviations and Terms

- kW kilowatt(s)
- kW-mo. kilowatt-month
- kWh kilowatt-hour(s)
- MWh megawatt-hour(s)
- NYISO New York Independent System Operator, Inc. or any successor organization
- PAL New York Public Authorities Law
- OATT Open Access Transmission Tariff

Agreement: An executed "Agreement for the Sale of Expansion and/or Replacement Power and Energy" between the Authority and the Customer (each as defined below).

Annual Adjustment Factor or **AAF**: This term shall have the meaning set forth in Section V herein.

Authority: The Power Authority of the State of New York, a corporate municipal instrumentality and a political subdivision of the State of New York created pursuant to Chapter 772 of the New York Laws of 1931 and existing and operating under Title 1 of Article 5 of the PAL, also known as the "New York Power Authority."

Customer: A business customer who has received an allocation for Expansion Power and/or Replacement Power from the Authority and who purchases Expansion Power and/or Replacement Power directly from the Authority.

Electric Service: The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

Expansion Power and/or **Replacement Power**: Firm Power and Firm Energy made available under this Service Tariff by the Authority from the Project for sale to the Customer for business purposes pursuant to PAL § 1005(5) and (13).

Firm Power: Capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the Agreement between the Authority and the Customer and this Service Tariff. Firm Power shall not include peaking power.

Firm Energy: Energy (kWh) associated with Firm Power.

Load Serving Entity or **LSE**: This term shall have the meaning set forth in the Agreement.

Load Split Methodology or **LSM**: A load split methodology applicable to a Customer's allocation. It is usually provided for in an agreement between the Authority and the Customer's local electric utility, an agreement between the Authority and the Customer, or an agreement between the Authority, the Customer and the Customer's local electric utility, or such local utility's tariff, regarding the delivery of WNY Firm Power. The load split methodology is often designated as "Load Factor Sharing" or "LFS" , "First through the Meter" or "FTM", "First through the Meter Modified" or "FTM Modified", or "Replacement Power 2" or "RP 2".

Project: The Authority's Niagara Power Project, FERC Project No. 2216.

Rate Year or **RY**: The period from July 1 through June 30 starting July 1, 2013, and for any year thereafter.

Rules: The Authority's rules and regulations set forth in 21 NYCRR § 450 *et seq*., as they may be amended from time to time.

Service Tariff: This Service Tariff No. WNY-1.

Target Rate: This term shall have the meaning set forth in Section III herein.

All other capitalized terms and abbreviations used but not defined herein shall have the same meaning as set forth in the Agreement.

III. Monthly Rates and Charges

A. Expansion Power (EP) and Replacement Power (RP) Base Rates

Beginning on July 1, 2013, there will be a 3-year phase-in to new base rates. The phase-in will be determined by the rate differential between the 2012 EP/RP rates and a "Target Rate." The Target Rate, specified in Section III.A.1. below, is based on the rates determined by the Authority to be applicable in RY 2013 for sales of "preservation power" as that term is defined in PAL § 1005(13). The following Sections III.A.1-4 describe the calculation and implementation of the phase-in.

1. The initial rate point will be established by the EP/RP rates ($/kW and $/MWh), determined by mid-April 2012 and made effective on May 1, 2012 in accordance with the Authority's then-applicable EP and RP tariffs. The Target Rate (*i.e.* demand and energy rates) for RY 2013 shall be $7.99/kW and $13.66/MWh.

2. The difference between the two rate points is calculated and divided by 3 to correspond with the number of Rate Years over which the phase-in will occur. The resulting quotients (in $/kW and $/MWh) are referred to as the "annual increment."

3. The annual increment will be applied to the base rates for the 3-year period of the 2013, 2014 and 2015 Rate Years, which shall be as follows:

   RY 2013: July 1, 2013 to June 30, 2014
   RY 2014: July 1, 2014 to June 30, 2015
   RY 2015: July 1, 2015 to June 30, 2016

   The annual rate adjustments normally made effective on May 1, 2013 under then-applicable EP and RP tariffs will be suspended, such that demand and energy rates established in 2012 shall be extended through June 30, 2013.

4. Effective commencing in RY 2013, the Annual Adjustment Factor ("AAF") described in Section V herein, shall be applied as follows:

   A. For the RY 2013 only, the AAF will be suspended, and the RY 2013 rate increase will be subject only to the annual increment.

   B. For the RYs 2014 and 2015, the AAF will be applied to the demand and energy rates after the addition of the annual increment to the rates of the previous RY rates. Such AAF will be subject to the terms and limits stated in Section V herein.

   C. Beginning in RY 2016, the AAF will be applied to the previous RY rates, and the annual increment is no longer applicable.

B. EP and RP Rates no Lower than Rural/Domestic Rate

At all times the applicable base rates for demand and energy determined in accordance with Sections III.A and V of this Service Tariff shall be no lower than the rates charged by the

Authority for the sale of hydroelectricity for the benefit of rural and domestic customers receiving service in accordance with the Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1) and PAL § 1005(5) (the "Rural/Domestic Rate"). This provision shall be implemented as follows: if the base rates, as determined in accordance with Sections III.A and V of this Service Tariff, are lower than the Rural/Domestic Rate on an average $/MWh basis, each set of rates measured at 80% load factor which is generally regarded as representative for EP and RP Customers, then the base rates determined under Sections III.A and V of this Service Tariff will be revised to make them equal to the Rural/Domestic Rate on an average $/MWh basis. However, the base rates as so revised will have no effect until such time as these base rates are lower than the Rural/Domestic Rate.

C. <u>Monthly Base Rates Exclude Delivery Service Charges</u>

The monthly base rates set forth in this Section III exclude any applicable costs for delivery services provided by the local electric utility.

D. <u>Minimum Monthly Charge</u>

The minimum monthly charge shall equal the product of the demand charge and the contract demand (as defined herein). Such minimum monthly charge shall be in addition to any NYISO Charges or Taxes (each as defined herein) incurred by the Authority with respect to the Customer's Allocation.

E. <u>Estimated Billing</u>

If the Authority, in its sole discretion, determines that it lacks reliable data on the Customer's actual demand and/or energy usage for a Billing Period during which the Customer receives Electric Service from the Authority, the Authority shall have the right to render a bill to the Customer for such Billing Period based on estimated demand and estimated usage ("Estimated Bill").

For the purpose of calculating a Billing Demand charge for an Estimated Bill, the demand charge will be calculated based on the Customer's Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated demand (kW) will be calculated based on an average of the Customer's Billing Demand (kW) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated demand (kW) value for the Estimated Bill will equal the Customer's Takedown (kW) amount.

- For Customers whose allocation is subject to a First through the Meter/ FTM, FTM Modified, or RP 2 LSM, the estimated demand (kW) value will equal the Customer's Takedown (kW) amount.

For the purpose of calculating a Billing Energy charge for an Estimated Bill, the energy charge will be calculated based on the Customer's Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated energy (kWh) will be based on the average of the Customer's Billing Energy (kWh) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated energy value (kWh) will be equal to the Takedown (kW) amount at 70 percent load factor for that Billing Period.

- For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated energy (kWh) will be equal to the Takedown (kW) amount at 100 percent load factor for that Billing Period.

If data indicating the Customer's actual demand and usage for any Billing Period in which an Estimated Bill was rendered is subsequently provided to the Authority, the Authority will make necessary adjustments to the corresponding Estimated Bill and, as appropriate, render a revised bill (or provide a credit) to the Customer.

The Minimum Monthly Charge provisions of Section III B.D. shall apply to Estimated Bills.

The Authority's discretion to render Estimated Bills is not intended to limit the Authority's rights under the Agreement.

F. <u>Adjustments to Charges</u>

In addition to any other adjustments provided for in this Service Tariff, in any Billing Period, the Authority may make appropriate adjustments to billings and charges to address such matters as billing and payment errors, the receipt of actual, additional, or corrected data concerning Customer energy or demand usage.

G. <u>Billing Period</u>

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 electric utility in whose service territory the Customer's facilities are located.

H. <u>Billing Demand</u>

The billing demand shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

I. <u>Billing Energy</u>

The billing energy shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

J. <u>Contract Demand</u>

The contract demand of each Customer will be the amount of Expansion Power and/or Replacement Power, not to exceed their Allocation, provided to such Customer by the Authority in accordance with the Agreement.

IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Availability of Energy

1. Subject to Section IV.B.2, the Authority shall provide to the Customer in any billing period Firm Energy associated with Firm Power. The offer of Firm Energy for delivery shall fulfill the Authority's obligations for purposes of this provision whether or not the Firm Energy is taken by the Customer.

2. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of NYPA's Firm Power customers served from the Hydro Projects, hydropower curtailments (*i.e.* reductions) in the amount of Firm Power and Energy to which the Customer is entitled shall be applied on a *pro rata* basis to all Firm Power and Energy customers served from the Hydro Projects. Reductions as a percentage of the otherwise required Firm Power and Energy sales will be the same for all Firm Power and Energy customers served from the Hydro Projects. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods. The Customer will receive appropriate bill credits as provided under the Rules.

C. Delivery

For the purpose of this Service Tariff, Firm Power and Firm Energy shall be deemed to be offered when the Authority is able to supply Firm Power and Firm Energy to the Authority's designated NYISO load bus. If, despite such offer, there is a failure of delivery caused by the Customer, NYISO or local electric utility, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Adjustment of Rates

To the extent not inconsistent with the Agreement, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to the Customer.

E. Billing Methodology and Billing

Unless otherwise specified in the Agreement, the following provisions shall apply:

1. The billing methodology to be used to render bills to the Customer related to its Allocation shall be determined in accordance with the Agreement and delivery agreement between the Authority and, as applicable, the Customer or local electric utility or both.

2. Billing Demand –The Billing Demand charged by the Authority to each Customer will be the highest 15 or 30-minute integrated demand, as determined by the local utility, during each Billing Period recorded on the Customer's meter multiplied by a percentage based on the Load Split Methodology provided for in any contract between the Authority and the Customer's local electric utility, any contract between the Authority and the Customer, or any contract between the Authority, the Customer and the Customer's local electric utility for delivery of WNY Power. Billing Demand may not exceed the amount of the Contract Demand.

3. Billing Energy –The kilowatt-hours charged by the Authority to each Customer will be the total number of kilowatt-hours recorded on the Customer's meter for the Billing Period multiplied by a percentage based on the methodology provided for in any contract between the Authority and the Customer's local electric utility for delivery of WNY Power.

F. <u>Payment by Customer to Authority</u>

1. <u>Demand and Energy Charges, Taxes</u>

   The Customer shall pay the Authority for Firm 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 demand charge per kilowatt for Firm Power specified in this Service Tariff or any modification thereof applied to the Customer's billing demand (as defined in Section IV.E, above) for the billing period; and

   b. The energy charge per MWh for Firm Energy specified in this Service Tariff or any modification thereof applied to the Customer's billing energy (as defined in Section IV.E, above) for the billing period; and

   c. A charge representing reimbursement to the Authority for all applicable Taxes incurred by the Authority as a result of providing Expansion Power and/or Replacement Power allocated to the Customer.

2. <u>Transmission Charge</u>

   The Customer shall compensate the Authority for all transmission costs incurred by the Authority with respect to the Allocation, including such costs that are charged pursuant to the OATT.

3. <u>NYISO Transmission and Related Charges ("NYISO Charges")</u>

   The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with providing Electric Service to the Customer:

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

   B. Marginal losses;

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

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

E. 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 under the provisions of its OATT or under other applicable tariffs; and

F. Any charges assessed on the Authority with respect to the provision of Electric 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 the Authority with respect to Electric Service to the Customer), applicable tariffs, or required to be paid by the Authority in accordance with law, regardless of whether such charges are assessed by the NYISO or another third party.

The NYISO Charges, if any, incurred by the Authority on behalf of the Customer, are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.
The method of billing NYISO charges to the Customer will be based on Authority's discretion.

4. Taxes Defined

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

5. Substitute Energy

The Customer shall pay for Substitute Energy, if applicable, as specified in the Agreement.

6. Payment Information

Bills computed under this Service Tariff 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 the Authority. In the event that there is a dispute on any items of a bill rendered by the Authority, the Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

G. Rendition and Payment of Bills

1. The Authority will render bills to the Customer for Electric Service on or before the tenth (10^{th}) business day of the month for charges due for the previous Billing Period. Bills will reflect the amounts due and owing, and are subject to adjustment as provided for in the Agreement, Service Tariff No. WNY-1 and the Rules. Unless otherwise agreed to by the Authority and the Customer in writing, the Authority shall render bills to the Customer electronically.

2. Payment of bills by the Customer shall be due and payable by the Customer within twenty (20) days of the date the Authority renders the bill.

3. Except as otherwise agreed by the Authority in writing, if the Customer fails to pay any bill when due an interest charge of two percent of the amount unpaid will be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent of the sum unpaid shall be added on the first day of each succeeding Billing Period until the amount due, including interest, is paid in full.

4. If at any time after commencement of Electric Service the Customer fails to make complete payment of any two (2) bills for Electric Service when such bills become due pursuant to Agreement, the Authority shall have the right to require that the Customer deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit will be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. The failure or refusal of the Customer to provide the deposit within thirty (30) days of a request for such deposit will be grounds for the Authority in its sole discretion to suspend Electric Service to the Customer or terminate this Agreement.

H. Adjustment of Charges

1. Distribution Losses

   The Authority will make appropriate adjustments to compensate for distribution losses of the local electric utility.

I. Conflicts

The Authority's Rules shall apply to the Electric 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, the provisions of this Service Tariff shall govern.

J. Customer Resales Prohibited

The Customer may not resell any quantity of Expansion Power and/or Replacement Power.

V. Annual Adjustment Factor

A. Adjustment of Rates

1. The AAF will be based upon a weighted average of three indices described below. For each new Rate Year, the index value for the latest available calendar year ("Index Value for the Measuring Year") will be compared to the index value for the calendar year immediately preceding the latest available calendar year (the Index Value for the Measuring Year -1"). The change for each index will then be multiplied by the indicated weights. As described in detail below, these products are then summed, producing the AAF. The AAF will be multiplied by the base rate for the current Rate Year to produce the base rates for the new Rate Year, subject to a maximum adjustment of ±5.0% ("±5% Collar"). Amounts outside the ±5% Collar shall be referred to as the "Excess."

   Index 1, "BLS Industrial Power Price" (35% weight): The average of the monthly Producer Price Index for Industrial Electric Power, commodity code number 0543, not seasonally adjusted, as reported by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS") electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 1, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

   Index 2, "EIA Average Industrial Power Price" (40% weight): The average weighted annual price (as measured in cents/kWh) for electric sales to the industrial sector in the ten states of CT, MA, ME, NH, NJ, NY, OH, PA, RI and VT ("Selected States") as reported by Coal and Electric Data and Renewables Division; Office of Coal, Nuclear, Electric and Alternate Fuels; Energy Information Administration ("EIA"); U.S. Department of Energy Form EIA-861 Final Data File. For Index 2, the Index Value for the Measuring Year will be the index for the calendar year two years preceding July 1 of the new Rate Year.

   Index 3, "BLS Industrial Commodities Price Less Fuel" (25% weight): The monthly average of the Producer Price Index for Industrial Commodities less fuel, commodity code number 03T15M05, not seasonally adjusted, as reported by the U.S. Department of Labor, BLS electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 3, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

2. Annual Adjustment Factor Computation Guide

   Step 1: For each of the three Indices, divide the Index Value for Measuring Year by the Index Value for the Measuring Year-1.

   Step 2: Multiply the ratios determined in Step 1 by percentage weights for each Index. Sum the results to determine the weighted average. This is the AAF.

   Step 3: Commencing RY 2014, modifications to the AAF will be subject to ±5% Collar, as described below.

   a) When the AAF falls outside the ±5% Collar, the Excess will be carried over to the subsequent RY. If the AAF in the subsequent RY is within the ±5% Collar, the current RY Excess will be added to/subtracted from the subsequent Rate Year's AAF, up to the ±5% Collar.

b) Excesses will continue to accrue without limit and carry over such that they will be added to/subtracted from the AAF in any year where the AAF is within the ±5% Collar.

Step 4: Multiply the current Rate Year base rate by the AAF calculated in Step 2 to determine the new Rate Year base rate.

The foregoing calculation shall be performed by the Authority consistent with the sample presented in Section V.B below.

3. The Authority shall provide the Customer with notice of any adjustment to the current base rate per the above and with all data and calculations necessary to compute such adjustment by June 15th of each year to be effective on July 1 of such year, commencing in 2014. The values of the latest officially published (electronically or otherwise) versions of the indices and data provided by the BLS and EIA as of June 1 shall be used notwithstanding any subsequent revisions to the indices.

4. If during the term of the Agreement any of the three above indices ceases to be available or ceases to be reflective of the relevant factors or of changes which the indices were intended by the Parties to reflect, the Customer and the Authority shall mutually select a substitute Index. The Parties agree to mutually select substitute indices within 90 days, once notified by the other party that the indices are no longer available or no longer reflect the relevant factors or changes with the indices were intended by the Parties to reflect. Should the 90-day period cover a planned July 1 rate change, the current base rates will remain in effect until substitute indices are selected and the adjusted rates based on the substitute indices will be retroactive to the previous July 1. If unable to reach agreement on substitute indices within the 90-day period, the Parties agree to substitute the mathematic average of the PPI—Intermediate Materials, Supplies and Components (BLS Series ID WPUSOP2000) and the PPI-- Finished Goods (BLS Series ID WPUSOP3000) indices for one or more indices that have ceased to be available and shall assume the percentage weighting(s) of the one or more discontinued indices as indicated in Section V.A.1.

B. Sample Computation of the AAF (hypothetical values for July 1, 2014 implementation):

STEP 1

Determine the Index Value for the Measuring Year (MY) and Measuring Year - 1 (MY-1) for Each Index

- Index 1 - Producer Price Index, Industrial Power

	Measuring Year (2013)	Measuring Year - 1 (2012)
January	171.2	167.8
February	172.8	167.6
March	171.6	168.2
April	173.8	168.6
May	175.1	171.6
June	185.7	180.1
July	186.4	182.7
August	184.7	179.2
September	185.5	181.8
October	175.5	170.2
November	172.2	168.8
December	171.8	166.6
Average	177.2	172.8
Ratio of MY/MY-1		**1.03**

- Index 2 – EIA Industrial Rate

State	Revenues ($000s)	Sales (MWh)	Avg. Rate (cents/kWh)
Measuring Year (2012)			
CT	590,972	6,814,757	
MA	1,109,723	13,053,806	
ME	328,594	4,896,176	
NH	304,363	2,874,495	
NJ	1,412,665	15,687,873	
NY	2,001,588	26,379,314	
OH	3,695,978	78,496,166	
PA	3,682,192	63,413,968	
RI	152,533	1,652,593	
VT	155,903	2,173,679	
TOTAL	13,434,511	215,442,827	**6.24**
Measuring Year -1 (2011)			
CT	579,153	6,678,462	
MA	1,076,431	12,662,192	
ME	310,521	4,626,886	
NH	298,276	2,817,005	
NJ	1,370,285	15,217,237	
NY	1,891,501	24,928,452	
OH	3,622,058	76,926,243	
PA	3,571,726	61,511,549	
RI	144,144	1,561,700	
VT	152,785	2,130,205	
TOTAL	13,016,880	209,059,931	**6.23**
Ratio of MY/MY-1			**1.00**

- Index 3 – Producer Price Index, Industrial Commodities Less Fuel

	Measuring Year (2013)	Measuring Year -1 (2012)
January	190.1	187.2
February	190.9	188.0
March	191.6	188.7
April	192.8	189.9
May	194.7	191.8
June	195.2	192.3
July	195.5	192.3
August	196.0	193.1
September	196.1	193.2
October	196.2	193.8
November	196.6	193.7
December	196.7	194.0
Average	194.4	191.5
Ratio of MY/MY-1		**1.02**

STEP 2

Determine AAF by Summing the Weighted Indices

Index	Ratio of MY to MY-1	Weight	Weighted Factors
PPI Industrial Power	1.03	0.35	0.361
EIA Industrial Rate	1.00	0.40	0.400
PPI Industrial Commodities less fuel	1.02	0.25	0.255
AAF			**1.016**

STEP 3

Apply Collar of ±5.0% to Determine the Maximum/Minimum AAF.

-5.0% < 1.6% < 5.0%; collar does not apply, assuming no cumulative excess.

STEP 4

Apply AAF to Calculate the New Rate Year Base Rate

	Demand $/kW-mo.	Energy $/MWh
Current Rate Year Base Rate	7.56	12.91
New Rate Year Base Rate	7.68	13.12

NYS Power Authority Hearing

October 3, 2013

Original File 100313dcd.txt

New York State Power Authority

Thursday, October 3, 2013

2:30 p.m. - 6:30 p.m.

Niagara Power Project Visitors' Center

5777 Lewiston Road

Lewiston, New York 14092

Debra Doron, RPR, Notary Public

MS. DELINCE: Good afternoon. This is a public hearing required by law and authorized by the New York Power Authority's Board of Trustees on the proposed contract for the sale of hydropower to M&T Bank Corporation.

My name is Karen Delince and I'm the Authority's Corporate Secretary.

Procedures for certain contracts negotiated by the Authority, is set forth in New York State Public Authorities Law, Section 1009.

Section 1009 requires that notice of the hearing be provided to the Governor, legislative leaders and the general public.

As required, a notice and a copy of the proposed contract was sent to Governor Cuomo and the following legislative leaders:

The Senate's President Pro Temp
The Speaker of the Assembly
The Chairman of the Senate Finance Committee
Chairman of the Assembly Ways and Means Committee
The Senate Minority Leader and
The Assembly Minority Leader

In addition, once a week, for the four weeks leading up to this hearing, notices appeared in the following newspapers:

Niagara Gazette

Buffalo News

Buffalo Business First

Lewiston Porter Sentinel

Albany Times Union

Dunkirk Observer

The public was given access to the proposed contract on the Authority's website and at the Authority's White Plains office during the 30-day period prior to today's hearing. The public will also be given access to the hearing transcript at www.nypa.gov and at the White Plains office once it is completed.

The proposed contract will be reconsidered by the NYPA Trustees at their next meeting, in light of public comments. Once the Trustees have completed their final review, the contract will be forwarded to the Governor for his consideration and approval.

If you plan to make an oral statement at this hearing, I ask that you please see Lorna Johnson at the sign-in table and fill out a card. Also, if you have a written statement, please give a copy to Ms. Johnson and one to the reporter.

Your written statement may be of any length and will appear in the record of the hearing in addition to your oral statement.

The record of the hearing will remain open for additional comments or statements through close of business, Friday, October 4.

Any additional submissions should be mailed, faxed or e-mailed to the Corporate Secretary at:
123 Main Street, 11-P,
White Plains, NY 10601;
or
(914) 390-8040;
or
secretarys.office@nypa.gov.

At this point, I would like to introduce Mr. James Pasquale, the Authority's Senior Vice President of Economic Development and Energy Efficiency, who will provide additional details on the proposed direct sale contract.

Thank you.

Mr. Pasquale...

MR. PASQUALE: Thank you, Ms. Delince. Good afternoon. My name is James F. Pasquale and I am the Senior Vice President of Economic Development and Energy Efficiency at the New York Power Authority. I am here today to present a summary of a proposed contract for the direct sale of Expansion Power - hydropower that is generated here at the Authority's Niagara Power Project - to M&T Bank in Amherst.

Under Public Authorities Law Section 1005, Subsection 13, the Authority may allocate and sell directly or by sale-for-resale, 250 megawatts of Expansion Power, known as EP, and 445 megawatts of Replacement Power, known as RP, to businesses located within 30 miles of the Niagara Power Project, provided that the amount of EP allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in Chautauqua County.

On July 26, 2011, the Authority's Trustees awarded 3 megawatts of Expansion Power to M&T Bank for a term of 5 years in return for commitments made to expand its business in Western New York.

Specifically, M&T proposed to acquire the vacant former HSBC data center facility in Amherst to ultimately serve as its primary data center. In return for the hydropower allocation, the company committed to spending over $51 million, comprised of an upfront investment of $13.6 million for needed infrastructure and cooling equipment upgrades, and new uninterruptible power supply equipment, along with $38 million invested in new computer equipment (data servers, routers, storage devices and related hardware and software) over 5 years. M&T committed to create 124 new jobs as a result of this project.

To summarize the proposed contract's pertinent provisions, first, it provides for the direct billing of all hydropower supply charges, all New York Independent System Operator, Inc. ("NYISO") charges and taxes.

The contract includes M&T's agreed-upon commitments with respect to employment and capital investment. The contract retains the Authority's right to reduce or terminate the allocation if employment, power utilization or capital investment commitments are not met. For example, the contract includes an annual job reporting requirement and a job compliance threshold of ninety percent. Should M&T's average annual employment at the Amherst facility fall below the compliance threshold of 90% of the employment commitment, the Authority has the right to reduce the allocation on a pro rata basis.

Additionally, to accommodate non-payment risk that could result from the direct billing arrangement, the contract includes commercially reasonable provisions concerning the Authority's ability to charge late payment fees and to require deposits in the event of customer failure to make payment for any two monthly bills. These contract provisions are consistent with recent Authority direct sale contracts including the Authority's Recharge New York sales contracts.

The contract will serve the allocation in accordance with the Authority's Service Tariff WNY-1 which specifies the rates and which is applicable to all EP and RP allocations. The Service Tariff specifies a three-year rate phase-in to a target rate based on the rate of the Authority's other hydropower program - Preservation Power - to ultimately ensure consistency among the Authority's three hydropower programs. Transmission and delivery service for the allocation will be provided by National Grid in accordance with its Public Service Commission-approved delivery service tariffs.

As Ms. Delince stated earlier, the Authority will accept your comments on the proposed contract until the close of business on Friday, October 4th. I will now turn the forum back to Ms. Delince.

MS. DELINCE: Thank you, Mr. Pasquale. At this point we will recess and reconvene once speakers are present. Thank you.

(Recess.)

MS. DELINCE: This hearing is now closed.


New York Power Authority
Generating more than electricity

President & Chief Executive Officer Report

Gil Quiniones

December 17, 2013

Board of Trustees Meeting

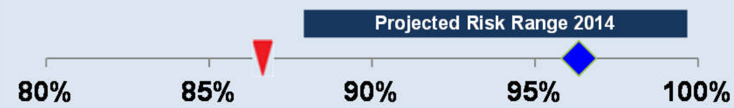
New York Power Authority

Balanced Scorecard for November 2013

Goal	Measure	Year-to-Date 2013 Status	Trend	Target	Actual
Maintain Infrastructure	Generation Market Readiness *(%)*	▲	—	99.40	**99.64**
	Transmission System Reliability *(%)*	▬	—	95.94	**95.92**
Financial Management	Debt Coverage *(Ratio)*	▲	↗	2.40	**2.90***
	O&M Budget Performance *($ Millions)*	▲	↗	335.1	**320.9**
Energy Services	MMBTU's Saved	▲	↘	391.6	**461.3**
	Energy Efficiency Investment in State Facilities *($ Millions)*	▲	↘	51.8	**69.4**
Workforce Management	Retention *(# of Touchpoints)*	▲	↗	360	**556***
Safety Leadership	DART Rate *(Index)*	▲	↗	0.78	**0.61**
Environmental Responsibility	Environmental Incidents *(Units)*	▲	↘	30	**29**

Year 2014 Risk Range

Transmission System Reliability:



Debt Coverage:

Risk Range

◆	Year-to-Date Actual
▼	Risk Threshold

Projected risk ranges to be reported quarterly

Corporate Performance

Status	Trend
▲ Meeting or Exceeding Target	↗ Improving
▬ Below Target	— Stable
● Significantly Below Target	↘ Worsening

*Updated quarterly; these are 3rd quarter submissions


New York Power Authority
Generating more than electricity

Board of Trustees Meeting

December 17, 2013

Chief Operating Officer Report
Edward Welz

New York Power Authority

Operations

- **Corporate-Level Performance Summary**

	Sept/Oct. 2013		YTD	
NYPA OVERALL	**Actual**	**Target**	**Actual**	**Target**
Market Readiness (%)	99.94	99.40	99.63	99.40
Transmission Reliability (%)	93.36	93.14	95.66	95.85
Environmental Incidents	6	2	27	32
DART Rate	0.00	0.78	0.58	0.78

- **2013**
- **A Look Ahead**


New York Power Authority
Generating more than electricity

Chief Financial Officer – Summary Report

December 17, 2013

Board of Trustees Meeting

New York Power Authority

Chief Financial Officer – Summary Report

- **Concluding Observations on 2013 Financial Performance**
  - Net Income is expected to remain above budget ending the year at a level exceeding $200 million
    - **Drivers of Performance** – As has been reported over the past few months, higher than forecast hydro generation and capacity prices largely contributed to this positive performance
  - At these projected levels, the business requirements for cash flow and liquidity are will be met for the year

- **Revolving Credit Agreement**
  - The $550 million Revolving Credit Agreement supporting NYPA's Commercial Paper Program was successfully renegotiated for an additional year pursuant to its terms and prior Trustee authorization
    - **Significant Savings** – Commitment Fees will be reduced from 65 basis points to 35 bps per annum for an annual savings of approximately $1.7 million
  - As part of this process, each of the three Ratings Agencies reaffirmed NYPA's solid credit ratings

Chief Risk Officer – Summary Report

December 17, 2013

Board of Trustees Meeting

New York Power Authority

Chief Risk Officer – Summary Report

- September Enterprise Risk Report – Lessons Learned
- Integration with Strategy
- Risk Response & Key Risk Indicator (KRI) Pilot
- Integration with Audit

NYPA strategic plan: powering the future

Mission

"Power the economic growth and competitiveness of New York State by providing customers with low cost, clean, reliable power and the innovative energy infrastructure and services they value"

Customer

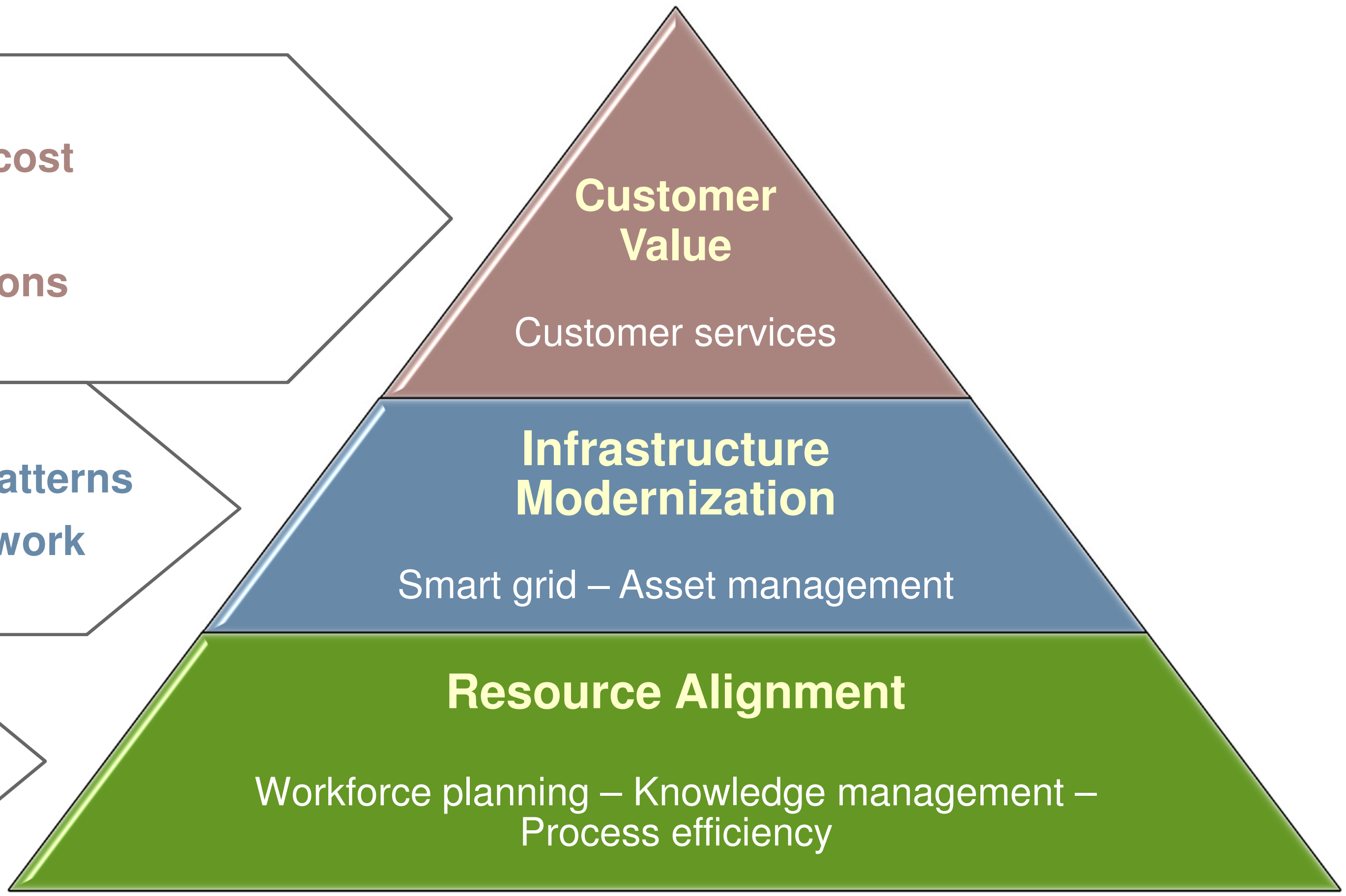
- Reduce energy use and cost
- Need for resiliency
- Demand for "green" options

Infrastructure

- Unpredictable demand patterns
- Decentralized power network

Internal

- Need for new skills and greater agility
- Changing employee goals



2014 Operating Budget
($ Millions)

	Operating Budget 2014
Operating Revenues:	
Customer Revenues	$2,131.2
NYISO Market Revenues	793.8
Total Operating Revenues	2,925.0
Operating Expenses:	
Purchased Power	835.5
Fuel oil and gas	299.9
Wheeling Expenses	614.2
O&M Expenses	388.2
Other Expenses	216.7
Depreciation and Amortization	228.7
Total Operating Expenses	2,583.2
NET OPERATING REVENUES	**341.8**
Other Income:	
Investment Income	26.9
Other Income	75.4
Total Other Income	102.3
Non-Operating Expenses	
Interest & Other Expenses	176.4
Contributions to State	90.0
Total Non-Operating Expenses	266.4
NET INCOME	**$177.7**

2013 - 2014 Plan Variance

($ Millions)

	Original Budget **2013**	Forecast **2013**	Budget **2014**	2013 Forecast vs. 2014 Budget **Variance**
Operating Revenues:				
Customer Revenues	$2,119.6	$2,084.0	$2,131.2	$47.2
NYISO Market Revenues	$678.6	$910.6	$793.8	($116.8)
Total Operating Revenues	**$2,798.1**	**$2,994.7**	**$2,925.0**	**($69.7)**
Operating Expenses:				
Purchased Power	$773.8	$870.7	$835.5	($35.2)
Fuel oil and gas	$322.9	$329.7	$299.9	($29.8)
Wheeling Expenses	$582.9	$594.6	$614.2	$19.7
O&M Expenses	$413.4	$421.2	$388.2	($32.9)
Other Expenses	$201.1	$192.1	$216.7	$24.6
Depreciation and Amortization	$227.8	$228.0	$228.7	$0.6
Total Operating Expenses	**$2,522.0**	**$2,636.2**	**$2,583.2**	**($53.0)**
NET OPERATING REVENUES	**$276.2**	**$358.5**	**$341.8**	**($16.7)**
Other Income:				
Investment Income	$27.7	$14.8	$26.9	$12.1
Other Income	$76.6	$75.9	$75.4	($0.5)
Total Other Income	**$104.2**	**$90.7**	**$102.3**	**$11.5**
Non-Operating Expenses				
Interest & Other Expenses	$185.0	$180.8	$176.4	($4.4)
Contributions to State	$65.0	$65.0	$90.0	$25.0
Total Non-Operating Expense	**$250.0**	**$245.8**	**$266.4**	**$20.6**
NET INCOME	**$130.4**	**$203.4**	**$177.7**	**($25.7)**

2014 Operating Forecast by Project ($ Thousands)

New York Power Authority *2014* *Dollars in thousands*

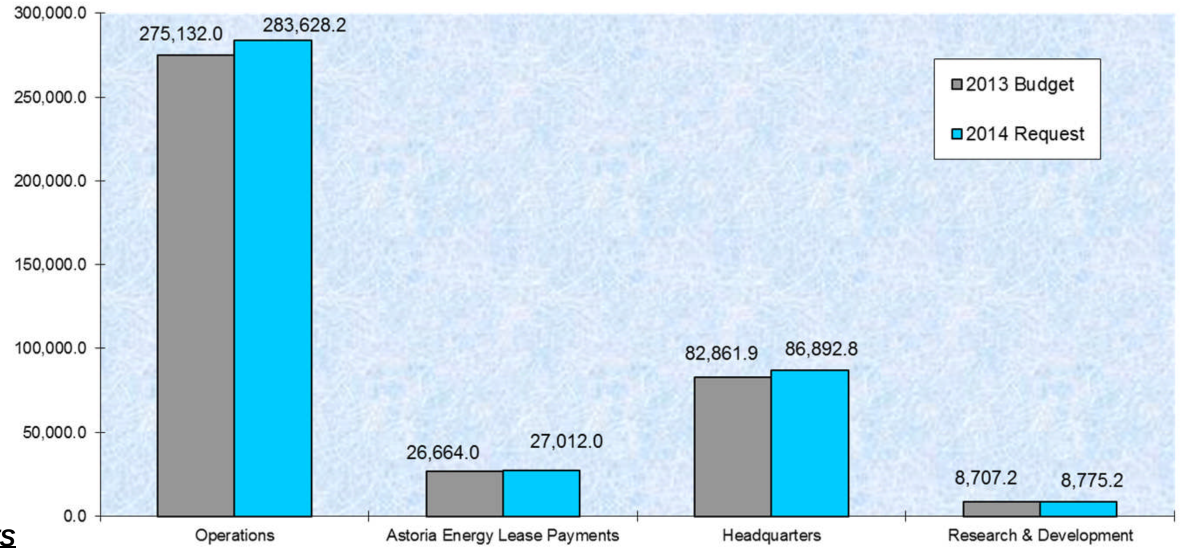
	Niagara	*St. Lawrence*	*Blenheim Gilboa*	*SENY*	*SCPP*	*Mkt Sup Power*	*Flynn*	*Trans-mission*	*Hudson Transm.*	*Misc.*	*Year End*
Operating Revenues											
Customer Revenue	276,647	137,298	9,430	1,488,359		146,445	95,917	59,091	2,422	(84,437)	2,131,174
ISO Revenues	177,973	54,448	70,150	305,997	99,714	3,894		121,953		(68,325)	765,805
Ancillary Services	15,940	1,527	1,889	8,056	600						28,013
Operating Revenues	**470,561**	**193,273**	**81,470**	**1,802,413**	**100,314**	**150,339**	**95,917**	**181,044**	**2,422**	**(152,762)**	**2,924,992**
Operating Expenses											
Purchase Power	(40,050)	(7,716)	(10,211)	(592,138)	(1,593)	(123,341)			(60,309)	158,523	(676,836)
Ancillary Services	(22,748)	(9,112)	(73)	(33,014)	(133)	(6,217)					(71,298)
Transmission Congestion	(23,389)	(6,959)		(41,612)		(15,402)					(87,361)
Fuel				(203,470)	(25,972)		(70,475)				(299,916)
Wheeling	(8,173)	(1,437)		(601,328)		(2,930)	(360)				(614,228)
O&M	(97,914)	(52,252)	(32,522)	(92,294)	(24,421)	(1,702)	(12,233)	(92,971)			(406,308)
Other	(29,773)	(4,472)	(2,935)	(12,678)	(531)	(94,436)	(1,309)	(9,071)	(12,276)	(49,191)	(216,671)
Depreciation & Amortization	(37,160)	(19,752)	(9,076)	(96,671)	(18,626)	(87)	(5,327)	(41,958)			(228,656)
Allocation to Capital	4,863	2,593	1,829	3,045	331	116	560	4,735			18,072
Operating Expenses	**(254,344)**	**(99,106)**	**(52,988)**	**(1,670,160)**	**(70,945)**	**(243,999)**	**(89,143)**	**(139,265)**	**(72,586)**	**109,332**	**(2,583,203)**
Nonoperating Revenues											
Investment Income										34,670	34,670
Mark-to-Mark Adjustment										(7,757)	(7,757)
Other Income							805			74,551	75,356
Nonoperating Revenues							**805**			**101,464**	**102,268**
Nonoperating Expenses											
Contributions to State										(90,000)	(90,000)
Interest & Other Expenses	(27,160)	(18,048)	371	(110,659)	(6)	(3)	(13)	(5,212)		(15,646)	(176,377)
Nonoperating Expenses	**(27,160)**	**(18,048)**	**371**	**(110,659)**	**(6)**	**(3)**	**(13)**	**(5,212)**		**(105,646)**	**(266,377)**
Net Income	**189,057**	**76,119**	**28,852**	**21,594**	**29,364**	**(93,663)**	**7,566**	**36,567**	**(70,164)**	**(47,612)**	**177,681**

O & M 2013-2014 Budget

	2013 Budget	2014 Budget	INCREASE / (DECREASE) $'s	INCREASE / (DECREASE) %
EXECUTIVE OFFICE				
Executive	2,440.4	3,774.3	1,333.9	54.7%
Law	7,894.9	8,236.8	341.9	4.3%
Internal Audit	2,041.7	2,233.5	191.8	9.4%
Public, Governmental & Regulatory Affairs	1,614.7	1,548.4	(66.2)	(4.1%)
Corporate Communications	4,133.8	4,148.9	15.1	0.4%
Strategic Planning	5,727.4	6,088.3	360.9	6.3%
Office Total	**23,852.9**	**26,030.2**	**2,177.4**	**9.1%**
BUSINESS SERVICES				
EVP Business Services	582.4	585.6	3.3	0.6%
Controller	5,603.7	5,493.2	(110.5)	(2.0%)
Finance	3,918.1	4,220.2	302.0	7.7%
Treasury	1,301.2	1,313.7	12.5	1.0%
Risk Management	205.8	1,762.1	1,556.3	756.1%
Office Total	**11,611.2**	**13,374.8**	**1,763.6**	**15.2%**
ENTERPRISE SHARED SERVICES				
SVP Enterprise Shared Services	684.0	680.0	(4.1)	(0.6%)
Corporate Support Services	8,956.2	9,190.3	234.1	2.6%
Procurement	3,425.0	3,953.3	528.3	15.4%
Fleet Management	1,366.4	1,448.5	82.1	6.0%
Information Technology	23,386.6	24,302.0	915.4	3.9%
Human Resources	5,846.4	6,594.9	748.5	12.8%
Office Total	**43,664.6**	**46,168.9**	**2,504.3**	**5.7%**
ENERGY MARKETING & BUSINESS DEVELOPMENT				
Energy Services	2,490.7	300.0	(2,190.7)	(88.0%)
Marketing	1,242.5	1,018.7	(223.7)	(18.0%)
Office Total	**3,733.1**	**1,318.7**	**(2,414.4)**	**(64.7%)**

	2013 Budget	2014 Budget	INCREASE / (DECREASE) $'s	INCREASE / (DECREASE) %
OPERATIONS				
Operations Headquarters	23,154.7	24,662.0	1,507.4	6.5%
Clark	19,744.7	16,514.0	(3,230.6)	(16.4%)
Blenheim-Gilboa	20,272.7	20,415.8	143.1	0.7%
Poletti/500MW	29,385.0	32,623.8	3,238.8	11.0%
Flynn	8,856.6	8,524.4	(332.1)	(3.8%)
SENY	5,742.3	4,802.2	(940.1)	(16.4%)
SCPP	26,061.9	22,231.5	(3,830.4)	(14.7%)
Niagara	59,308.8	65,723.8	6,415.0	10.8%
St. Lawrence	33,287.5	35,086.5	1,799.0	5.4%
Recharge NY	259.1	228.8	(30.3)	(11.7%)
Small Hydros	7,418.5	6,469.7	(948.8)	(12.8%)
Transmission Lines	40,324.9	45,115.7	4,790.8	11.9%
Astoria Energy II O&M	1,315.5	1,229.9	(85.6)	(6.5%)
Office Total	**275,132.0**	**283,628.2**	**8,496.2**	**3.1%**
Research & Development	***8,707.2***	***8,775.2***	***68.0***	**0.8%**
TOTAL NYPA	**366,701.1**	**379,296.1**	**12,595.1**	**3.4%**
Astoria Energy II Lease	**26,664.0**	**27,012.0**	**348.0**	**1.3%**
Grand Total	**393,365.1**	**406,308.1**	**12,943.1**	**3.3%**

O & M: 2013 – 2014 Summary ($ Thousands)



HIGHLIGHTS

* *The 2014 base request of $379.3 million, which excludes lease payments of $27.0 million for Astoria Energy, is $12.6 million (3.4%) greater than the 2013 approved budget. When including the O&M component of the Astoria Energy facility lease payment which is fully recovered in customer rates, the 2014 request is $406.3 million.*

* *There are no requests for new positions in the 2014 budget. The requested staffing level is for 1,745 positions, up 3 (0.2%) from January 2013. The increase represents five (5) positions added during 2013 and two (2) position eliminations in 2013.*

* *The Fringe Benefits (O&M Component) increase of $3.0 million is mostly driven by a $1.6 million increase in OPEB reflecting new healthcare reform impact, medical cost inflation and revised actuarial cost projections, a $0.5 million increase in pension costs, a $0.5 million increase in FICA and an anticipated rise in the annual wage cap and a $0.2 million increase in Medical Insurance.*

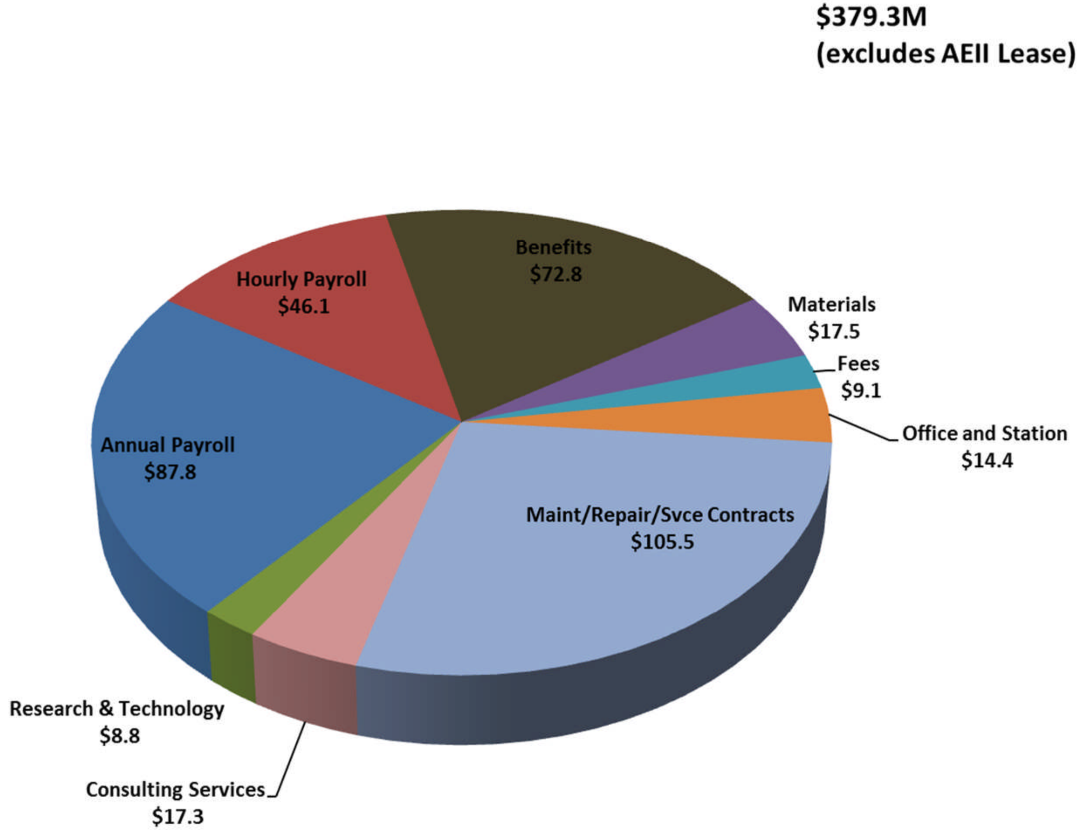
* *Planned outage costs for 2014 total $13.0 million which is $0.1 less than the 2013 outage budget. The following is a breakdown of the outage request by facility:*

-	*500MW*	*$7.7 million*
-	*SCPP's*	*$5.3 million*

* *HQ request is $4.0 million higher than 2013. Major increases are in fringe benefits (OPEB, pension, FICA and medical), payroll, consulting expenses for executive initiatives (includes funding for strategic planning initiatives), on-site Master's Program, hardware and software maintenance support and less WPO rental income.*

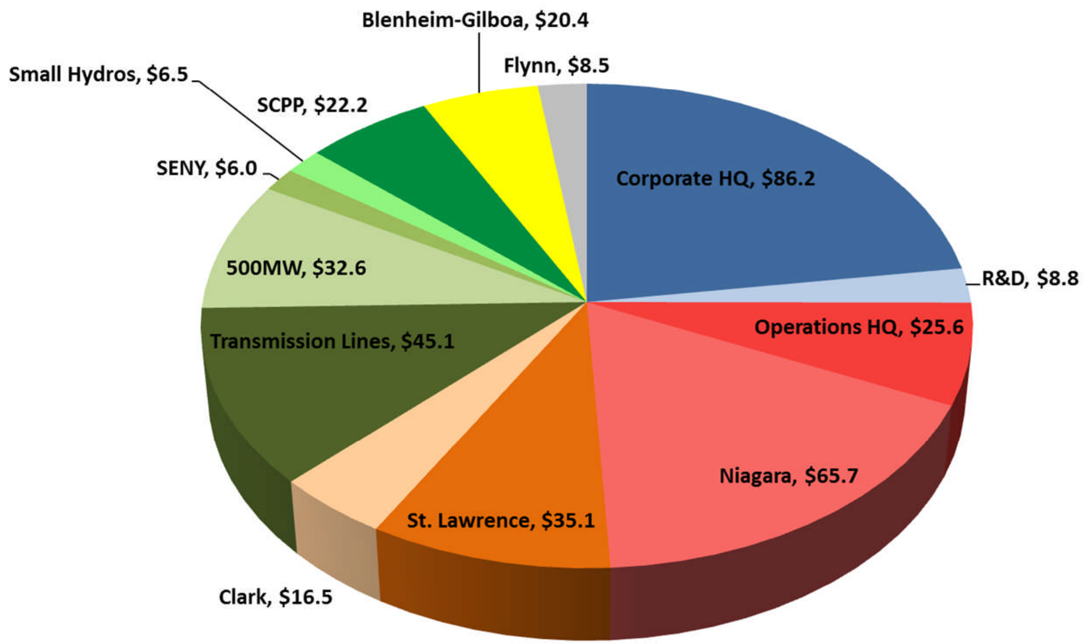
* *The increase in Operations mainly reflects an increase of $5.7 million in non-recurring work and an increase in fringe benefits and payroll.*

O & M: 2014 Budget by Cost Element ($ Millions)



O & M: 2014 Budget by Facility ($ Millions)

$379.3M
(excludes AEII Lease)



* Astoria does not reflect annual Lease payments

O & M: Headcount 2013 – 2014

Headcount 2013-2014

A net increase of 3 positions reflects:
* No new positions included in the 2014 Budget
* 5 positions added in 2013
* Elimination of 2 positions in 2013.

	01/01/13	10/31/13	2014 Request	1/1/13-2014 Inc/(Dec)
Headquarters				
Executive Offices	150	151	151	1
Business Services	104	103	103	(1)
Corporate Support Services	246	250	249	3
Marketing & Economic Development	142	143	143	1
Headquarters Total	**642**	**647**	**646**	**4**
Operations				
Operations HQ	329	326	328	(1)
Transmission/Clark	131	135	131	0
Blenheim-Gilboa	108	107	110	2
Poletti/500MW	67	66	66	(1)
R.M. Flynn	22	22	22	0
Niagara	260	260	256	(4)
St. Lawrence	183	182	186	3
Operations Total	**1,100**	**1,098**	**1,099**	**(1)**
NYPA Total	**1,742**	**1,745**	**1,745**	**3**

Capital & Energy Services Budget Variance from 2013-2014

$ Thousands

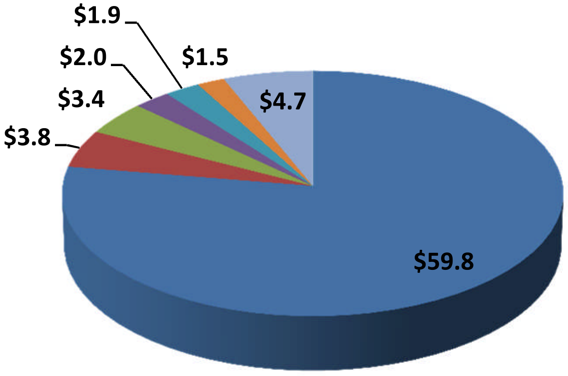
	2013 CAPITAL BUDGET	2014 CAPITAL REQUEST	*INCREASE / (DECREASE)*	*% CHANGE*
OPERATIONS				
TRANSMISSION	$53,923	$88,981	*$35,058*	*65.02%*
*NIAGARA**	$74,405	$77,108	*$2,703*	*3.63%*
*ST. LAWRENCE**	$15,765	$21,385	*$5,620*	*35.65%*
*BLENHEIM- GILBOA**	$5,013	$19,525	*$14,512*	*289.49%*
500 MW	$9,817	$5,126	*-$4,691*	*-47.79%*
SCPP	$3,436	$11,051	*$7,615*	*221.62%*
FLYNN	$661	$3,182	*$2,521*	*381.34%*
SMALL HYDRO PLANTS	$5,165	$15,991	*$10,826*	*209.61%*
SUB-TOTAL	$168,186	$242,350	*$74,165*	*44.10%*
HEADQUARTERS	$24,165	$36,932	*$12,767*	*52.83%*
TOTAL CAPITAL	**$192,351**	**$279,282**	***$86,931***	***45.19%***
ENERGY SERVICES	**$200,793**	**$222,323**	***$21,530***	***10.72%***
TOTAL CAPITAL & ENERGY SERVICES	**$393,144**	**$501,606**	***$108,462***	***27.59%***

** Includes Relicensing and Compliance Implementation Expense*

Capital Plan: 2014 Major Initiatives

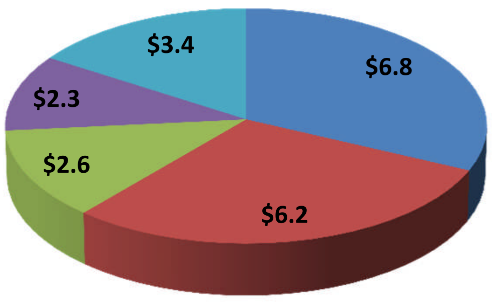
Approximately 65% of capital expenditures for 2014 are principally in the Upstate NY region supporting the Niagara and St. Lawrence Projects and the Authority's Bulk Transmission System

Niagara 2014
($ millions)
Total: $77.1 million



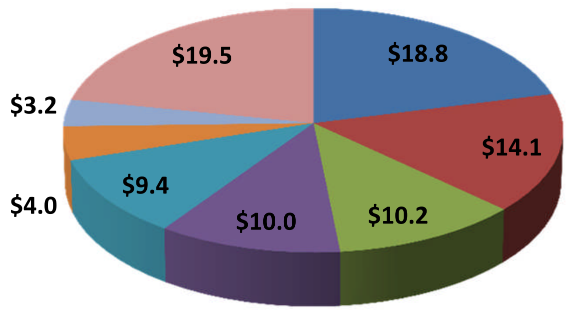
- LEWISTON PUMP GENERATION PLANT-LEM
- NIAGARA RELICENSING - COMPLIANCE & IMPLEMENTATION
- SOUTH ACCESS GUARD HOUSE REPLACEMENT
- RM STATOR REWIND AND RESTACK PROJECT (NEC)
- 150 TON TRAVELLING CRANE UPGRADE
- LPGP DRAFT TUBE TRASH RACK REPLACEMENT
- All Other Niagara Projects

St. Lawrence 2014
($ millions)
Total: $21.4 million



- ST. LAWRENCE GENERATOR STEP-UP (GSU) TRANSFORMER REPLACEMENT
- ST. LAWRENCE NATURE CENTER
- ST.LAWRENCE DSM ENERGY EFFICIENCY PROJECT
- ST. LAWRENCE RELICENSING COMPLIANCE & IMPLEMENTATION
- All Other St. Lawrence Projects

Transmission 2014
($ millions)
Total: $89.0 million

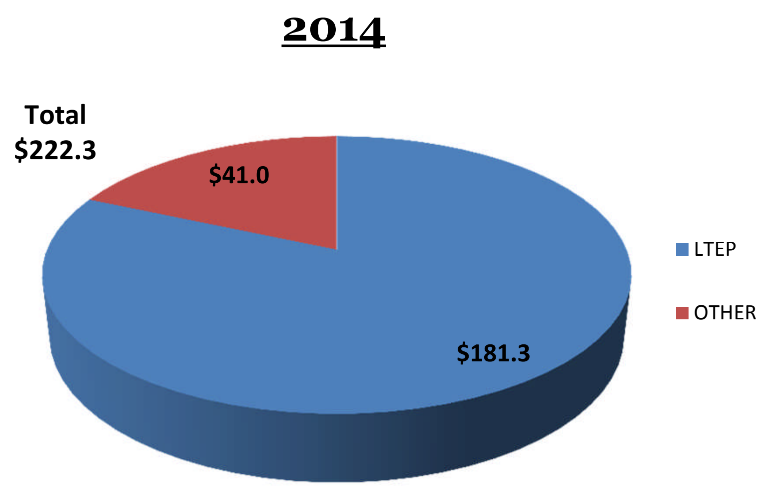


- MASSENA 765/230 KV MULT-UNIT AUTOTRANSFORMER REPLACEMENT
- ST. LAWRENCE BREAKER AND RELAY REPLACEMENT
- MARCY SOUTH SERIES COMPENSATION
- NIAGARA 115KV OCB UPGRADE
- COOPERS CORNERS SHUNT REACTOR
- UPGRADE CONVERTIBLE STATIC COMPENSATOR CONTROL SYSTEM
- NIAGARA SWITCHYARD LEM
- All Other Transmission Projects

ENERGY SERVICES
2014 BUDGET ($ Thousands)

	2013 Budget	2014 Budget	Increase/(Decrease) $'s	%
Long Term SENY Governmental Customers Program	153,540	181,309	27,769	18.09%
Other NYPA Funded Programs	43,331	40,630	(2,701)	-6.23%
POCR Funded Programs	2,422	382	(2,040)	-84.24%
Lower Manhattan Energy Initiative	1,500	3	(1,497)	-99.80%
TOTAL	200,793	222,323	21,530	10.72%

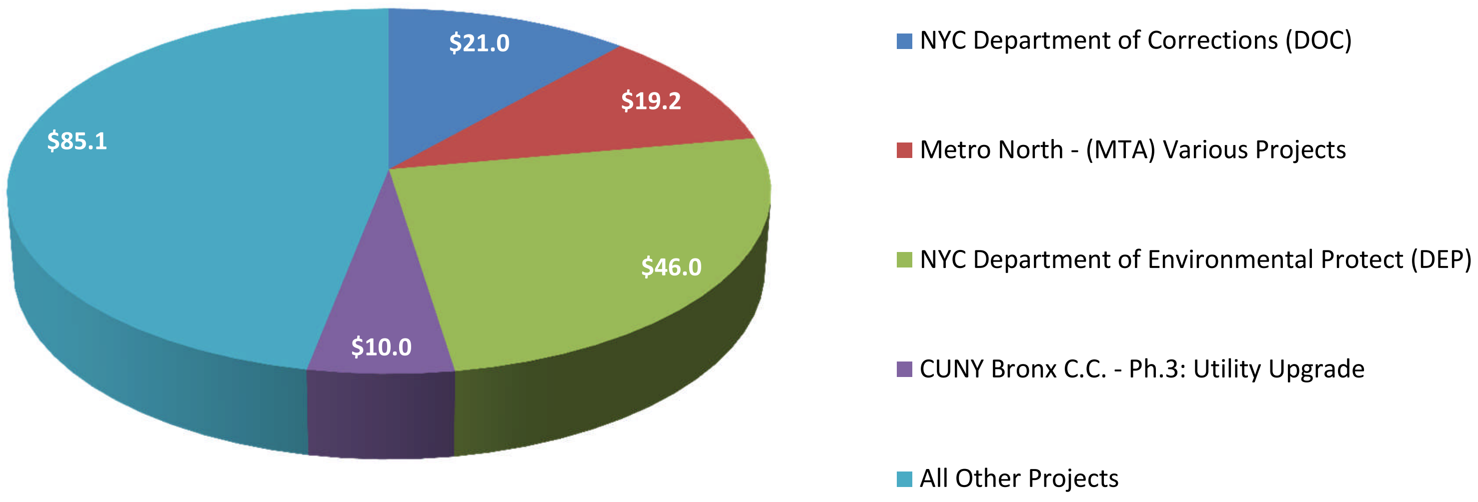
2014 Energy Services Capital Plan Request ($ Millions)



There are currently two major energy services programs authorized by the Trustees. The Long Term Agreement Program (LTEP) is associated with energy services work for our SENY customers and the Other Energy Services Program mostly supports energy service projects for NYS and other government entities. Both of these programs incorporate components of the Governor's Build Smart NY program. The Build Smart NY program (Executive Order 88) requires New York State agencies to increase their energy efficiency by 20% by 2020. As the graph indicates most of NYPA's planned energy services work in 2014 will support NYC and Build Smart energy efficiency initiatives.

Energy Services
2014 Long Term Agreement Program ($ Millions)

$181.3 million



Energy Services
2014 Other Energy Services Programs ($ Millions)

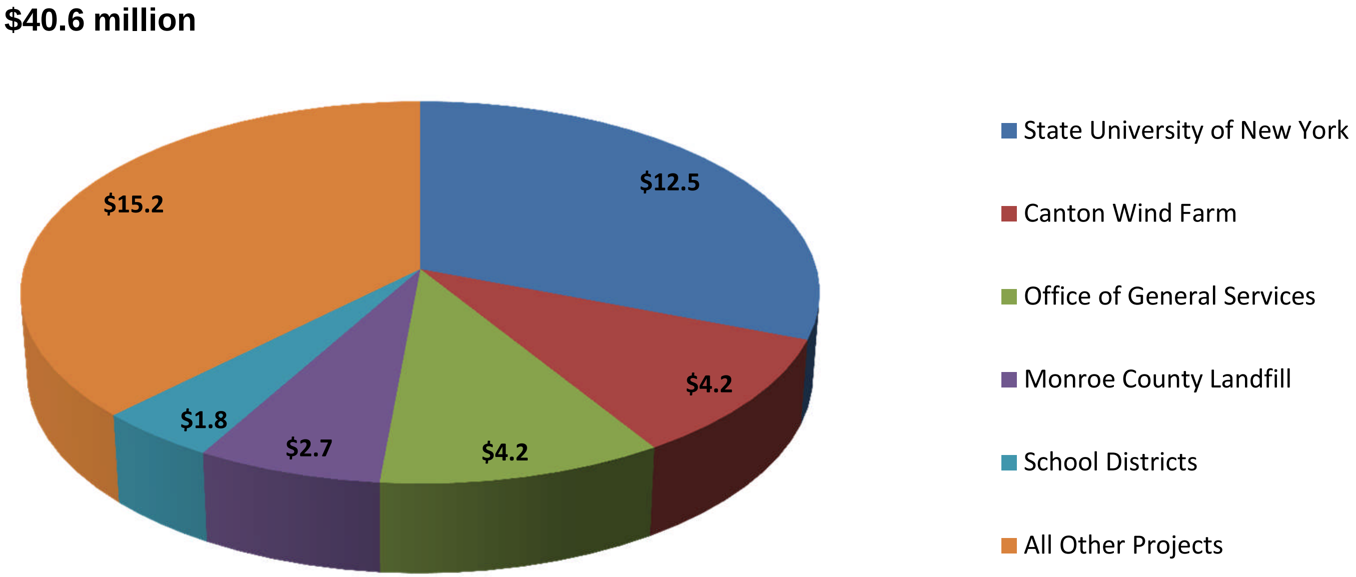


Exhibit "E"
December 17, 2013

New York Power Authority

2014-2017 Approved Budget and Financial Plan

In compliance with 2 NYCRR Part 203

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

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

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

To provide electric service, the Authority owns and operates five major generating facilities, eleven small gas-fired electric generating facilities, and four small hydroelectric facilities in addition to a number of transmission lines, including major 765-kV and 345-kV transmission facilities. The Authority's five major generating facilities consist of two large hydroelectric facilities ("Niagara" and "St. Lawrence-FDR"), a large pumped-storage hydroelectric facility ("Blenheim-Gilboa"), the combined cycle electric generating plant located in Queens, New York (the "500-MW plant") and the Richard M. Flynn combined cycle plant located on Long Island ("Flynn").

To provide additional electric generation capacity to the Authority's NYC Governmental Customers, NYPA entered into a long-term electricity supply agreement with Astoria Energy II LLC in 2008 for the purchase of the output of an Astoria, Queens based natural-gas fueled 550-MW generating plant, which entered service in the summer of 2011.

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

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

The Power Authority of the State of New York (the "Authority" or "NYPA") is a corporate municipal instrumentality and political subdivision of the State of New York (the "State") created in 1931 by Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended from time to time (the "Act"), to help provide a continuous and adequate supply of dependable electric power and energy to the people of the State.

The Authority's operations are overseen by a Board of Trustees. NYPA's Trustees are appointed by the Governor of the State, with the advice and consent of the State Senate. The Authority is a fiscally independent public corporation that does not receive State funds or tax revenues or credits. NYPA generally finances construction of new projects through a combination of internally generated funds and the sale of bonds and notes to investors and pays related debt service with revenues from the generation and transmission of electricity. Income of the Authority and properties acquired by it for its projects are exempt from taxation.

(b) Budget Process

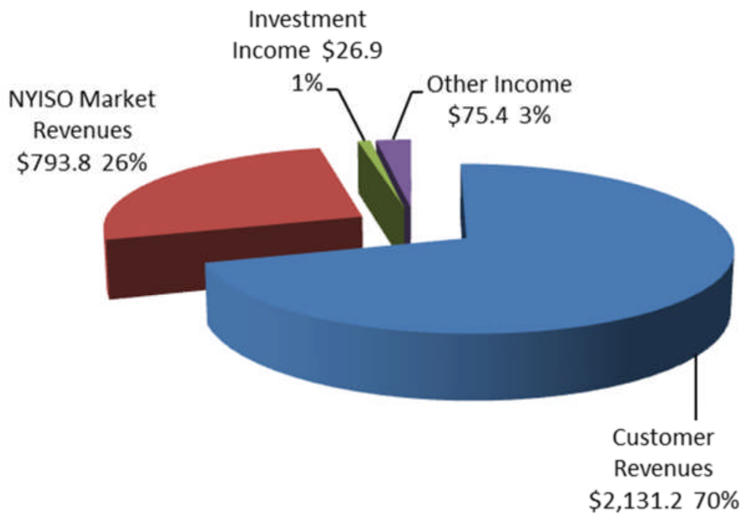
As an electric utility, NYPA operates in a capital intensive industry where operating revenues and expenses are significant and highly variable due to the volatility of electricity prices and fuel costs. NYPA's operations are not only subject to electric and fuel cost volatility, but changing water flows have a direct effect on hydroelectric generation levels. This Approved budget and financial plan relies on data and projections developed through the October 2013 timeframe.

NYPA's Four-Year Projected Income Statements

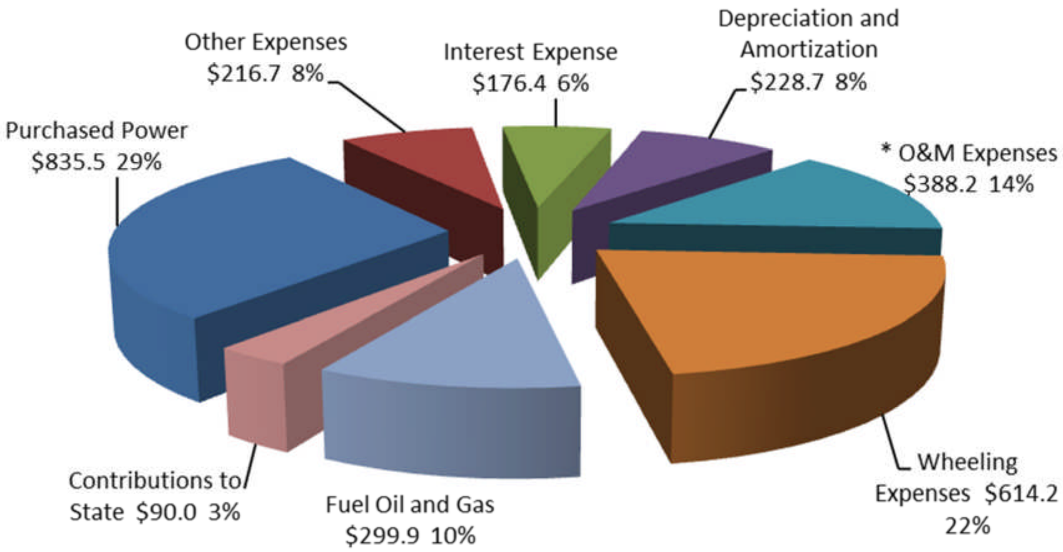
(in Millions)

	2014	2015	2016	2017
Operating Income:				
Customer Revenues	$2,131.2	$2,119.6	$2,190.6	$2,247.7
NYISO Market Revenues	$793.8	$770.8	$819.1	$830.2
Total Operating Income	$2,925.0	$2,890.4	$3,009.6	$3,077.8
Operating Expenses:				
Purchased Power	$835.5	$786.3	$836.3	$886.5
Fuel oil and gas	$299.9	$286.5	$320.0	$338.3
Wheeling Expenses	$614.2	$629.3	$641.5	$656.5
O&M Expenses	$406.3	$429.2	$429.2	$450.4
Other Expenses	$216.7	$177.8	$156.2	$135.6
Depreciation and Amortization	$228.7	$229.1	$219.7	$211.0
Allocation to Capital	($18.1)	($18.7)	($14.7)	($15.0)
Total Operating Expenses	$2,583.2	$2,519.5	$2,588.2	$2,663.2
NET OPERATING INCOME	**$341.8**	**$370.9**	**$421.4**	**$414.6**
Other Income:				
Investment Income	$26.9	$29.3	$38.8	$51.3
Other Income	$75.4	$4.5	$5.8	$5.8
Total Other Income	$102.3	$33.8	$44.6	$57.1
Non-Operating Expenses:				
Interest Expense	$176.4	$167.7	$162.5	$155.5
Contributions to State	$90.0	$65.0	$65.0	$65.0
Total Non-Operating Expenses	$266.4	$232.7	$227.5	$220.5
NET INCOME	**$177.7**	**$172.0**	**$238.6**	**$251.2**

2014 Budget – Sources
(in Millions)



2014 Budget – Uses
(in Millions)



* Reflects NYPA's Base O&M Expenses plus Administrative Expenses less the Allocation to Capital.

NYPA's Statement of Cash Flows

2801 Report Format

(in Millions)

	2012	2013	2014	2015	2016	2017
Revenue Receipts :						
Sale of Power, Use of Transmission Lines Wheeling Charges and other receipts	$2,576.8	$2,935.1	$2,868.3	$2,836.6	$2,959.1	$3,030.7
Earnings on Investments and Time Deposits	$26.8	$26.2	$25.2	$27.3	$35.5	$51.2
Total Revenues	**$2,603.6**	**$2,961.3**	**$2,893.5**	**$2,863.9**	**$2,994.6**	**$3,081.9**
Expenses:						
Operation and Maintenance, including Transmission of Electricity by others, Purchased Power and Fuel Purchases	**($2,299.0)**	**($2,567.5)**	**($2,542.6)**	**($2,444.2)**	**($2,520.9)**	**($2,607.9)**
Debt Service :						
Interest on Bonds and Notes	($71.0)	($66.3)	($63.9)	($62.2)	($63.3)	($66.2)
Bonds and Notes Retired	($51.4)	($98.8)	($88.6)	($76.3)	($82.3)	($90.4)
Total Debt Service	**($122.4)**	**($165.1)**	**($152.5)**	**($138.5)**	**($145.6)**	**($156.6)**
Total Requirements	**($2,421.4)**	**($2,732.6)**	**($2,695.1)**	**($2,582.7)**	**($2,666.5)**	**($2,764.5)**
Net Operations	**$182.2**	**$228.7**	**$198.4**	**$281.2**	**$328.1**	**$317.4**
Capital Receipts :						
Sale of Bonds, Promissory Notes & Commercial Paper	$243.4	$197.9	$169.2	$203.0	$174.0	$425.7
Less : Repayments	($232.2)	($128.1)	($110.7)	($89.8)	($91.1)	($330.8)
Earnings on Construction Funds	$1.6	$0.8	$0.3	$0.3	$0.3	$0.3
DSM Recovery Receipts	$178.6	$194.3	$222.1	$180.1	$182.6	$181.6
Temporary Asset Transfer Return from NYS	$0.0	$0.0	$34.3	$34.3	$34.3	$43.0
Other	$102.0	$102.0	$92.0	$94.5	$5.0	$5.0
Total Capital Receipts	**$293.4**	**$366.9**	**$407.2**	**$422.4**	**$305.1**	**$324.8**
Capital Additions & Refunds :						
Additions to Electric Plant in Service and Construction Work in Progress, and Other costs	($383.6)	($582.4)	($631.7)	($573.1)	($452.8)	($464.2)
Construction Funds - Net Transfer	$0.0	($0.8)	($0.3)	($0.3)	($0.3)	($0.3)
Total Capital Additions & Refunds	**($383.6)**	**($583.2)**	**($632.0)**	**($573.4)**	**($453.1)**	**($464.5)**
Net Capital	**($90.2)**	**($216.3)**	**($224.8)**	**($151.0)**	**($148.0)**	**($139.7)**
Net Increase/(Decrease)	**$92.0**	**$12.4**	**($26.4)**	**$130.2**	**$180.1**	**$177.7**

(c) Budget Assumptions

NYISO Revenue and Expenses

Based upon scheduled customer power needs and available electricity generated by NYPA's operating assets, the Authority buys and sells energy in an electricity market operated by the NYISO. The majority of NYPA's operating expenses are due to various NYISO purchased power charges in combination with generation related fuel expenses. A significant amount of the Authority's revenues result from sales of the Authority's generation into the NYISO market for which the energy revenues are projected based on available forward price curves while the capacity revenues are estimated using the NYISO demand curve formula.

Customer and Project Revenue

The customers served by the Authority and the rates paid by such customers vary with the NYPA facilities designated to serve such loads. These customers are served under contracts and tariffs approved by the Trustees.

St. Lawrence-FDR and Niagara Customers. Power and energy from the St. Lawrence-FDR and Niagara hydroelectric facilities are sold to municipal electric systems, rural electric cooperatives, industrial and other business customers, certain public bodies, investor-owned utilities, and out-of-state customers.

The charges for firm and/or firm peaking power and associated energy sold by the Authority, as applicable, to the fifty-one municipal electric systems and rural electric cooperatives in New York State, two public transportation agencies, three investor-owned utilities for the benefit of rural and domestic customers, and seven out-of-state public customers have been established on the basis of the cost to serve these loads. The 2014-2017 financial plan models Trustee-approved rate increases for customers as well as prospective rate increases.

Niagara's expansion and replacement power industrial customers and St. Lawrence-FDR's industrial customers are allocated over 40% of the firm contract demand of the plants. Sale of expansion and replacement power historically had been handled on a sale-for-resale business through National Grid and New York State Electric and Gas. Beginning July 1, 2013, NYPA's Trustees have approved the direct sale to these customers of low cost hydro power.

A March 30, 2012 Western New York Power Proceeds Act authorizes the Authority to deposit net earnings from the sale of unallocated Expansion Power and Replacement Power from the Authority's Niagara project into the Western New York Economic Development Fund (Fund) as deemed feasible and advisable by the Authority's Trustees. "Net earnings" are defined as any excess revenues earned from such power sold into the wholesale market over the revenues that would have been received had the power been sold at the Expansion Power and Replacement Power rates. Proceeds from the Fund may be used to support eligible projects undertaken within a 30-mile radius of the Niagara project that qualify under applicable criteria. The legislation establishes a five member allocation board to be appointed by the Governor. Payments from the Power Authority to the fund have been incorporated into this four-year plan.

Legislation enacted into law in March 2011 created a new economic development power program which commenced July 1, 2012, the Recharge New York Power Program ("RNYPP"), to replace and expand upon a previous array of economic development programs, most prominently, the Power for Jobs ("PFJ") and Energy Cost Savings Benefits ("ECSB") programs. RNYPP is a new, permanent power program administered by the Authority and the Economic Development Power Allocation Board ("EDPAB"). The RNYPP utilizes 455 MW of hydropower from the Authority's Niagara and St. Lawrence-FDR projects combined with up to 455 MW of market-based power purchases. The 455 MW of hydropower was, until August 1, 2011, provided to residential and domestic customers of three upstate utilities. The 910 MW of power is available for allocations to eligible new and existing businesses and not-for-profit corporations under contracts of up to seven years. PFJ and ECSB Program customers that applied for, but were not awarded RNYPP allocations were eligible for certain "transitional electricity discounts". These transitional discounts, payable if deemed feasible and advisable by the Authority's Trustees, will gradually decline to zero by June 30, 2016. The RNYPP legislation also authorizes the Authority, as deemed feasible and advisable by its Trustees, to provide annual funding of $100 million for the first three years following withdrawal of the hydropower from the residential and farm customers, $70 million for the fourth year, $50 million for the fifth year, and $30 million each year thereafter, for the purpose of funding a residential consumer discount program for those customers that had received the hydropower that is utilized in the RNYPP. Revenues earned from the sale of unused RNYPP power into the wholesale market may be used to offset the cost of these residential discounts.

SENY Governmental Customers. Capacity from the Authority's 500 MW plant and the four small hydroelectric plants, the contracted capacity from the Astoria Energy II plant, together with capacity and energy purchased by the Authority in the NYISO markets, are sold to various municipalities, school districts and public agencies in New York City and

Westchester County. Sales into the NYISO of energy generated by Authority resources at the 500-MW plant, the small hydro projects, and the contracted capacity from the Astoria Energy II plant offset the cost of the energy purchased. A set amount of capacity from the Blenheim-Gilboa project is also dedicated to serving a segment of this customer class.

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

Under the 2005 LTA, the Authority modifies rates annually through a formal rate proceeding if there is a change in fixed costs to serve the New York City governmental customers. Generally, changes in variable costs, which include fuel and purchased power, are captured through annual contractual pricing adjustment mechanisms.

In 2007, the Authority entered into new supplemental electricity supply agreements with over one-hundred governmental customers in Westchester County resulting in the Westchester governmental customers remaining full requirements customers of NYPA. The Westchester County customers can terminate the contract upon one year's notice effective no sooner than January 1 following such notice. The Authority may modify the rates charged the customer pursuant to a specified procedure; an energy charge adjustment mechanism is applicable; the customer is committed to pay for any supply resources secured for it by the Authority under a collaborative process; and NYPA will continue to make available financing for energy efficiency projects and initiatives, with costs thereof to be recovered from the customer. For purposes of the four-year financial plan, it is assumed that the New York City and Westchester governmental customers will continue to be served and rates will be set on the basis of the cost to serve these loads.

Blenheim-Gilboa Customers. The Authority has a contract for the sale of 50 MW of firm capacity from the Blenheim-Gilboa plant to the Long Island Power Authority ("LIPA") which expires in April of 2015, and provides another 250 MW to the Authority's New York City governmental customers, the rates for which are reset periodically on the basis of cost, with the remainder of the plant's capacity used to meet the requirements of some of the Authority's other business and governmental customers and to provide services in the NYISO market at the projected NYISO capacity rate.

Small Clean Power Plants ("SCPPs"). To meet capacity deficiencies and ongoing local requirements in the New York City metropolitan area, which could have also adversely affected the statewide electric pool, the Authority placed in operation, in the summer of 2001, eleven 44-MW natural-gas-fueled SCPPs at various sites in New York City and one site in the service territory of LIPA. The plant at the Vernon location may be retired during the forecast period pursuant to the terms of an agreement entered into at the time of construction.

For the 2014-2017 financial plan, it is assumed the installed capacity of the SCPPs is used by the Authority to meet its customers' NYISO-mandated installed capacity needs or, if not needed for that purpose, is subject to sale to other users via bilateral arrangements or by sale into the NYISO capacity auction. NYPA sells the energy produced by the SCPPs into the NYISO energy market.

Flynn. The Flynn Project is a combined-cycle facility with a nameplate rating of 164 MW. The Authority is supplying the full output of the Flynn Project to LIPA pursuant to a capacity supply agreement between the Authority and LIPA, which commenced in 1994 and had an initial term of 20 years. In April 2012, LIPA executed the termination provision contained in Amendment 9 of its contract with NYPA, which becomes effective at the end of 2014. For purposes of the 2014-2017 Financial Plan, it has been assumed that the full output of the Flynn Project will be supplied through 2017 to LIPA.

Transmission Projects. The Authority owns approximately 1,400 circuit miles of high voltage transmission lines, the major lines being the 765-kV Massena-Marcy line, the 345-kV Marcy-South line, the 345-kV Niagara-to-Edic transmission line, and the 345-kV Long Island Sound Cable.

In an Order issued January 27, 1999, FERC approved the use of a $165.4 million transmission system revenue requirement in developing the rates for use of NYPA's transmission facilities under the NYISO tariff. FERC also approved, among other things, the imposition of the NYPA Transmission Adjustment Charge ("NTAC") and the NYPA Transmission Service Charges ("TSC") which are the tariff elements established to effect full recovery of the Authority's annual transmission revenue requirement.

With the implementation of the NYISO arrangement in November 1999, all transmission service over the Authority's facilities is either pursuant to the NYISO tariffs or pre-existing Authority contracts, with NYPA realizing its annual revenue requirement via the NTAC, TSC and through existing customer contracts.

In July 2012, the Authority filed for its first requested increase in the revenue requirement with FERC since the implementation of the NYISO. As a result of the Authority's filing, FERC ordered a settlement process that resulted in an uncontested settlement providing for a new $175.5 million revenue requirement, which was approved by FERC. The increased revenue requirement is necessary to cover increased operating and maintenance expenses of NYPA's bulk transmission system, as well as to make necessary capital improvements, and is retroactive to August 1, 2012.

Hudson Transmission Project. Following a request for proposals issued by the Authority in March 2005, the Authority executed a firm transmission capacity purchase agreement with Hudson Transmission Partners, LLC ("HTP") in April 2011. HTP constructed a 345 kV underground/submarine transmission line extending from Bergen County, New Jersey to Con Edison's West 49th Street substation in midtown Manhattan. The transmission line commenced operation in June 2013, and is operating as a merchant facility.

Purchased Power Expenses

Capacity, energy and NYISO ancillary service purchases made on behalf of customers (except for those made through previously approved purchased power agreements) are assumed to be transacted at the market clearing price in the wholesale market. For purposes of developing the financial plan, projected energy rates are based on available forward price curves while the capacity rates are estimated using the NYISO demand curve formulas.

Fuel Expenses

Fossil-fuel purchases in the plan are based on expected net generation levels determined through the use of an economic dispatch model for the Authority's plants and on available forward price curves for the fuel. Fuel expenses also include the costs associated with emission credit requirements under the Regional Greenhouse Gas Initiative ('"RGGI"). The RGGI requires the Authority to buy emission credits for its fossil-fuel plants, and the Authority also purchases such credits for the contracted Astoria Generating II plant. The projections for RGGI costs are based on historical emission rates and forecasted consumption of natural gas and oil with such costs recovered either through specific customer contract pass-through provisions or from the wholesale market.

Wheeling Expenses

Wheeling (i.e., the transmission and/or delivery of power and energy to customers over the lines of a third party) expenses are based on contractual and/or tariff rates of the service provider and are recovered through pass-through provisions in customer contracts.

Investment and Other Income

Investment Income. Investment of the Authority's funds is administered in accordance with the applicable provisions of the Bond Resolution and with the Authority's investment guidelines. These guidelines comply with the New York State Comptroller's investment guidelines for public authorities and were adopted pursuant to Section 2925 of the New York Public Authorities Law

The Authority's investments are restricted to (a) collateralized certificates of deposit, (b) direct obligations of or obligations guaranteed by the United States of America or the State of New York, (c) obligations issued or guaranteed by certain specified federal agencies and any agency controlled by or supervised by and acting as an instrumentality of the United States government, and (d) obligations of any state or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which is rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies. The Authority's investments in the debt securities of Federal National Mortgage Association and Federal Home Loan Bank, Federal Farm Credit Bank and Federal Home Loan Mortgage Corp. were rated Aaa by Moody's Investors Services, AAA by Fitch Ratings, and AA+ by Standard & Poor's. All of the Authority's investments in U.S. debt instruments are issued or explicitly guaranteed by the U.S. Government.

Other Income. On November 21, 2000 ("Closing Date"), the Authority sold its nuclear plants, the Indian Point 3 ("IP3") and James A. FitzPatrick ("JAF") Projects, to two subsidiaries of the Entergy Corporation for cash and non-interest bearing notes totaling $967 million, maturing over a 15-year period. The present value of these payments recorded on the Closing Date, utilizing a discount rate of 7.5%, was $680 million. On an accrual basis the Authority expects to recognize interest and other income of $2.6 million in 2014 and $1.2 million in 2015. On a cash basis the

Authority projects to receive $20 million annually during the period 2014-2015. In addition, the Authority entered into two "value sharing agreements" ("VSAs") with the Entergy subsidiaries whereby the Authority is entitled to receive annual payments up to a maximum of $72 million. Also, if the licenses of JAF and/or IP3 are extended, the Decommissioning Agreements provide for annual payments of $2.5 million per plant each year beyond the expiration dates. JAF's license has been extended past the original date of October 17, 2014 by twenty years, and beginning in 2015 the forecast includes the receipt of $2.5 million in additional revenue. For purposes of the 2014-2017 Financial Plan, it has been assumed that the maximum payment of $72 million will be received for the VSA through 2014, and an additional $2.5 million will be received in 2015 for the JAF license extension, increasing to $5 million starting in 2016 and every year thereafter.

Operations and Maintenance Expenses

NYPA's preliminary O&M plan by cost element for 2014-2017 is as follows:

Operations and Maintenance Forecast by Cost Element

(in Millions)

	2014	2015	2016	2017
Payroll				
Regular Pay	$ 150.2	$ 154.9	$ 159.8	$ 164.8
Overtime	$ 8.9	$ 9.2	$ 9.5	$ 9.8
Other Payroll	$ 2.8	$ 2.9	$ 3.0	$ 3.1
Total Payroll	**$ 161.9**	**$ 167.0**	**$ 172.3**	**$ 177.8**
Benefits				
Employee Benefits	$ 33.3	$ 34.5	$ 35.7	$ 37.0
Pension	$ 32.2	$ 33.0	$ 34.0	$ 35.0
OPEB	$ 11.0	$ 11.9	$ 12.8	$ 13.7
FICA	$ 12.0	$ 12.4	$ 12.9	$ 13.3
Total Benefits	**$ 88.5**	**$ 91.8**	**$ 95.4**	**$ 99.0**
Materials/Supplies	**$ 17.5**	**$ 18.2**	**$ 18.8**	**$ 19.5**
Fees	**$ 9.2**	**$ 9.5**	**$ 9.9**	**$ 10.2**
Office & Station	**$ 15.1**	**$ 15.6**	**$ 16.1**	**$ 16.7**
Maintenance Repair & Service Contracts	**$ 112.5**	**$ 126.6**	**$ 116.7**	**$ 127.6**
Consultants	**$ 17.3**	**$ 17.9**	**$ 18.5**	**$ 19.2**
Charges to:				
Outside Agencies	$ (6.8)	$ (6.9)	$ (7.0)	$ (7.2)
Capital Programs	$ (44.7)	$ (47.1)	$ (48.8)	$ (50.5)
Total Charges	**$ (51.4)**	**$ (54.0)**	**$ (55.8)**	**$ (57.7)**
Research & Development	**$ 8.8**	**$ 9.1**	**$ 9.4**	**$ 9.7**
Subtotal	**$ 379.3**	**$ 401.7**	**$ 401.2**	**$ 421.9**
Astoria Energy II	**$ 27.0**	**$ 27.5**	**$ 28.0**	**$ 28.5**
TOTAL NYPA O&M	**$ 406.3**	**$ 429.2**	**$ 429.2**	**$ 450.4**

Depreciation and Amortization Expenses

Depreciation of capital assets is generally provided on a straight-line basis over the estimated lives of the various classes of capital assets. The related depreciation provisions at December 31, 2012 expressed as a percentage of average depreciable capital assets was 2.8%.

Other Expenses

The Other Expenses category largely reflects various accruals (e.g., Other Post-Employment Benefit prior service obligations) and other miscellaneous expenses for which Trustee authorization is sought on a case-by-case basis.

(d) Self – Assessment of Budgetary Risks

Regulatory Risks

In 2005, the U.S. Fish and Wildlife Service (''FWS'') initiated a status review under the Endangered Species Act (16 U.S.C. 1531 et seq.) to determine if listing the American eel as threatened or endangered is warranted. American eels are a fish species that migrate between freshwater and the ocean, and their wide range includes the Atlantic seaboard of the United States and Canada and the Great Lakes' drainages. In findings issued February 2, 2007, the FWS determined that such a listing is not warranted. In 2010, the FWS was again petitioned to list the American eel and in September 2011 the FWS decided to undertake a status review to determine whether such a listing is warranted. In the event the FWS were to determine in the future to list the American eel as threatened or endangered, such a determination could potentially result in significant additional costs and operational restrictions on hydroelectric generating facilities located within the range of the species, including the Authority's St. Lawrence-FDR Project.

The Regional Greenhouse Gas Initiative ("RGGI") is a cooperative effort by Northeastern and Mid-Atlantic states to reduce carbon dioxide emissions by 10% by 2018. Central to this initiative is the implementation of a multi-state cap-and-trade program with a market-based emissions trading system. The program requires electricity generators to hold carbon dioxide allowances in a compliance account in a quantity that matches their total emissions of carbon dioxide for the compliance period. The Authority's Flynn plant, SCPPs, 500-MW Plant, and the contracted Astoria Energy II plant are subject to the RGGI requirements. NYPA has participated in program auctions commencing in September 2008 and expects to recover its RGGI costs through its power sales revenues. NYPA is monitoring potential federal programs that are under discussion and debate for their potential impact on RGGI in the future.

There is concern by individuals, the scientific community and Congress regarding possible environmental damage resulting from the use of fossil fuels. The Authority's 500-MW Plant, Flynn plant and its SCPPs use fossil fuels as does the Astoria Energy II plant. Congressional and regulatory action for the increased regulation of air, water and contaminants is periodically considered, and there are a number of pending legislative and regulatory proposals which may affect the electric utility industry including the Authority. The impact on the Authority's operations of any such proposals is not presently predictable or quantifiable.

During 2011, the Environmental Protection Agency ("EPA") issued a series of rulings to establish the Cross-State Air Pollution Rule ("CSAPR"). The CSAPR establishes emission allowance budgets for sulfur dioxide and nitrogen oxides for eastern states, including New York, and requires power plants in those states to hold allowances to cover their emissions. In December 2011, the U.S. Court of Appeals (D.C. Circuit) granted a stay of the CSAPR pending the court's resolution of numerous petitions for review and in the interim, the court indicated that the EPA should continue to enforce its Clean Air Interstate Rule ("CAIR") which the CSAPR was designed to replace. By decision issued August 21, 2012, the court vacated the CSAPR; directed the EPA to develop a replacement rule; and directed that the CAIR continue to be enforced pending the development of the replacement rule. On October 5, 2012, the EPA filed a petition with the D.C. Circuit seeking rehearing of the court's decision regarding the CSAPR. On June 24, 2013, the U.S. Supreme Court granted the EPA's request to review the D.C. Circuit's decision to invalidate EPA's CSAPR. The U.S. Supreme Court has scheduled oral arguments in this matter for December 10, 2013. CAIR remains in effect. On September 20, 2013, the EPA proposed stringent new carbon pollution standards, affecting new large and small gas fired and coal fired generating facilities. No proposals were put forth with respect to existing facilities. The Authority has been able to operate its fossil plants and the Astoria Energy II plant within the allocated allowances under the CAIR and in the event the CSAPR as promulgated by the EPA ultimately is implemented, the Authority anticipates that operation of its fossil plants and the Astoria Energy II plant would not be impacted.

The Power Authority's Board of Trustees has general broad rate setting authority for its power sales agreements with customers. With respect recovery of its transmission system costs, NYPA agreed to recovery via the terms and provisions of the NYISO Open Access Transmission Tariff. These terms and provisions call for the Authority to file its transmission revenue requirements with the Federal Energy Regulatory Commission ("FERC") for review and approval. In an Order issued January 27, 1999, FERC approved the use of the Authority's initial transmission system revenue requirement. In July 2012, the Authority filed for its first requested increase in the revenue requirement with

FERC since the implementation of the NYISO. This request, which resulted in the filing of an uncontested settlement agreement for an increased revenue requirement, was approved by FERC.

Currently, there are three capacity zones in New York State: New York City, Long Island, and Rest-of-State. Based upon a June 2009 NYISO order, FERC accepted the NYISO's proposal to work with stakeholders to address upstate to downstate congestion issues affecting the New York capacity market which might warrant the creation of additional capacity zone(s). The result of those efforts is a new Lower Hudson Valley Capacity Zone, which has been mandated by FERC to be implemented by May 2014. The Approved Budget and Financial Plan reflects an estimate of the impact of the Lower Hudson Valley capacity zone.

Legislative and Political Risks

A series of legislative enactments have called for the Authority to subsidize business customers and the State's general fund. Legislation enacted into law, as part of the 2000-2001 State budget, as amended in subsequent years, has authorized the Authority, "as deemed feasible and advisable by the trustees", to make a series of "voluntary contributions" into the State treasury in connection with the Power for Jobs Program and for other purposes as well. Beginning December 2002 through October 2013, the Authority has made voluntary contributions to the State of $475 million in connection with the Power for Jobs Program and an additional $492 million unrelated to the Power for Jobs Program. The Power for Jobs Program was replaced by the RNYPP beginning July 1, 2012 with the enacting legislation authorizing transitional electricity discounts through June 30, 2016, for those Power for Jobs and ECSB customers applying for but not receiving RNYPP allocations. For the forecast period, the Authority estimates these transitional payments at $13.5 million.

For planning purposes, the 2014-2017 financial plan assumes that the Authority makes a voluntary contribution to the State of $90 million in 2014, and $65 million in each year thereafter. Approval of any such payments to the State's general fund and/or to subsidize customers requires legislation authorizing such payments and is conditional upon the Trustees' determination that such payments are "feasible and advisable". The Trustees' decision as to whether and to what extent such payments are feasible and advisable will be made based on the exercise of their fiduciary responsibilities and in light of the requirements of the Authority's Bond Resolution, other legal requirements, and all the facts and circumstances known to them at the time of the decision. On May 24, 2011, the Authority's Trustees adopted a policy statement which relates to, among other things, voluntary contributions, transfers, or other payments to the State by the Authority after that date. The policy statement provides that in deciding whether to make contributions, transfers, or payments, the Authority shall use as a reference the maintenance of a debt service coverage ratio of at least 2.0, in addition to making other determinations required by the General Resolution.

In addition to the authorization for the voluntary contributions, the Authority was authorized by February 2009 budget legislation to make certain temporary asset transfers to the State of funds in reserves. Pursuant to the terms of a Memorandum of Understanding dated February 2009 ("MOU") between the State, acting by and through the Director of the Budget of the State, and the Authority, the Authority agreed to transfer $215 million associated with its Spent Nuclear Fuel Reserves by the end of State Fiscal Year 2008-2009. The Spent Nuclear Fuel Reserves are funds that have been set aside for payment to the federal government sometime in the future when the federal government accepts the spent nuclear fuel for permanent storage. The MOU provides for the return of these funds to the Authority, subject to appropriation by the State Legislature and other conditions, at the earlier of the Authority's payment obligation related to the transfer and disposal of the spent nuclear fuel or September 30, 2017. Further, the MOU provided for the Authority to transfer during State Fiscal Year 2009-2010 approximately $103 million of funds set aside for future construction projects, which amounts would be returned to the Authority, subject to appropriation by the State Legislature and other conditions, at the earlier of when required for operating, capital or debt service obligations of the Authority or September 30, 2014. Both temporary transfers were authorized by the Authority's Trustees and made in 2009. The financial plan reflects the return of this $103 million in the 2014-2016 period.

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

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

Hydroelectric Generation Risk

For the 2014-2017 financial planning timeframe, the Authority's net income is highly dependent upon generation levels at its Niagara and St. Lawrence-FDR Projects. The generation levels themselves are a function of the hydrological conditions prevailing on the Great Lakes, primarily, Lake Erie (Niagara Project) and Lake Ontario (St. Lawrence-FDR Project). Long-term generation levels at the two hydroelectric projects are about 20.2 terawatt-hours ("TWH") annually. The Authority's hydroelectric generation forecast is 20.0 TWH in 2014, 20.2 TWH in 2015, 20.3 TWH in 2016 and, 19.9 TWH in 2017. However, these generation amounts are forecasted values, and hydrological conditions can vary considerably from year to year.

The Authority conducted high and low hydroelectric generation sensitivities for 2014-2017 that estimated the potential net income that could result over a reasonable range of hydroelectric generation occurrences. The effects on estimated net income, assuming all other factors remain unchanged, were as follows:

	Low Generation		**High Generation**	
	Net Hydroelectric Generation	NYPA Net Income Change *(in Millions)*	Net Hydroelectric Generation	NYPA Net Income Change *(in Millions)*
2014	18.8 TWH	($40.3)	21.1 TWH	$41.1
2015	19.0 TWH	($40.1)	21.4 TWH	$41.2
2016	19.1 TWH	($41.7)	21.4 TWH	$43.2
2017	18.7 TWH	($43.5)	21.0 TWH	$43.8

Electric Price and Fuel Risk

Through its participation in the NYISO and other commodity markets, NYPA is subject to electric energy price, fuel price and electric capacity price risks that impact the revenue and purchased power streams of its facilities and customer market areas. Such volatility can potentially have detrimental effects on NYPA's financial condition. To mitigate downside effects, many of NYPA's customer contracts provide for the complete or partial pass-through of these costs and to moderate cost impacts to its customers, NYPA hedges market risks via the use of financial instruments and physical contracts. Hedges are transacted by NYPA to mitigate the cost of energy or related products needed to meet customer needs; to mitigate risk related to the price of energy and related products sold by NYPA; to mitigate risk related to margins (electric sales versus fuel use) where NYPA owns generation or other capacity; and mitigation of geographic cost differentials of energy procured or sold for transmission or transportation to an ultimate location. Commodities to be hedged include, but are not limited to, natural gas, natural gas basis, electric energy, electric capacity and congestion costs associated with the transmission of electricity.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). The Dodd-Frank Act addresses swaps and forward energy transactions and dependent upon the resolution of numerous issues, including, although unlikely, whether and to what extent NYPA's transactions are required to be cleared through clearinghouses and/or traded on exchanges with accompanying collateral and/or margin requirements; and whether and to what extent public power entities such as the Authority are exempted from these requirements, the impact on the Authority's liquidity and/or future risk mitigation activities could be significant.

Litigation Risk

St. Regis Litigation. In 1982 and again in 1989, several groups of Mohawk Indians, including a Canadian Mohawk tribe, filed lawsuits against the State, the Governor of the State, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority and others, claiming ownership to certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands (St. Regis litigation). These islands are within the boundary of the Authority's St. Lawrence-FDR Project and Barnhart Island is the location of significant Project facilities. Settlement discussions were held periodically between 1992 and 1998. In 1998, the Federal government intervened on behalf of all Mohawk plaintiffs.

The parties agreed to a land claim settlement, dated February 1, 2005, which if implemented would include, among other things, the payment by the Authority of $2 million a year for 35 years to the tribal plaintiffs, the provision of up to 9 MW of low cost Authority power for use on the reservation, the transfer of two Authority-owned islands; Long Sault and Croil, and a 215 acre parcel on Massena Point to the tribal plaintiffs, and the tribal plaintiffs withdrawing any judicial challenges to the Authority's new license, as well as any claims to annual fees from the St. Lawrence FDR project.

The legislation required to effectuate the settlement was never enacted and the litigation was reactivated. In November 2006, all defendants moved to dismiss the three Mohawk complaints as well as the United States' complaint based on the lengthy delay in asserting the land claims (i.e., the laches defense).

On September 28, 2012, the U.S. Magistrate recommended dismissal of all land claims brought against the Authority by three St. Regis tribal factions as well as the Federal government. The Magistrate upheld the Authority's laches defense and also recommended dismissal on the same grounds of all claims by the same plaintiffs against the other defendants relating to all but one of the other challenged mainland parcels.

In orders dated July 2013, the Judge assigned to the case accepted the Magistrate's recommendation and granted the Authority judgment on the pleadings. The Judge accepted all but one of the Magistrate's other recommendations, which results in dismissal of all land claims against the other defendants except those relating to two mainland parcels. Barring an appeal by the plaintiffs, all claims against the Authority have been dismissed and the lawsuit against the Authority is concluded.

In the interim, the State and the St. Regis plaintiffs have been discussing a settlement of the land claims, as well as other issues between the State and the tribes. The discussions are ongoing.

Tropical Storm Irene. In late November 2011, approximately 14 notices of claim were received by the Authority involving the heavy rains and widespread flooding resulting from Tropical Storm Irene's passage through the Northeast in late August 2011. The notices of claim essentially claim that property and other damages allegedly incurred by certain landowners were the result of the Authority's negligence in its operations at its Blenheim-Gilboa Pumped Storage Power Project located on the Schoharie Creek in Schoharie County, New York. In addition, in mid-January 2012, the County of Schoharie, eight towns and villages therein, and one school district ("Municipalities") filed a motion in Schoharie County Supreme Court requesting leave to serve late notices of claim on the Authority. In August 2012, Municipalities initiated a lawsuit in Schoharie County Supreme Court against the Authority involving the heavy rains and widespread flooding resulting from Tropical Storm Irene's passage through the Northeast in August 2011. The Municipalities essentially allege that they sustained property damage and lost tax revenues resulting from lowered assessed valuation of taxable real property due to the Authority's negligence in its operations at the Blenheim-Gilboa pumped-storage hydroelectric facility located on the Schoharie Creek in Schoharie County, New York. The Municipalities complaint seeks judgment "in an amount to be determined at trial with respect to each [of the ten plaintiffs] in the sum of at least $5,000,000, plus punitive damages in the sum of at least $5,000,000" as well as attorney fees. In February 2012, a private landowner filed a similar motion and lawsuit in such court on behalf of a park campground and makes nearly the same allegations with the plaintiff seeking at least $5 million in damages, at least $5 million in punitive damages, as well as attorney's fees. In November 2012, the Authority formally responded to the two lawsuits.

In December 2012, the Authority was served with a third lawsuit by five plaintiffs arising out of Tropical Storm Irene and the Authority's operation of its Blenheim-Gilboa Pumped Storage Project. Plaintiffs previously filed timely notices of claim. The five plaintiffs include three individual landowners and two corporations. The three individual landowners own properties located in Schoharie, NY and Central Bridge, NY and are claiming damages in the aggregate amount of $1.55 million. The two corporations also own properties in Schoharie, NY and are claiming damages in the aggregate amount of $1.05 million.

While the Authority cannot presently predict whether and to what extent any lawsuits will be initiated based on such notices of claim or similar claims that may be filed in the future, or the outcome of any such litigation, the Authority believes that it has meritorious defenses and positions with respect thereto. However, adverse decisions of a certain type in the matters discussed above could adversely affect Authority operations and revenues.

Strategic Initiatives

The Authority is considering several projects, which are in varying stages of review and/or development. These initiatives include, but are not limited to: participation in a joint venture project (NY Transco) amongst the existing transmission owners in the State of New York for the purpose of building out new transmission infrastructure in the State as well as replacing and/or upgrading aging transmission assets; participation in a Con Edison-led initiative to devise and execute on the Indian Point Contingency Plan which contemplates more robust transmission and generating assets in response to a possible closure of the Indian Point nuclear facilities; and an off-shore wind generating facility in the Atlantic Ocean near Long Island. Contractual and regulatory arrangements, if any, for the Authority to undertake these initiatives or for customers to take the related power are still to be determined. As a result, the financial plan does not reflect any costs or revenues with respect to these initiatives except for certain study-related expenses.

(e) Revised Forecast of 2013 Budget

(in Millions)

	Original Budget 2013	Forecast 2013	Variance Better/(Worse) 2013
Operating Revenues:			
Customer Revenues	$2,119.6	$2,084.0	($35.6)
NYISO Market Revenues	$678.6	$910.6	$232.1
Total Operating Revenues	$2,798.1	$2,994.7	$196.5
Operating Expenses:			
Purchased Power	$773.8	$870.7	($96.8)
Fuel oil and gas	$322.9	$329.7	($6.8)
Wheeling Expenses	$582.9	$594.6	($11.6)
O&M Expenses	$413.4	$421.2	($7.7)
Other Expenses	$201.1	$192.1	$9.0
Depreciation and Amortization	$227.8	$228.0	($0.2)
Total Operating Expenses	$2,522.0	$2,636.2	($114.2)
NET OPERATING REVENUES	**$276.2**	**$358.5**	**$82.3**
Other Income:			
Investment Income	$27.7	$14.8	($12.8)
Other Income	$76.6	$75.9	($0.7)
Total Other Income	**$104.2**	**$90.7**	**($13.5)**
Non-Operating Expenses			
Interest & Other Expenses	$185.0	$180.8	$4.2
Contributions to State	$65.0	$65.0	$0.0
Total Non-Operating Expense	**$250.0**	**$245.8**	**$4.2**
NET INCOME	**$130.4**	**$203.4**	**$73.0**

(f) Reconciliation of 2013 Budget and 2013 Revised Forecast

The 2013 year-end net income projection is $203.4 million, which is $73.0 million above the budget. The primary drivers of this variance are increased capacity prices and higher than budgeted energy production at the Niagara and St. Lawrence hydroelectric facilities. An increase in market-based capacity prices relative to budget is being driven by the retirement of a 500 MW coal facility along and an increase in the Locational Capacity Requirement for the New York City and Long Island load pockets. In addition, increased river flows due to higher than expected rainfall has resulted in an approximate 5% increase in hydroelectric energy production. These factors are driving the variance in NYISO market revenues and purchased power.

On the expense side, the mark-to-market value of the Authority's investment income portfolio has declined compared to the budget due to higher interest rates.

(g) Statement of 2012 Financial Performance

New York Power Authority
Net Income - Actual vs. Budgeted
For the Year ended December 31, 2012
(in millions)

	Actual	Budget	Variance Favorable/ (Unfavorable)
Operating Revenues			
Customer	$1,994	$2,173	($179)
NYISO Market Revenues	$679	$696	($17)
Total Operating Revenues	**$2,673**	**$2,869**	**($196)**
Operating Expenses			
Purchased Power	$743	$826	$82
Fuel Consumed - Oil & Gas	$228	$330	$102
Wheeling	$598	$610	$13
Operations & Maintenance	$369	$371	$2
Other Expenses	$201	$194	($6)
Depreciation & Amortization	$226	$222	($4)
Allocation to Capital	($11)	($12)	($1)
Total Operating Expenses	**$2,354**	**$2,541**	**$187**
Operating Income	**$319**	**$328**	**($9)**
Nonoperating Revenues and Expenses			
Nonoperating Revenues			
Investment Income	$36	$31	$4
Other income	$84	$87	($3)
Total Nonoperating Revenues	**$120**	**$118**	**$1**
Nonoperating Expenses			
Contribution to New York State	$85	$85	$0
Interest and Other Expenses	$179	$195	$17
Total Nonoperating Expenses	**$264**	**$280**	**$17**
Nonoperating Income (Loss)	**($144)**	**($162)**	**$18**
Net Income	**$175**	**$166**	**$9**

Net income for the year ended December 31, 2012 was $175 million, which was $9 million above the budget of $166 million. Lower customer revenue resulting from the pass-through of lower purchased power costs, due largely to lower fuel and electric prices, had little effect on net income. The positive variance was mainly attributable to lower interest costs.

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

	2014 Request	2015	2016	2017
Headquarters	629	625	621	617
Power Generation	930	916	902	888
Transmission	169	167	165	163
R&D	17	17	17	17
TOTAL	**1,745**	**1,725**	**1,705**	**1,685**

(i) Gap-Closing Initiatives – revenue enhancement or cost-reduction initiatives

As the Authority is projecting positive net income for the 2014-2017 financial plan period, there are no planned gap-closing programs.

(j) Material Non-recurring Resources – source and amount

See discussion in "Other Income" section.

(k) Shift in Material Resources

There are no anticipated shifts in material resources from one year to another.

(l) Debt Service

New York Power Authority
Projected Debt Outstanding (FYE)
(in thousands)

	2014	2015	2016	2017
Revenue Bonds	$940,900	$887,815	$832,105	$1,008,900
Adjustable Rate Tender Notes	$96,410	$86,115	$75,000	$58,355
Subordinated Note (2012)	$23,560	$22,780	$21,995	$21,200
Commercial Paper Notes	$594,287	$677,279	$751,143	$596,561
Grand Total	$1,655,157	$1,673,989	$1,680,243	$1,685,016

New York Power Authority
Debt Service as Percentage of Pledged Revenues (Accrual Basis)
(Debt Service in thousands)

	2014		2015		2016		2017	
	Debt Service	**% of Rev.**	**Debt Service**	**% of Rev.**	**Debt Service**	**% of Rev.**	**Debt Service**	**% of Rev.**
Revenue Bonds	$102,798	3.40%	$102,760	3.51%	$103,386	3.38%	$108,696	3.47%
Adjustable Rate Tender Notes	$11,528	0.38%	$12,893	0.44%	$17,482	0.57%	$19,152	0.61%
Subordinated Debt	$1,505	0.05%	$1,505	0.05%	$1,504	0.05%	$1,505	0.05%
Commercial Paper Notes	$32,466	1.07%	$18,564	0.63%	$21,873	0.72%	$27,321	0.87%
Grand Total Debt Service	**$148,297**	**4.90%**	**$135,721**	**4.64%**	**$144,245**	**4.72%**	**$156,675**	**5.00%**

New York Power Authority
Planned Use of Debt Issuances
(in thousands)

TYPE	**Amount**	**Assumed Interest Rate**	**Project / Description**
Period January 1, 2014 – December 31, 2014			
Tax Exempt Commercial Paper	$107,107	0.25%	Energy Services Program
Taxable Commercial Paper	$3,684	0.50%	Energy Services Program
Taxable Commercial Paper	$51,283	0.50%	Robert Moses Niagara Power Plant / Transmission
Total Issued 2014	$162,074		
Period January 1, 2015 – December 31, 2015			
Tax Exempt Commercial Paper	$139,286	0.50%	Energy Services Program
Tax Exempt Commercial Paper	$82	0.50%	Robert Moses Niagara Power Plant
Taxable Commercial Paper	$4,790	0.75%	Energy Services Program
Taxable Commercial Paper	$54,636	0.75%	Robert Moses Niagara Power Plant / Transmission
Total Issued 2015	$198,794		

<u>Period January 1, 2016 – December 31, 2016</u>			
Tax Exempt Commercial Paper	$108,759	0.75%	Energy Services Program
Tax Exempt Commercial Paper	$141	0.75%	Robert Moses Niagara Power Plant
Taxable Commercial Paper	$3,740	1.00%	Energy Services Program
Taxable Commercial Paper	$61,241	1.00%	Robert Moses Niagara Power Plant / Transmission
Total Issued 2016	$173,881		

<u>Period January 1, 2017 – December 31, 2017</u>			
Tax Exempt Commercial Paper	$108,759	1.00%	Energy Services Program
Taxable Commercial Paper	$3,741	1.25%	Energy Services Program
Tax-Exempt Fixed Rate Bonds	$1,886	5.00%	Refund Commercial Paper Notes issued for Robert Moses Niagara Power Project *
Taxable Fixed Rate Bonds	$238,264	7.25%	Refund Commercial Paper Notes issued for Robert Moses Niagara Power Project and Transmission *
Total Issued 2017	$352,650		

* Does not include Commercial Paper issued in 2017 for the Robert Moses Niagara Power Project and Transmission that was refunded with Fixed Rate Bonds in 2017.
Taxable amount $71,105 and Tax Exempt $1,663

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

Scheduled Debt Service Payments (Accrual Basis)

Outstanding (Issued) Debt

	Principal	Interest	Total
2014	$88,661,431	$59,363,853	$148,025,284
2015	$76,264,319	$57,937,926	$134,202,245
2016	$82,278,139	$58,240,819	$140,518,958
2017	$88,349,439	$45,567,585	$133,917,024

Proposed Debt

	Principal	Interest	Total
2014	$0	$271,301	$271,301
2015	$0	$1,519,055	$1,519,055
2016	$0	$3,725,773	$3,725,773
2017	$2,137,909	$20,619,853	$22,757,761

Total Debt

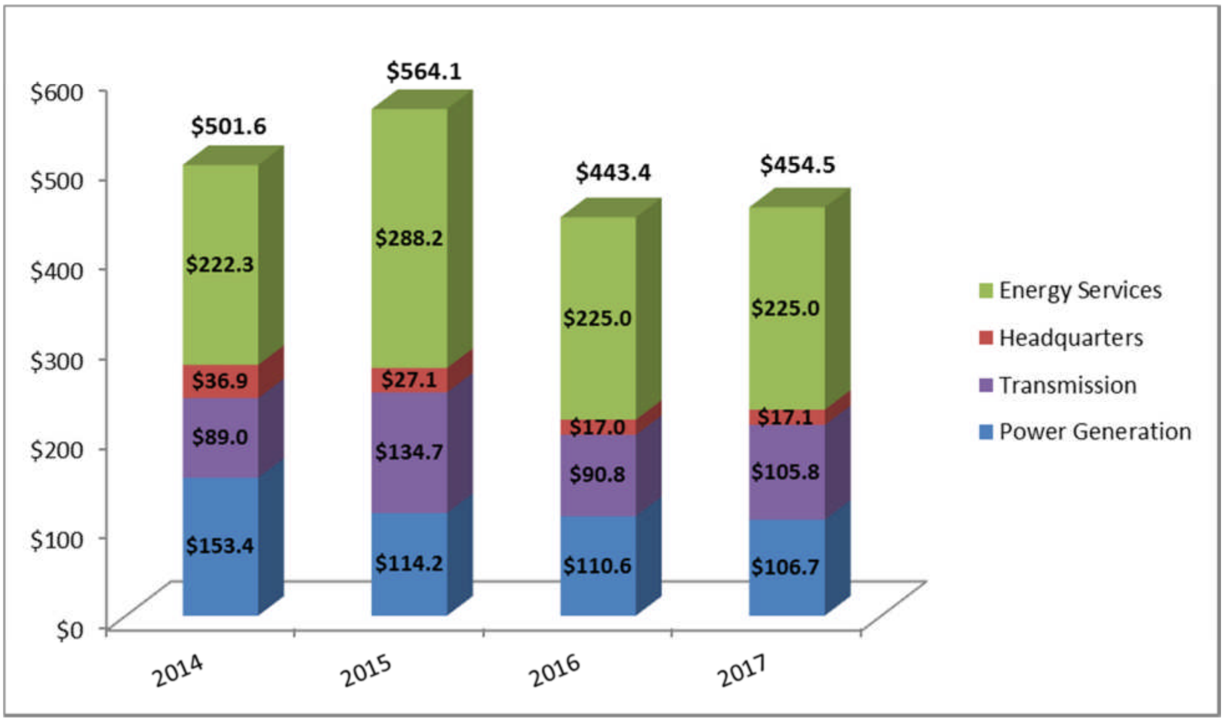
	Principal	Interest	Total
2014	$88,661,431	$59,635,154	$148,296,585
2015	$76,264,319	$59,456,981	$135,721,300
2016	$82,278,139	$61,966,591	$144,244,730
2017	$90,487,348	$66,187,437	$156,674,785

(m) Capital Investments and Sources of Funding

The Authority currently estimates that it will expend approximately $2 billion for various capital improvements over the financial period 2014-2017. The Authority anticipates that these expenditures will be funded using existing construction funds, internally-generated funds and additional borrowings. Such additional borrowings are expected to be accomplished through the issuance of additional commercial paper notes and/or the issuance of long-term fixed rate debt. Projected capital requirements during this period include:

(In thousands)	2014	2015	2016	2017
Transmission Life Extension & Modernization (LEM)	$ 3,387	$ 37,005	$ 33,005	$ 33,005
St. Lawrence Breaker and Relay Replacement	$ 14,054	$ 19,179	$ 19,504	$ 14,478
Marcy South Series Compensation	$ 10,223	$ 46,943	$ 8,891	$ 2,186
Lewiston Pump Generation Plant LEM	$ 59,774	$ 47,692	$ 55,427	$ 50,416
SCPP Black Start (Hellgate, Harlem River)	$ 4,834	$ 2,788	$ 962	$ -
Blenheim Gilboa Relicensing	$ 3,164	$ 5,032	$ 5,473	$ 5,766
St. Lawrence Headgate Automation	$ 466	$ 3,550	$ 5,423	$ 5,637
St. Lawrence Generator Step-Up Transformer Replacement	$ 6,840	$ 5,960	$ 6,360	$ 6,020
Small Hydro LEM (Crescent Units 3 & 4, Vischer Ferry Units 3 & 4)	$ 4,646	$ 765	$ -	$ -
Total Energy Services	$ 222,323	$ 288,153	$ 225,000	$ 225,000
Other	$ 171,895	$ 107,002	$ 83,358	$ 111,979
GRAND TOTAL	**$ 501,606**	**$ 564,067**	**$ 443,402**	**$ 454,487**

2014-2017 Capital Investments by Function
(in millions)



New York Power Authority
ReCharge New York Retention Power Allocation Recommendations

Exhibit "A"
December 17, 2013

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation	Jobs Retained	Jobs Created	Total Job Commitment	Capital Investment ($)	Contract Term (years)
1	New York Spring Water, Inc.	Halcott Center	Greene	Capital District	NYSEG	Water bottling facility	129	60	15	0	15	$1,500,000	7
2	Siena College	Albany	Albany	Capital District	NG	Private college	2,386	796	723	0	723	$30,000,000	7
	Capital District Region Sub-totals:						**2,515**	**856**	**738**	**0**	**738**	**$31,500,000**	
3	G.C. Hanford Manufacturing Co.	Syracuse	Onondaga	Central New York	NG	Pharmaceutical manufacturing	581	290	100	0	100	$0 [1]	7
4	John Mezzalingua Associates, LLC	Liverpool	Onondaga	Central New York	NG	Technology/wireless outfitters	1,558	776	120	30	150	$11,000,000	7
5	Johnston Paper Company	Auburn	Cayuga	Central New York	NYSEG	Food service, janitorial products distributor	125	60	46	0	46	$1,000,000 [1]	7
6	Northland Filter Int, LLC	Oswego	Oswego	Central New York	NG	Manufacture air filtration products	85	40	29	0	29	$200,000 [1]	7
7	Pathfinder Industries, Inc.	Fulton	Oswego	Central New York	NG	Manufacture sheet metal & machined parts	71	36	22	0	22	$100,000	7
8	Southern Graphics Systems, LLC	Phoenix	Oswego	Central New York	NG	Gravure printing engravers	229	110	26	0	26	$400,000 [1]	7
	Central New York Region Sub-totals:						**2,649**	**1,312**	**343**	**30**	**373**	**$12,700,000**	
9	Berryfields Bottling LLC	Geneva	Ontario	Finger Lakes	NYSEG	Juicer, bottler	180	90	19	0	19	$0 [1]	7
10	CPAC Equipment, Inc.	Leicester	Livingston	Finger Lakes	NYSEG	Manufacturer of medical sterilizers	33	16	10	0	10	$400,000	7
11	D. B. Webb, Inc.	Leicester	Livingston	Finger Lakes	NYSEG	Specialty mill work	105	50	7	0	7	$0 [1]	7
12	Flower City Tissue Mills Company, Inc.	Rochester	Monroe	Finger Lakes	RGE	Manufacturer of high grade packaging tissue	694	346	52	5	57	$2,600,000	7
13	PPI Corp. dba FTT Manufacturing	Geneseo	Livingston	Finger Lakes	RGE	Machine shop, metal components	160	76	47	0	47	$361,000	7
14	RED-Rochester, LLC	Rochester	Monroe	Finger Lakes	RGE	Business park	4,000	2,000	70	0	70	$56,000,000	7
	Finger Lakes Region Sub-totals:						**5,172**	**2,578**	**205**	**5**	**210**	**$59,361,000**	
15	Busse Hospital Disposables	Hauppauge	Suffolk	Long Island	LIPA	Manufacturer of medical kits, supplies	405	200	290	0	290	$250,000	7
16	Nassau University Medical Center	Hempstead	Nassau	Long Island	LIPA	Hospital	7,186	2,396	2,715	0	2,715	$26,100,000	7
17	Nastra Automotive Industries Inc	Lindenhurst	Suffolk	Long Island	LIPA	Automotive industry parts	260	86	75	0	75	$0	7
18	Peconic Landing of Southold, Inc.	Greenport	Suffolk	Long Island	LIPA	Continuing care retirement community	958	126	159	0	159	$2,000,000	7
19	Pool Cover Corporation	Hauppauge	Suffolk	Long Island	LIPA	Manufacturers pool covers, liners, fencing	263	126	252	50	302	$300,000	7
20	Sysco Long Island, LLC	Central Islip	Suffolk	Long Island	LIPA	Food service distribution	1,050	520	203	25	228	$500,000	7
	Long Island Region Sub-totals:						**10,122**	**3,454**	**3,694**	**75**	**3,769**	**$29,150,000**	
21	C&S Wholesale Grocers, Inc.	Newburgh	Orange	Mid-Hudson	CHUD	Wholesale grocer - warehousing	724	360	466	0	466	$1,800,000	7
22	C&S Wholesale Grocers, Inc.	Chester	Orange	Mid-Hudson	O&R	Wholesale grocer - warehousing	2,688	1,340	720	0	720	$2,300,000	7
23	Fair-Rite Products Corp.	Wallkill	Ulster	Mid-Hudson	CHUD	Manufactures ceramic materials	581	290	108	0	108	$250,000 [1]	7
24	Morgan Stanley & Co. LLC - 2000 Westchester Avenue	Purchase	Westchester	Mid-Hudson	CONED	Global financial services firm	5,084	2,220	1,416	0	1,416	$7,200,000	7
25	The Dannon Company, Inc.	White Plains	Westchester	Mid-Hudson	CONED	Company headquarters	965	416	279	0	279	$1,000,000	7
	Mid-Hudson Region Sub-totals:						**10,042**	**4,626**	**2,989**	**0**	**2,989**	**$12,550,000**	
26	E. Gluck Corp.	Little Neck	Queens	New York City	CONED	Timepiece/ watch designer, manufacturer	450	226	348	0	348	$0 [1]	7
27	Hansel 'n Gretel Brand, Inc.	Glendale	Queens	New York City	CONED	Manufacturer of deli meats	700	310	47	0	47	$250,000	7
28	Lawrence Nursing Care Center	Arverne	Queens	New York City	LIPA	Long term care and rehabilitation facility	169	80	210	0	210	$1,000,000	7
29	Morgan Stanley & Co. LLC - 1585 Broadway	New York	New York	New York City	CONED	Global financial services	7,238	3,236	3,160	0	3,160	$110,000,000	7
30	Morgan Stanley & Co. LLC - 522 5th Avenue	New York	New York	New York City	CONED	Global financial services	2,284	940	985	0	985	$14,900,000	7
31	Morgan Stanley & Co. LLC - 750 Seventh Avenue	New York	New York	New York City	CONED	Global financial services (Ops & IT center)	1,227	520	1,042	0	1,042	$2,500,000	7
32	Queens Economic Development Corporation	Long Island City	Queens	New York City	CONED	Commercial kitchen/startup training	92	30	6	0	6	$20,000	7
33	United New York Sandy Hook Pilots' Benevolent Association	Staten Island	Richmond	New York City	CONED	Harbor pilot training and operations	81	40	130	0	130	$4,500,000	7
	New York City Region Sub-totals:						**12,241**	**5,382**	**5,928**	**0**	**5,928**	**$133,170,000**	
34	Kerry Biofunctional Ingredients, Inc.	Norwich	Chenango	Southern Tier	NYSEG	Manufactures pharmaceutical products	1,152	560	112	0	112	$6,000,000	7
35	Roberson Museum & Science Center	Binghamton	Broome	Southern Tier	NYSEG	Museum	141	46	19	0	19	$1,762,200	7
	Southern Tier Region Sub-totals:						**1,293**	**606**	**131**	**0**	**131**	**$7,762,200**	7
36	Berry Plastics Corp.	Dunkirk	Chautauqua	Western New York	NG	Produce blow molded bottles	2,879	1,296	56	15	71	$3,000,000	7
37	Ford Motor Company	Buffalo	Erie	Western New York	NG	Auto metal stamping/welded sub-assemblies	1,918	436	640	0	640	$70,000,000	7
38	Meals on Wheels Foundation of Western New York, Inc.	Buffalo	Erie	Western New York	NG	Food commissary (not-for-profit)	265	86	74	0	74	$250,000	7
39	PCB Piezotronics, Inc.	Depew	Erie	Western New York	NYSEG	Piezoelectric quartz instrumentation	200	46	170	0	170	$400,000	7
	Western New York Region Sub-totals:						**5,262**	**1,864**	**940**	**15**	**955**	**$73,650,000**	
	Totals							**20,678**	**14,968**	**125**	**15,093**	**$359,843,200**	

[1] These companies are also recommended for expansion-related allocations of RNY for separate and distinct job creation and capital investment commitments associated with proposed business expansions.

New York Power Authority | **Exhibit "B"**

ReCharge New York Expansion Power Allocation Recommendations | **December 17, 2013**

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation [1]	Base Employment [3]	Job Creation Commitment	Project Capital Investment ($)	Contract Term (years)
1	G.C. Hanford Manufacturing Co.	Syracuse	Onondaga	Central New York	NG	Pharma manufacturing	300	210	100	54	$8,000,000 [2]	7
2	International Wire Group, Inc.	Jordan	Onondaga	Central New York	NG	Production of wire and cable	400	280	60	4	$2,000,000	7
3	Johnston Paper Company	Auburn	Cayuga	Central New York	NYSEG	Food service, janitorial products distributor	100	70	46	5	$4,700,000 [2]	7
4	Northland Filter Int, LLC	Oswego	Oswego	Central New York	NG	Manufacture air filtration products	50	36	29	25	$650,000 [2]	7
5	Southern Graphics Systems, LLC	Phoenix	Oswego	Central New York	NG	Gravure printing engravers	120	80	26	6	$2,000,000 [2]	7
	Central New York Region Sub-totals:							**676**		**94**	**$17,350,000**	
6	Berryfields Bottling LLC	Geneva	Ontario	Finger Lakes	NYSEG	Juicer, bottler	100	70	19	12	$750,000 [2]	7
7	D. B. Webb, Inc.	Leicester	Livingston	Finger Lakes	NYSEG	Specialty mill work	75	50	7	2	$20,000 [2]	7
	Finger Lakes Region Sub-totals:							**120**		**14**	**$770,000**	
8	AL Energy Solutions LED, LLC	Westhampton Beach	Suffolk	Long Island	LIPA	LED/"green" product manufacturer	375	260	n/a	138	$7,700,000	7
9	Ametek Thermal Systems Inc.	Garden City	Nassau	Long Island	LIPA	Manufacturers electronic instruments	560	390	164	4	$1,600,000	7
10	C&S Wholesale Grocers, Inc.	Melville	Suffolk	Long Island	LIPA	Wholesale Grocer -Warehousing	2,700	1,890	n/a	400	$130,000,000	7
11	Martin Sidor Farms Inc.	Mattituck	Suffolk	Long Island	LIPA	Potato chip manufacturer	1,500	300	n/a	3	$500,000	7
12	U. S. Nonwovens Corp.	Hauppauge	Suffolk	Long Island	LIPA	Manufactures/distributes personal care products	150	106	n/a	90	$2,000,000	7
	Long Island Region Sub-totals:							**2,946**		**635**	**$141,800,000**	
13	Fair-Rite Products Corp.	Wallkill	Ulster	Mid-Hudson	CHUD	Manufactures ceramic materials	225	156	108	6	$840,000 [2]	7
14	Kikkerfrosch LLC	Chester	Orange	Mid-Hudson	CHUD	Brewery	500	350	n/a	83	$29,000,000	7
15	United Natural Foods, Inc.	Montgomery	Orange	Mid-Hudson	CHUD	Organic food distributor	1,405	980	n/a	223	$58,000,000	7
	Mid-Hudson Region Sub-totals:							**1,486**		**312**	**$87,840,000**	
16	International Wire Group, Inc.	Rome	Oneida	Mohawk Valley	NG	Production of wire and cable	300	210	62	3	$900,000	7
	Mohawk Valley Region Sub-totals:							**210**		**3**	**$900,000**	
17	Amazon Corporate LLC	Brooklyn	Kings	New York City	CONED	Imaging studio for use in on-line sales	80	56	n/a	65	$10,000,000	7
18	E. Gluck Corp.	Little Neck	Queens	New York City	CONED	Timepiece, watch designer, manufacturer	826	576	348	80	$21,505,000 [2]	7
19	Fairway Bakery LLC	New York	Bronx	New York City	CONED	Manufactures prepared foods & baked goods	2,700	1,890	n/a	152	$12,600,000	7
20	New York Proton Management, LLC	New York	New York	New York City	CONED	Center for proton therapy	1,250	876	n/a	82	$301,292,228	7
	New York City Region Sub-totals:							**3,398**		**379**	**$345,397,228**	
21	Tungsten Sources LLC	Horseheads	Chemung	Southern Tier	NYSEG	Tungsten recycler/recovery	1,750	1,226	n/a	20	$2,000,000	7
	Southern Tier Region Sub-totals:							**1,226**		**20**	**$2,000,000**	
22	AlSher Pigments, Inc.	Lackawanna	Erie	Western New York	NG	Processes and finishes titanium dioxide pigments	3,000	2,100	n/a	85	$50,000,000	7
	Western New York Region Sub-totals:							**2,100**		**85**	**$50,000,000**	
	Totals							**12,162**		**1,542**	**$646,057,228**	

(1) All Allocations are recommended to be up to the amount indicated based on the companies fulfillment of capital spending, job creation, and new electric load consistent with the ratio of recommended to requested amount.
(2) These companies are also recommended for retention-related allocations of RNY for separate and distinct job retention and capital investment commitments associated with retaining their existing businesses.
(3) New jobs committed must be above the base employment level; the base employment values should ***not*** be included when aggregating retained jobs because they are already accounted for elsewhere

New York Power Authority
ReCharge New York Power Program
Ineligible Applicants

Exhibit "C"
December 17, 2013

Line	Company	City	County	Economic Development Region	IOU	Description	Classification
1	Appliance Associates of Buffalo, Inc.	Buffalo	Erie	Western New York	NG	Appliance sales company	Retail
2	Caledonia Diesel LLC	Caledonia	Livingston	Finger Lakes	NG	Truck and construction equipment sales	Retail
3	Discover NY LLC	New York	New York	New York City	CONED	Entertainment exhibit	Retail
4	JT Contracting	Holland Patent	Oneida	Mohawk Valley	NG	Contractor	Retail
5	National Golf Links of America	Southampton	Suffolk	Long Island	LIPA	Golf course	Retail
6	Queens Mall Donut Corporation	Ridgewood	New York	New York City	CONED	Donut shop	Retail

New York Power Authority
ReCharge New York Power Program
Applications Not Considered or Not Recommended

Exhibit "D"
December 17, 2013

Applications Not Considered

Line	Company	City	County	Economic Development Region	IOU	Description	Reason
1	Alliance Innovative Mfg., Inc.	Lackawanna	Erie	Western New York	NG	Machining/tool cutting reconditioning	Transitional Electricity Discount recipient
2	Black Sea Fisheries Corp.	Town of Watson	Lewis	North Country	O&R	Fishing company	Non-responsive
3	Burdett Medical Arts Building Condominium Association	Troy	Rensselaer	Capital District	NG	Medical office building	Withdrawn
4	Business Management Consultation Inc.	Brooklyn	Kings	New York City	CONED	Garbage collection services	Non-responsive
5	C&S Wholesale Grocers	Lancaster/Cheektowaga	Erie	Western New York	NYSEG	Wholesale Grocer -Warehousing	Withdrawn
6	Chembio Diagnostic Systems, Inc.	Medford	Suffolk	Long Island	LIPA	Produces diagnostic equipment	Non-responsive
7	Clear Solution Labs, LLC	Southeast	Putnam	Mid-Hudson	NYSEG	Manufactures health and cosmetic products	Non-responsive
8	Corbin Hill Road Farm	Carlisle	Schoharie	Mohawk Valley	NG	Farm food storage & transport	Non-responsive
9	Daughters of Divine Charity, Inc.	Staten Island	Richmond	New York City	CONED	Religious order operating school	No demand meter
10	Dream Factory Entertainment Group L.L.C.	Cornwall	Orange	Mid-Hudson	CHUD	Entertainment group	Withdrawn
11	East Area Volunteer Emergency Services, Inc.	East Syracuse	Onondaga	Central New York	NG	Volunteer emergency services	Withdrawn
12	Economic Opportunity Program, Inc.	Elmira	Chemung	Southern Tier	NYSEG	Provides various community support services	Non-responsive
13	Emmanuel Baptist Church	Albany	Albany	Capital District	NG	Church	No demand meter
14	Energy Efficient Solutions Inc.	Calverton	Suffolk	Long Island	LIPA	Energy efficiency solutions	Withdrawn
15	Finger Lakes Filtration, Inc.	Auburn	Cayuga	Central New York	NYSEG	Industrial filter production	Non-responsive
16	Gorvan Randel Plastics LLC	Long Island City	Queens	New York City	CONED	Plastics molding for cosmetics and housewares	Non-responsive
17	GSE Dynamics, Inc.	Hauppauge	Suffolk	Long Island	LIPA	Defense composites manufacturer	Non-responsive
18	Lanco Corporation	Hauppauge	Suffolk	Long Island	LIPA	Promotional material, candy manufacturer	Non-responsive
19	Metropolitan College of New York	Bronx	Bronx	New York City	CONED	College	Withdrawn
20	Moog Inc.	Niagara Falls	Niagara	Western New York	NG	Defense product manufacturer	Withdrawn
21	Precare Corporation	Hauppauge	Suffolk	Long Island	LIPA	Hygiene product manufacturer	Non-responsive
22	Saint Francis Hospital and Healthcare Centers	Poughkeepsie	Dutchess	Mid-Hudson	CHUD	Hospital and healthcare center	Withdrawn
23	Star Headlight & Lantern Co, Inc	Avon	Livingston	Finger Lakes	NG	Signal and warning light manufacturer	Non-responsive
24	Supreme Screw Products, Inc.	Mineola	Nassau	Long Island	LIPA	Screw products company	Withdrawn
25	Syracuse Heat Treating Corporation.	Syracuse	Onondaga	Central New York	NG	Heat treating services	Transitional Electricity Discount recipient

Applications Not Recommended

Line	Company	City	County	Economic Development Region	IOU	Description	Reason
26	Erie Canal Distillers	Fort Plain	Montgomery	Mohawk Valley	NG	Liquor Distiller	Allocation amounts to less than 10 kW
27	Historic Albany Foundation	Albany	Albany	Capital District	NG	Historical society	Allocation amounts to less than 10 kW
28	L. & J.G. Stickley, Inc.	Manlius	Onondaga	Central New York	NG	Furniture Manufacturer	Expansion project creates no jobs above existing allocation commitment
29	Outstanding Renewal Enterprises, Inc.	Brooklyn	Kings	New York City	CONED	E-waste recycling facility	Allocation amounts to less than 10 kW

Requests for Transfers of Recharge New York Power Allocations

Anchor Glass Container Corporation, with facilities located in Elmira, NY, received a 6,630 kW RNY Power allocation on April 24, 2012. The company has been acquired by Ardagh Group, a global leader in glass and metal packaging solutions, via a stock purchase. Ardagh Glass Inc. will continue operations at the Elmira facility and commits to maintain the same job and investment levels as in the existing agreement. Anchor Glass Container Corporation has requested that the 6,630 kW RNY Power allocation be transferred to Ardagh Glass Inc.

New York Power Authority
ReCharge New York Power Program
Allocations Rescinded or Declined Since Program Inception

Exhibit "F"
December 17, 2013

Allocations Rescinded

Line	Company	City	County	Economic Development Region	IOU	kW Allocation Declined
1	ACP BK I LLC	Brooklyn	Kings	New York City	CONED	80
2	Air Innovations	North Syracuse	Onondaga	Central New York	NG	80
3	Anaren Microwave, Inc.	East Syracuse	Onondaga	Central New York	NG	600
4	Angelica Textile Services	Hempstead	Nassau	Long Island	LIPA	80
5	Auburn Memorial Hospital	Auburn	Cayuga	Central New York	NYSEG	436
6	Bonsal American, Inc. - Calverton	Calverton	Suffolk	Long Island	LIPA	246
7	BRIC Arts Media Bklyn, Inc.	Brooklyn	Kings	New York City	CONED	40
8	Calspan Corporation - Cheektowaga	Buffalo	Erie	Western New York	NG	5,530
9	Carnegie Valet Linen	Bronx	Bronx	New York City	CONED	206
10	Cumberland Packaging	Brooklyn	Kings	New York City	CONED	186
11	CWM Chemical Services, LLC	Model City	Niagara	Western New York	NG	480
12	D.F. King & Co., Inc.	Brooklyn	Kings	New York City	CONED	220
13	Dairyland USA Corporation	Bronx	Bronx	New York City	CONED	100
14	DW Diesel Inc	Auburn	Cayuga	Central New York	NYSEG	156
15	Eaton Corp.	Horseheads	Chemung	Southern Tier	NYSEG	1,216
16	EnergyOnix Broadcast Equipment Inc	Valatie	Columbia	Capital District	NG	40
17	Euphrates Inc	Johnstown	Fulton	Mohawk Valley	NG	100
18	Fiber Instrument Sales	Oriskany	Oneida	Mohawk Valley	NG	110
19	Grant Thornton, LLP - APP. ID 11505	New York	New York	New York City	CONED	46
20	Grant Thornton, LLP - APP. ID 11507	New York	New York	New York City	CONED	40
21	Hannay Reels, Inc.	Westerlo	Albany	Capital District	CHUD	326
22	Hopshire Farm LLC	Freeville	Tompkins	Southern Tier	NYSEG	10
23	Hunts Point Terminal Produce Cooperative Associatio	Bronx	Bronx	New York City	CONED	236
24	Island Companies	Calverton	Suffolk	Long Island	LIPA	160
25	JPMorgan Chase - Albion	Albion	Orleans	Finger Lakes	NG	210
26	JPMorgan Chase - Lake Success	New Hyde Park	Nassau	Long Island	LIPA	860
27	JPMorgan Chase - Rochester	Rochester	Monroe	Finger Lakes	RGE	1,050
28	JPMorgan Chase - Uniondale	Garden City	Nassau	Long Island	LIPA	540
29	Kolmar Laboratories, Inc.	Port Jervis	Orange	Mid-Hudson	O&R	780
30	Liz Claiborne, Inc.	New York	New York	New York City	CONED	776
31	Manhattan Beer Distributors	Ridgewood	Queens	New York City	CONED	110
32	Manhattan Beer Distributors - APP ID 9427	Brooklyn	Kings	New York City	CONED	120
33	Manhattan Beer Distributors - APP ID 9331	Montebello	Rockland	Mid-Hudson	O&R	110
34	Manhattan Beer Distributors - App ID 10128	Montebello	Rockland	Mid-Hudson	O&R	56

New York Power Authority
ReCharge New York Power Program
Allocations Rescinded or Declined Since Program Inception

Exhibit "F"
December 17, 2013

35	Montefiore Medical Center	Yonkers	Westchester	Mid-Hudson	CONED	1,470
36	Mountainside Farms	Roxbury	Delaware	Southern Tier	NYSEG	320
37	National September 11 Memorial & Museum at the World Trade Center	New York	New York	New York City	CONED	1,460
38	National September 11 Memorial & Museum at the World Trade Center Foundation Inc.	New York	New York	New York City	CONED	36
39	Niagara Transformer Corp	Cheektowaga	Erie	Western New York	NYSEG	250
40	Ortho-Rite	New Rochelle	Westchester	Mid-Hudson	CONED	26
41	Pfizer	Pearl River	Rockland	Mid-Hudson	O&R	3,000
42	PL Developments of New York Corporation	Westbury	Nassau	Long Island	LIPA	76
43	Polymer Conversions, Inc.	Orchard Park	Erie	Western New York	NYSEG	136
44	Positive Promotions, Inc.	Hauppauge	Suffolk	Long Island	LIPA	320
45	Royal Windows Mfg Corp	Bay Shore	Suffolk	Long Island	LIPA	50
46	SAMCO Technologies inc	Buffalo	Erie	Western New York	NG	50
47	San-Mar Laboratories Inc.	Elmsford	Westchester	Mid-Hudson	CONED	200
48	St. John's Riverside Health Care System	Yonkers	Westchester	Mid-Hudson	CONED	200
49	St. John's Riverside Hospital	Yonkers	Westchester	Mid-Hudson	CONED	496
50	St. Johns Riverside Hospital - Dobbs Ferry	Dobbs Ferry	Westchester	Mid-Hudson	CONED	126
51	Standard Microsystems Corp.	Hauppauge	Suffolk	Long Island	LIPA	576
52	The Gleason Works	Rochester	Monroe	Finger Lakes	RGE	1,730
53	The Law Offices Of Frederick K Brewington	Hempstead	Nassau	Long Island	LIPA	10
54	Transcon International, Inc.	Bronx	Bronx	New York City	CONED	90
55	Umicore Technical Materials North America	Glens Falls	Warren	Capital District	NG	460
56	Unison Industries, LLP	Norwich	Chenango	Southern Tier	NYSEG	606
57	WATT Fuel Cell Corp	Port Washington	Nassau	Long Island	LIPA	50
58	Whitsons Food Service Bronx Corp.	Hauppauge	Suffolk	Long Island	LIPA	246
59	XSite Modular	Brooklyn	Kings	New York City	CONED	200
60	Yahoo! Inc.	Lockport	Niagara	Western New York	NYSEG	1,000

Sub-total Rescinded (kW)	**28,520**

New York Power Authority
ReCharge New York Power Program
Allocations Rescinded or Declined Since Program Inception

Exhibit "F"
December 17, 2013

Allocations Declined

Line	Company	City	County	Economic Development Region	IOU	kW Allocation Declined
61	Acme Smoked Fish Corp.	Brooklyn	Kings	New York City	CONED	16
62	Air Products and Chemicals, Inc.	Glenmont	Albany	Capital District	NG	1,000
63	Albany International Corp. - Homer	Homer	Cortland	Central New York	NG	1,006
64	Alstom Signaling Inc	West Henrietta	Monroe	Finger Lakes	RGE	346
65	Alstom Transportation Inc	Hornell	Steuben	Southern Tier	NYSEG	456
66	AngioDynamics Inc	Queensbury	Warren	Capital District	NG	296
67	Auburn Foundry	Auburn	Cayuga	Central New York	NYSEG	520
68	Audio Sears	Stamford	Delaware	Southern Tier	NYSEG	56
69	Beth Israel Medical Center - App.10051	Brooklyn	Kings	New York City	CONED	90
70	Bonide Products, Inc.	Oriskany	Oneida	Mohawk Valley	NG	200
71	Borg Warner Morse Tech Corp	Cortland	Cortland	Central New York	NG	1,000
72	Bruce's Bakery	Great Neck	Nassau	Long Island	LIPA	40
73	Burrows Paper Corp.	Little Falls	Herkimer	Mohawk Valley	NG	1,500
74	Candlelight Cabinetry, Inc.	Lockport	Niagara	Western New York	NYSEG	30
75	Canfield Machine & Tool	Fulton	Oswego	Central New York	NG	70
76	Canton Potsdam Hospital	Potsdam	St. Lawrence	North Country	NG	400
77	Climax Manufacturing Co. App. ID 5748	Carthage	Jefferson	North Country	NG	2,426
78	Climax Manufacturing Co. App. ID 9093	Lowville	Lewis	North Country	NG	250
79	Constance Food Group Inc dba Norris Food Services	Bohemia	Suffolk	Long Island	LIPA	470
80	Crucible Industries LLC	Solvay	Onondaga	Central New York	NG	10,000
81	DaimlerChrysler Commercial Buses	Oriskany	Oneida	Mohawk Valley	NG	376
82	Dufour Pastry Kitchens Inc	Bronx	Bronx	New York City	CONED	46
83	Festo Corporation	Hauppauge	Suffolk	Long Island	LIPA	300
84	FiberMark North America, Inc.	Brownville	Jefferson	North Country	NG	730
85	Ford Motor Company	Buffalo	Erie	Western New York	NG	920
86	Garlock Sealing Technologies	Palmyra	Wayne	Finger Lakes	NYSEG	1,950
87	Goulds Pumps, Inc.	Seneca Falls	Seneca	Finger Lakes	NYSEG	4,850
88	Greatbatch, Ltd App. ID 9233	Clarence	Erie	Western New York	NYSEG	250
89	HDK Wood Products	Harrisville	Lewis	North Country	NG	190
90	Interface Solutions, Inc.	Fulton	Oswego	Central New York	NG	1,686
91	Interface Solutions, Inc. - Beaver Falls	Beaver Falls	Lewis	North Country	NG	1,046
92	ITT Enidine, Inc.	Orchard Park	Erie	Western New York	NYSEG	126
93	J D Calato Mfg Co Inc	Niagara Falls	Niagara	Western New York	NG	36
94	Keymark Corp. - App. ID 5655	Fonda	Montgomery	Mohawk Valley	NG	10

New York Power Authority
ReCharge New York Power Program
Allocations Rescinded or Declined Since Program Inception

Exhibit "F"
December 17, 2013

95	King Solomon Food, Inc.	Brooklyn	Kings	New York City	CONED	26
96	Lamothermic Precision Investment Casting Corp	Brewster	Putnam	Mid-Hudson	NYSEG	396
97	Metropolitan Life Insurance Company	Troy	Rensselaer	Capital District	NG	1,400
98	Mindshift Technologies	Commack	Suffolk	Long Island	LIPA	500
99	New York Post Company, Inc.	New York	New York	New York City	CONED	2,636
100	New York Presbyterian Hospital - Bloomingdale Rd	White Plains	Westchester	Mid-Hudson	CONED	360
101	Oldcastle Precast Inc.	Selkirk	Albany	Capital District	NG	166
102	Professional TeleConcepts	Norwich	Broome	Southern Tier	NYSEG	10
103	Protective Lining Corporation	Brooklyn	Kings	New York City	CONED	130
104	RMS Packaging Inc.	Peekskill	Westchester	Mid-Hudson	CONED	210
105	Rome Specialty Company, Inc.	Rome	Oneida	Mohawk Valley	NG	10
106	Seneca Foods Corporation - Geneva	Geneva	Ontario	Finger Lakes	NYSEG	850
107	Seneca Foods Corporation - Leicester	Leicester	Livingston	Finger Lakes	RGE	376
108	Seneca Foods Corporation - Marion	Marion	Wayne	Finger Lakes	RGE	326
109	Seneca One Realty LLC (One HSBC Center)	Buffalo	Erie	Western New York	NG	2,000
110	Specialty Silicone Products	Ballston Spa	Saratoga	Capital District	NG	120
111	Stone Construction Equipment Inc.	Honeoye	Ontario	Finger Lakes	NG	216
112	Syracuse University	Syracuse	Onondaga	Central New York	NG	666
113	Tates Wholesale LLC	East Moriches	Suffolk	Long Island	LIPA	46
114	Teatown Lake Reservation	Ossining	Westchester	Mid-Hudson	CONED	10
115	Telephonics Corporation - 780 Park Ave	Huntington	Suffolk	Long Island	LIPA	166
116	Telephonics Corporation - 789 Park Ave	Huntington	Suffolk	Long Island	LIPA	166
117	Telephonics Corporation - Broad Hollow Rd	Farmingdale	Suffolk	Long Island	LIPA	446
118	The Eraser Company	Mattydale	Onondaga	Central New York	NG	50
119	Tommy Hilfiger USA Inc.	New York	New York	New York City	CONED	16
120	Trudeau Institute	Saranac Lake	Franklin	North Country	NG	176
121	Upstate Labs Inc	East Syracuse	Onondaga	Central New York	NG	16
122	Verizon - West St. NYC	New York	New York	New York City	CONED	3,000
123	Victoria Packing Corp. LLC	Brooklyn	Kings	New York City	CONED	156
124	We Recycle!	Mount Vernon	Westchester	Mid-Hudson	CONED	770
125	Willow Run Foods Inc	Kirkwood	Broome	Southern Tier	NYSEG	96

Sub-total Declined (kW)	**48,200**

Total Declined or Rescinded (kW)	**76,720**

New York Power Authority
Recommendations for Allocation of Hydro Power

Exhibit "A"
December 17, 2013

Exhibit Number	Company Name	Program	City	County	Power Requested (kW)	Existing Jobs	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage & Benefits (1)	Power Recommended (kW)	Contract Term
A-1	Brunner International, Inc.	RP	Medina	Orleans	4,800	363	43	$15,000,000	$42,070	**2,400**	7 Years
A-2	Ford Motor Company	EP	Buffalo	Erie	1,000	640	350	$150,000,000	$99,400	**1,000**	7 Years
A-3	Gracious Living USA	RP	Buffalo	Erie	4,500	0	250	$41,975,000	$27,000	**3,700**	7 Years
	Total Hydropower Recommended						**643**	**$ 206,975,000**		**7,100**	

(1) For Gracious Living, a Canadian company with first US employment, this figure represents salary only; benefits package to be determined

December 17, 2013
Exhibit "A-1"

APPLICATION SUMMARY
Replacement Power

Company:	Brunner International, Inc.
Project Location:	Medina
County:	Orleans
IOU:	National Grid
Business Activity:	Manufacturer of brake shoes, S-Cams and axles for heavy duty trucks and trailers
Project Description:	Plans to construct a 45,000-square-foot addition to expand the production of machined axle forgings sold to large, heavy-duty truck and trailer suppliers.
Existing Allocation(s):	2,500 kW (RP), 1,500 kW (EP), 1,200 kW (RP), 300 kW (EP)
Power Request:	4,800 kW
Power Recommended:	2,400 kW
Job Commitment:	
Existing:	363 jobs
New:	43 jobs
New Jobs/Power Ratio:	18 jobs/ MW
New Jobs - Avg. Wage and Benefits:	$42,070
Capital Investment:	$15 million
Capital Investment/MW:	$6.25 million/ MW
Other ED Incentives:	Standard PILOT tax incentives from Orleans County Economic Development Agency and $750,000 Excelsior Jobs Program Grant.
Summary:	Brunner is the largest private sector employer in Orleans County and has been a long-time NYPA customer. This expansion will increase Brunner's market share of axle shafts to further solidify current employment levels and help create 43 new jobs. Brunner is looking at two southern states as alternatives, including Kentucky, the heart of Brunner's customer and supplier base, which is aggressively seeking this expansion.

Western NY Power Proceeds Allocation Board

Exhibit "A2"
December 17, 2013

Applicants Recommended for an Award of Fund Benefits

Line	Business	City	County	Economic Development Region	Project Description	Project Type	Recommended Award Amount	Total Project Cost	Jobs Retained	Jobs Created
1	Niagara Label Company, Inc.	Akron	Erie	Western NY	The purchase of a printing press finishing unit; software; hardware; and quality module increasing production capacity and product offerings	Business Investment	$ 150,000	$ 938,880	36	17
2	OSC Manufacturing & Equipment Services, Inc.	Buffalo	Erie	Western NY	OSC Manufacturing & Equipment Services Inc., is moving into the site of the former American Axle facility where it will build out the Manufacturing space for the OSC Green Machine, Mini Excavator, Solar Tree & Power Stations, along with Heavy Equipment Rental and Service, Metal Manufacturing & Attachment Fabrication.	Business Investment	up to $750,000	$ 17,539,473	20	26
3	Yancey's Fancy, Inc./D&Y Cheeses, Inc.	Corfu	Genesee	Finger Lakes	The company is going to increase production, expand operations, allow for the development of new specialty cheeses and create employee meeting space.	Business Investment	$ 500,000	$ 20,000,000	65	50
						Total:	**$ 1,400,000**	**$ 38,478,353**	**121**	**93**

Total Jobs Created & Retained: 214

APPLICATION SUMMARY
Replacement Power

Company:	Gracious Living USA
Project Location:	Buffalo
County:	Erie
IOU:	National Grid
Business Activity:	Production of resin-based outdoor furniture, tables, storage equipment and housewares
Project Description:	Gracious Living is a Canadian company looking to establish U.S. operations to manufacture a variety of household plastic products. Their project would renovate and develop unused property on Buffalo's Outer Harbor to create manufacturing operations which would eventually include three daily shifts with 250 full-time jobs. The project includes installing injection systems and 40 injection machines over three years.
Existing Allocation(s):	None
Power Request:	4,500 kW
Power Recommended:	3,700 kW
Job Commitment:	
Existing:	0 jobs
New:	250 jobs
New Jobs/Power Ratio:	68 jobs/ MW
New Jobs - Avg. Wage and Benefits:	$27,000 plus benefits which are unknown at this time
Capital Investment:	$41.975 million
Capital Investment/MW:	$11.34 million/ MW
Other ED Incentives:	$2 million Excelsior Jobs Program grant from ESD and the potential for additional tax incentives.
Summary:	Founded in 1980, Gracious Living has become the largest injection molding company in Canada (outside the automotive industry) and is looking to expand its production capacity and sales by creating a manufacturing facility in the U.S. The company, which operates in an extremely competitive market with major competitors in China, as well as Georgia, Massachusetts, and Pennsylvania, is seriously considering WNY provided it can meet the company's objectives of lowering manufacturing and operating costs. A low cost hydropower allocation will help create much-needed WNY-based jobs and help continue the economic revitalization of downtown Buffalo.

Exhibit “B”

POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF EXPANSION POWER AND/OR REPLACEMENT POWER
to
GRACIOUS LIVING USA

The POWER AUTHORITY OF THE STATE OF NEW YORK ("Authority"), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title I of Article V of the New York Public Authorities Law ("PAL"), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Expansion Power and/or Replacement Power ("Agreement") with Gracious Living USA ("Customer"), with offices at 901 Fuhrmann Boulevard, Buffalo, New York 14203. The Authority and the Customer are from time to time referred to in this Agreement as "Party" or collectively as "Parties" and agree follows:

RECITALS

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, Federal Energy Regulatory Commission ("FERC") Project No. 2216, known as "Expansion Power" (or "EP"), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the Niagara Power Project, FERC Project No. 2216, known as "Replacement Power" (or "RP"), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, EP consists of 250 megawatts ("MW") of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, RP consists of 445 MW of firm hydroelectric power and associated firm energy produced by the Niagara Power Project;

WHEREAS, the Authority is authorized pursuant to PAL § 1005(13)(a) to award EP and/or RP based on, among other things, the criteria listed in the PAL, including but not limited to an applicant's long-term commitment to the region as evidenced by the current and planned capital investment; the type and number of jobs supported or created by the allocation; and the state, regional and local economic development strategies and priorities supported by local units of governments in the area in which the recipient's facilities are located;

WHEREAS, the Customer applied to the Authority for an allocation of hydropower to support operations at a new facility to be constructed and operated by the Customer (defined in Section I of this Agreement as the "Facility");

WHEREAS, on December 17, 2013, the Authority's Board of Trustees ("Trustees") approved a 3,700 kilowatt ("kW") allocation of RP to the Customer for a seven (7) year term (defined in Section I of this Agreement as the "Allocation") in connection with the construction and operation of the Facility as further described in this Agreement;

WHEREAS, on December 17, 2013, the Trustees authorized the Authority to, among other things, take any and all actions and execute and deliver any and all agreements and other documents necessary to effectuate its approval of the Allocation;

WHEREAS, the provision of Electric Service associated with the Allocation is an unbundled service separate from the transmission and delivery of power and energy to the Customer, and delivery service will be performed by the Customer's local electric utility in accordance with the Utility Tariff;

WHEREAS, the Parties have reached an agreement on the sale of the Allocation to the Customer on the terms and conditions provided for in this Agreement;

WHEREAS, the Authority has complied with requirements of PAL § 1009 which specifies the approval process for contracts negotiated by the Authority; and

WHEREAS, the Governor of the State of New York has approved the terms of this Agreement pursuant to PAL § 1009(3).

NOW THEREFORE, in consideration of the mutual covenants herein, the Authority and the Customer agree as follows:

NOW THEREFORE, the Parties hereto agree as follows:

I. Definitions

A. **Agreement** means this Agreement.

B. **Allocation** refers to the allocation of EP and/or RP awarded to the Customer as specified in Schedule A.

C. **Contract Demand** is as defined in Service Tariff No. WNY-1.

D. **Electric Service** is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, Service Tariff No. WNY-1 and the Rules.

E. **Expansion Power** (or **EP**) is 250 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

F. **Facility** means the Customer's facilities as described in Schedule A to this Agreement.

G. **Firm Power** is as defined in Service Tariff No. WNY-1.

H. **Firm Energy** is as defined in Service Tariff No. WNY-1.

I. **FERC** means the Federal Energy Regulatory Commission (or any successor organization).

J. **FERC License** means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal

Power Act, which became effective September 1, 2007 after expiration of the Project's original license which became effective in 1957.

K. **Hydro Projects** is a collective reference to the Project and the Authority's St. Lawrence-FDR Project, FERC Project No. 2000.

L. **Load Serving Entity** (or **LSE**) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

M. **NYISO** means the New York Independent System Operator or any successor organization.

N. **NYISO Tariffs** means the NYISO's Open Access Transmission Tariff or the NYISO's Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

O. **Project** means the Niagara Power Project, FERC Project No. 2216.

P. **Replacement Power** (or **RP**) is445 MW of Firm Power and associated Firm Energy from the Project eligible to be allocated by the Authority for sale to businesses pursuant to PAL § 1005(5) and (13).

Q. **Rules** are the applicable provisions of Authority's rules and regulations (Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as may be modified from time to time by the Authority.

R. **Service Tariff No. WNY-1** means the Authority's Service Tariff No. WNY-1, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.

S. **Schedule A** refers to the Schedule A entitled "Expansion Power and/or Replacement Power Allocations" which is attached to and made part of this Agreement.

T. **Schedule B** refers to the Schedule B entitled "Expansion Power and/or Replacement Commitments" which is attached to and made part of this Agreement.

U. **Schedule C** refers to the Schedule C entitled "Takedown Schedule" which is attached to and made part of this Agreement.

V. **Substitute Energy** means energy that the Authority provides at the request of the Customer to replace hydroelectricity that would otherwise have been supplied to the Customer under this Agreement. Unless otherwise agreed upon by the Parties, Substitute Energy refers to energy purchased by the Authority for the Customer from markets administered by the NYISO.

W. **Taxes** is as defined in Service Tariff No. WNY-1

X. **Unforced Capacity (or "UCAP")** means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

Y. **Utility Tariff** means the retail tariff(s) of the Customer's local electric utility filed and approved by the PSC applicable to the delivery of EP and/or RP.

II. Electric Service

A. The Authority shall make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, Service Tariff No. WNY-1and the Rules. The Customer shall not be entitled to receive Electric Service under this Agreement for any EP and/or RP allocation unless such EP and/or RP allocation is identified on Schedule A.

B. The Authority will provide, and the Customer shall pay for, Electric Service with respect to the Allocation specified on Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall take and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.

C. The Authority shall provide UCAP in amounts necessary to meet the Customer's NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with Service Tariff No. WNY-1.

D. The Customer acknowledges and agrees that Customer's local electric utility shall be responsible for delivering the Allocation to the Facility specified in Schedule A, and that the Authority has no responsibility for delivering the Allocation to the Customer.

E. The Contract Demand for the Customer's Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as EP or RP from the Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all EP and RP customers, as applicable, based on the terms of such ruling, order, or decision.

F. The Contract Demand may not exceed the Allocation.

III. Rates, Terms and Conditions

A. Electric Service shall be sold to the Customer based on the rates, terms and conditions provided for in this Agreement, Service Tariff No. WNY-1 and the Rules.

B. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates for Electric Service shall be subject to increase by Authority at any time upon 30 days prior written notice to Customer if, after consideration by Authority of its legal obligations, the marketability of the output or use of the Project and Authority's competitive position with respect to other suppliers, Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in Authority's bond and note resolutions and covenants with the holders of its financial obligations. Authority shall use its best efforts to inform Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. Any rate increase to Customer under this subsection shall be on a non-discriminatory basis as compared to other Authority customers after giving consideration to the factors set forth in the first sentence of this subsection. With respect to any such increase, Authority shall forward to Customer with the notice of increase, an explanation of all reasons for the increase, and shall also identify the sources from which Authority will obtain the total of increased revenues and the bases upon which Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

IV. Expansion and/or Replacement Power Commitments

A. Schedule B sets forth the Customer's specific "Expansion and/or Replacement Power Commitments." The commitments agreed to in Schedule B are in addition to any other rights and obligations of the Parties provided for in the Agreement.

B. The Authority's obligation to provide Electric Service under this Agreement, and the Customer's obligation to take and pay for such Electric Service, are expressly conditioned upon the Customer's timely completion of the commitments described in Schedule B.

C. In the event of partial completion of the Facility which has resulted in such Facility being partly operational and the partial attainment of the Base Employment Level, the Authority may, upon the Customer's request, provide Electric Service to the Customer in an amount determined by the Authority to fairly correspond to the completed portion of the Facility, provided that the Customer demonstrates that the amount of requested Electric Service is needed to support the operations of the partially completed Facility.

D. The Customer shall give the Authority not less than ninety (90) days' advance notice in writing of the anticipated date of partial or full completion of the Facility. The Authority will inspect the Facility for the purpose of verifying the completion status of the Facility and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time after verification based on applicable operating procedures of the Authority, the Customer's local electric utility and the NYISO.

E. In the event the Customer fails to complete the Facility by December 17, 2016 (*i.e.*, within three (3) years of the Authority's award of the Allocation), the Allocation, at the option and discretion of the Authority, may be canceled or reduced by the total amount of kilowatts determined by the Authority to fairly correspond to the uncompleted portion of the Facility, provided that in such event, and upon request of the Customer, such date may be extended by the Authority in its sole discretion.

V.Rules and Service Tariff

Service Tariff No. WNY-1, as may be modified or superseded from time to time by the Authority, is hereby incorporated into this Agreement with the same force and effect as if set forth herein at length. In the event of any inconsistencies, conflicts, or differences between the provisions of Service Tariff No.WNY-1 and the Rules, the provisions of Service Tariff No. WNY-1 shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and Service Tariff No. WNY-1, the provisions of this Agreement shall govern.

VI.Transmission and Delivery of Firm Power and Firm Energy; Responsibility for Charges

A. The Customer shall be responsible complying with all requirements of its local electric utility that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff.

B. The Customer shall be solely responsible for paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff. Should the Authority incur any charges associated with such delivery service, the Customer shall reimburse the Authority for all such charges.

C. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority's behalf. The Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO Tariff, or other applicable tariff ("NYISO Charges"), as set forth in Service Tariff No. WNY-1 or any successor service tariff, regardless of whether such NYISO Charges are transmission-related. Such NYISO Charges shall be in addition to the charges for power and energy.

D. By entering into this Agreement, the Customer consents to the exchange of information between the Authority and the Customer's local electric utility pertaining to the Customer that the Authority and the local electric utility determine is necessary to provide for the Allocation, sale and delivery of EP and/or RP to the Customer, the proper and efficient implementation of the EP and/or RP programs, billing related to EP and/or RP, and/or the performance of such parties' obligations under any contracts or other arrangements between them relating to such matters.

E. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement or other form of understanding between the Authority and the Customer's local electric utility on terms and conditions that are acceptable to the Authority.

F. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, provide documentation, execute consents and provide other information (collectively, "Information") which the Authority determines is necessary for the provision of Electric Service, the delivery of EP and/or RP, billing related to the EP and/or RP program, the effective and proper administration of the EP and/or RP program, and/or the performance of contracts or other arrangements between the Authority and the Customer's local electric utility. The Customer's failure to provide such Information shall be grounds for the Authority in its sole discretion to withhold or suspend Electric Service to the Customer.

VII. Billing and Billing Methodology

A. The billing methodology for the Allocation shall be determined on a "load factor sharing" basis in a manner consistent with the Utility Tariff and any agreement between the Authority and the Customer's local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.

B. The Authority will render bills by the 10th business day of the month for charges due for the previous month. Such bills shall include charges for Electric Service, NYISO Charges associated with the Allocation (subject to adjustment consistent with any later NYISO re-billings to the Authority), and other applicable charges.

C. The Authority may render bills to the Customer electronically.

D. The Authority and the Customer may agree in writing to an alternative method for the rendering of bills and for the payment of bills, including but not limited to the use of an Authority-established customer self-service web portal.

E. The Authority will charge and collect from the Customer all Taxes (including local, state and federal taxes) the Authority determines are applicable, unless the Customer furnishes the Authority with proof satisfactory to the Authority that (i) the Customer is exempt from the payment of any such Taxes, and/or (ii) the Authority is not obligated to collect such Taxes from the Customer. If the Authority is not collecting Taxes from the Customer based on the circumstances described in (i) or (ii) above, the Customer shall immediately inform the Authority of any change in circumstances relating to its tax status that would require the Authority to charge and collect such Taxes from the Customer.

F. Unless otherwise agreed to by the Authority and the Customer in writing, if the Customer fails to pay any bill when due, an interest charge of two percent (2%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent (1 1/2%) of the sum unpaid shall be added on the first day of each succeeding billing period until the amount due, including interest, is paid in full.

G. Unless otherwise agreed to by the Authority and the Customer in writing, in the event the Customer disputes any item of any bill rendered by Authority, the Customer shall pay such bill in full within the time provided for by this Agreement, and adjustments, if appropriate, will be made thereafter.

H. If at any time after commencement of Electric Service the Customer fails to make complete and timely payment of any two (2) bills for Electric Service, the Authority shall have the right to require the Customer to deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit shall be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. If the Customer fails or refuses to provide the deposit within thirty (30) days of a request for such deposit, the Authority may, in its sole discretion, suspend Electric Service to the Customer or terminate this Agreement.

I. All other provisions with respect to billing are set forth in Service Tariff No. WNY-1 and the Rules.

J. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

VIII. Hydropower Curtailments and Substitute Energy

A. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of the Authority's firm power customers served by the Authority from the Hydro Projects, curtailments (*i.e.* reductions) in the amount of Firm Power and Firm Energy associated with the Allocation to which the Customer is entitled shall be applied on a *pro rata* basis to all firm power and energy customers served from the Hydro Projects, consistent with Service Tariff No. WNY-1 as applicable.

B. The Authority shall provide reasonable notice to Customer of any curtailments referenced in Section VIII.A of this Agreement that could impact Customer's Electric Service under this Agreement. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer to replace the Firm Power and Firm Energy that would otherwise have been supplied pursuant to this Agreement.

C. For each kilowatt-hour of Substitute Energy supplied by the Authority, the Customer will pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Billing and payment for Substitute Energy shall be governed by the Billing and Payments provision of the Authority's Rules (Section 454.6) and shall apply directly to the Substitute Energy service supplied to the Customer.

D. The Parties may enter into a separate agreement to facilitate the provision of Substitute Energy, provided, however, that the provisions of this Agreement shall remain in effect notwithstanding any such separate agreement. The provision of Substitute Energy may be terminated by the Authority or the Customer on fifteen (15) days' prior written notice.

IX. Effectiveness, Term and Termination

A. This Agreement shall become effective and legally binding on the Parties upon execution of this Agreement by the Authority and the Customer.

B. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (1) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (2) termination by the Authority pursuant to this Agreement, Service Tariff No. WNY-1, or the Rules; or (3) expiration of the Allocation by its own term as specified in Schedule A.

C. The Customer may exercise a partial termination of the Allocation upon at least thirty (30) days' notice prior written notice to the Authority. The termination shall be effective commencing with the first billing period as defined in Service Tariff No. WNY-1.

D. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation:(1) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement, Service Tariff No. WNY-1, or the Rules.

X. Additional Allocations

A. Upon proper application by the Customer, the Authority may in its discretion award additional allocations of EP or RP to the Customer at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (i) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (ii) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.

B. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for additional allocations and consider the terms and conditions that should be applicable of any additional allocations.

XI. Notification

A. Correspondence involving the administration of this Agreement shall be addressed as follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Email:______
Facsimile: ______
Attention: Manager – Business Power Allocations and Compliance

To: The Customer

Gracious Living USA
901 Fuhrmann Blvd.
Buffalo, New York 14203
Email: ______
Facsimile: ______
Attention: ______

The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XI.B of this Agreement.

B. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (1) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (2) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (3) if delivered by hand, with written confirmation of receipt; (4) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (5) if sent by electronic mail to the appropriate address as set forth above, with written confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing.

XII. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and the Niagara Redevelopment Act (16 USC §§836, 836a).

XIII. Venue

Each Party consents to the exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement.

XIV. Successors and Assigns; Resale of Hydropower

A. The Customer may not assign or otherwise transfer an interest in this Agreement.

B. The Customer may not resell or allow any other person to use any quantity of EP and/or RP it has purchased from the Authority under this Agreement.

C. Electric Service sold to the Customer pursuant to this Agreement may only be used by the Customer at the Facility specified in Schedule A.

XV. Previous Agreements and Communications

A. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, representations, warranties, commitments, offers, contracts and writings, written or oral, with respect to the subject matter hereof.

B. Except as otherwise provided in this Agreement, no modification of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XVI. Severability and Voidability

A. If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

B. Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

XVII. Waiver

A. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.

B. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.

XVIII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery of an executed counterpart of this Agreement by email as a PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]

AGREED:

GRACIOUS LIVING USA

By: ____

Title: ____

Date: ____

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: ____
John R. Koelmel, Chairman

Date: ____

SCHEDULE A TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER TO CUSTOMER

EXPANSION POWER AND/OR REPLACEMENT POWER ALLOCATIONS

Customer: Gracious Living USA

Type of Allocation	Allocation Amount (kW)	Facility	Trustee Approval Date	Expiration Date
Replacement Power	3,700 kW	901 Fuhrmann Blvd., Buffalo, NY 14203	December 17, 2013	Seven (7) years from commencement of Electric Service of any portion of this Allocation.

SCHEDULE B TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/ OR REPLACEMENT POWER TO CUSTOMER

EXPANSION POWER AND/OR REPLACEMENT POWER COMMITMENTS

I. Employment Commitments

A. Employment Levels

The provision of EP and/or RP to the Customer hereunder is in consideration of, among other things, the Customer's creation and/or maintenance of the employment level set forth in the Appendix of this Schedule (the "Base Employment Level"). Such Base Employment Level shall be the total number of full-time positions held by: (1) individuals who are employed by the Customer at the Facility or as otherwise provided for in the Appendix to this Schedule, and (2) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility (collectively, "Base Level Employees"). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working 20 hours per week or more at such Facility shall be counted as one Base Level Employee.

The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for *bona fide* economic or management reasons.

The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority. Any such change shall be within Authority's sole discretion.

B. Employment Records and Reports

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer's Facility identified in the Appendix to this Schedule, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice

all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

II. Reductions of Contract Demand

A. Employment Levels

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in this Schedule B, for the subject calendar year, the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

B. Power Utilization Levels

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the Facility receiving the power covered by the Agreement. If the average of the Customer's six (6) highest Billing Demands (as such term is described in Service Tariff No. WNY-1) for Expansion Power is less than 90% of the Customer's Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to Article II.D of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

C. Capital Investment

The Customer agrees to undertake the capital investment set forth in the Appendix to this Schedule.

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the Authority deems necessary to determine the Customer's compliance with the Customer's obligations provided for in this Schedule B.

D. Notice of Intent to Reduce Contract Demand

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to this Schedule , the Authority shall provide the Customer with at least thirty (30) days prior written notice of such reduction, specifying the amount of the reduction of Contract Demand and the reason for the reduction, provided, however, that before making the reduction, the Authority may consider the Customer's scheduled or unscheduled maintenance or Facility upgrading periods when such events temporarily reduce plant employment levels or electrical demand as well as business cycle.

III. Energy Efficiency Audits; Information Requests

Unless otherwise agreed to by the Authority in writing, the Customer shall undergo an energy efficiency audit of its Facility and equipment at which the Allocation is consumed at the Customer's expense at least once during the term of this Agreement but in any event not less than once every five years. The Customer will provide the Authority with a copy of the audit or, at the Authority's option, a report describing the results of the audit, and provide documentation requested by the Authority to verify the implementation of any efficiency measures implemented at the Facility.

The Customer agrees to cooperate to make its Facility available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform, if any, at the Authority's own expense.

The Customer shall provide information requested by the Authority or its designee in surveys, questionnaires and other information requests relating to energy efficiency and energy-related projects, programs and services.

The Customer may, after consultation with the Authority, exclude from written copies of audits, reports and other information provided to the Authority under this Article trade secrets and other information which if disclosed would harm the competitive position of the Customer.

APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

Within three (3) years of commencement of Electric Service, the Customer shall employ at least two hundred fifty (250) full-time employees at the Facility ("Base Employment Level") The Base Employment Level shall be maintained thereafter for the term of the Allocation in accordance with Article I of Schedule B.

CAPITAL INVESTMENT

The Customer shall make a total capital investment of at least $41,975,000 to purchase, build and furnish the Facility (the "Capital Investment"). The Capital Investment for the Facility is expected to consist of the following specific expenditures:

Real Estate/Building Acquisition:	$ 4,700,000
Building Reparations/Renovation:	$ 6,000,000
Machinery/ Equipment Acquisition (over 3 years):	$31,275,000
Total Capital Investment:	$41,975,000

The Capital Investment shall be made, and the Facility shall be completed and fully operational, no later than December 17, 2016 (i.e., within three (3) years of the date of the Authority's award of the Allocation). Upon request of the Customer, such date may be extended in the sole discretion of the Authority.

SCHEDULE C TO AGREEMENT FOR THE SALE OF EXPANSION POWER AND/OR REPLACEMENT POWER TO CUSTOMER

TAKEDOWN SCHEDULE

N/A

New York Power Authority

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

Schedule of Rates for Sale of Firm Power to Expansion and Replacement Customers located In Western New York

Service Tariff No. WNY-1

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

Table of Contents

Issued by James F. Pasquale, Senior Vice President
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 Expansion Power and/or Replacement Power (as defined below) directly to a qualified business Customer (as defined below) for firm power service.

II. Abbreviations and Terms

- kW kilowatt(s)
- kW-mo. kilowatt-month
- kWh kilowatt-hour(s)
- MWh megawatt-hour(s)
- NYISO New York Independent System Operator, Inc. or any successor organization
- PAL New York Public Authorities Law
- OATT Open Access Transmission Tariff

Agreement: An executed "Agreement for the Sale of Expansion and/or Replacement Power and Energy" between the Authority and the Customer (each as defined below).

Annual Adjustment Factor or **AAF**: This term shall have the meaning set forth in Section V herein.

Authority: The Power Authority of the State of New York, a corporate municipal instrumentality and a political subdivision of the State of New York created pursuant to Chapter 772 of the New York Laws of 1931 and existing and operating under Title 1 of Article 5 of the PAL, also known as the "New York Power Authority."

Customer: A business customer who has received an allocation for Expansion Power and/or Replacement Power from the Authority and who purchases Expansion Power and/or Replacement Power directly from the Authority.

Electric Service: The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

Expansion Power and/or **Replacement Power**: Firm Power and Firm Energy made available under this Service Tariff by the Authority from the Project for sale to the Customer for business purposes pursuant to PAL § 1005(5) and (13).

Firm Power: Capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the Agreement between the Authority and the Customer and this Service Tariff. Firm Power shall not include peaking power.

Firm Energy: Energy (kWh) associated with Firm Power.

Load Serving Entity or **LSE**: This term shall have the meaning set forth in the Agreement.

Load Split Methodology or **LSM**: A load split methodology applicable to a Customer's allocation. It is usually provided for in an agreement between the Authority and the Customer's local electric utility, an agreement between the Authority and the Customer, or an agreement between the Authority, the Customer and the Customer's local electric utility, or such local utility's tariff, regarding the delivery of WNY Firm Power. The load split methodology is often designated as "Load Factor Sharing" or "LFS" , "First through the Meter" or "FTM", "First through the Meter Modified" or "FTM Modified", or "Replacement Power 2" or "RP 2".

Project: The Authority's Niagara Power Project, FERC Project No. 2216.

Rate Year or **RY**: The period from July 1 through June 30 starting July 1, 2013, and for any year thereafter.

Rules: The Authority's rules and regulations set forth in 21 NYCRR § 450 *et seq*., as they may be amended from time to time.

Service Tariff: This Service Tariff No. WNY-1.

Target Rate: This term shall have the meaning set forth in Section III herein.

All other capitalized terms and abbreviations used but not defined herein shall have the same meaning as set forth in the Agreement.

III. Monthly Rates and Charges

A. Expansion Power (EP) and Replacement Power (RP) Base Rates

Beginning on July 1, 2013, there will be a 3-year phase-in to new base rates. The phase-in will be determined by the rate differential between the 2012 EP/RP rates and a "Target Rate." The Target Rate, specified in Section III.A.1. below, is based on the rates determined by the Authority to be applicable in RY 2013 for sales of "preservation power" as that term is defined in PAL § 1005(13). The following Sections III.A.1-4 describe the calculation and implementation of the phase-in.

1. The initial rate point will be established by the EP/RP rates ($/kW and $/MWh), determined by mid-April 2012 and made effective on May 1, 2012 in accordance with the Authority's then-applicable EP and RP tariffs. The Target Rate (*i.e.* demand and energy rates) for RY 2013 shall be $7.99/kW and $13.66/MWh.

2. The difference between the two rate points is calculated and divided by 3 to correspond with the number of Rate Years over which the phase-in will occur. The resulting quotients (in $/kW and $/MWh) are referred to as the "annual increment."

3. The annual increment will be applied to the base rates for the 3-year period of the 2013, 2014 and 2015 Rate Years, which shall be as follows:

   RY 2013: July 1, 2013 to June 30, 2014
   RY 2014: July 1, 2014 to June 30, 2015
   RY 2015: July 1, 2015 to June 30, 2016

   The annual rate adjustments normally made effective on May 1, 2013 under then-applicable EP and RP tariffs will be suspended, such that demand and energy rates established in 2012 shall be extended through June 30, 2013.

4. Effective commencing in RY 2013, the Annual Adjustment Factor ("AAF") described in Section V herein, shall be applied as follows:

   A. For the RY 2013 only, the AAF will be suspended, and the RY 2013 rate increase will be subject only to the annual increment.

   B. For the RYs 2014 and 2015, the AAF will be applied to the demand and energy rates after the addition of the annual increment to the rates of the previous RY rates. Such AAF will be subject to the terms and limits stated in Section V herein.

   C. Beginning in RY 2016, the AAF will be applied to the previous RY rates, and the annual increment is no longer applicable.

B. EP and RP Rates no Lower than Rural/Domestic Rate

At all times the applicable base rates for demand and energy determined in accordance with Sections III.A and V of this Service Tariff shall be no lower than the rates charged by the

Authority for the sale of hydroelectricity for the benefit of rural and domestic customers receiving service in accordance with the Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1) and PAL § 1005(5) (the "Rural/Domestic Rate"). This provision shall be implemented as follows: if the base rates, as determined in accordance with Sections III.A and V of this Service Tariff, are lower than the Rural/Domestic Rate on an average $/MWh basis, each set of rates measured at 80% load factor which is generally regarded as representative for EP and RP Customers, then the base rates determined under Sections III.A and V of this Service Tariff will be revised to make them equal to the Rural/Domestic Rate on an average $/MWh basis. However, the base rates as so revised will have no effect until such time as these base rates are lower than the Rural/Domestic Rate.

C. <u>Monthly Base Rates Exclude Delivery Service Charges</u>

The monthly base rates set forth in this Section III exclude any applicable costs for delivery services provided by the local electric utility.

D. <u>Minimum Monthly Charge</u>

The minimum monthly charge shall equal the product of the demand charge and the contract demand (as defined herein). Such minimum monthly charge shall be in addition to any NYISO Charges or Taxes (each as defined herein) incurred by the Authority with respect to the Customer's Allocation.

E. <u>Estimated Billing</u>

If the Authority, in its sole discretion, determines that it lacks reliable data on the Customer's actual demand and/or energy usage for a Billing Period during which the Customer receives Electric Service from the Authority, the Authority shall have the right to render a bill to the Customer for such Billing Period based on estimated demand and estimated usage ("Estimated Bill").

For the purpose of calculating a Billing Demand charge for an Estimated Bill, the demand charge will be calculated based on the Customer's Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated demand (kW) will be calculated based on an average of the Customer's Billing Demand (kW) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated demand (kW) value for the Estimated Bill will equal the Customer's Takedown (kW) amount.

- For Customers whose allocation is subject to a First through the Meter/ FTM, FTM Modified, or RP 2 LSM, the estimated demand (kW) value will equal the Customer's Takedown (kW) amount.

For the purpose of calculating a Billing Energy charge for an Estimated Bill, the energy charge will be calculated based on the Customer's Load Split Methodology as following:

- For Customers whose allocation is subject to a Load Factor Sharing/LFS LSM, the estimated energy (kWh) will be based on the average of the Customer's Billing Energy (kWh) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated energy value (kWh) will be equal to the Takedown (kW) amount at 70 percent load factor for that Billing Period.

- For Customers whose allocation is subject to a First through the Meter/FTM, FTM Modified, or RP 2 LSM, the estimated energy (kWh) will be equal to the Takedown (kW) amount at 100 percent load factor for that Billing Period.

If data indicating the Customer's actual demand and usage for any Billing Period in which an Estimated Bill was rendered is subsequently provided to the Authority, the Authority will make necessary adjustments to the corresponding Estimated Bill and, as appropriate, render a revised bill (or provide a credit) to the Customer.

The Minimum Monthly Charge provisions of Section III B.D. shall apply to Estimated Bills.

The Authority's discretion to render Estimated Bills is not intended to limit the Authority's rights under the Agreement.

F. Adjustments to Charges

In addition to any other adjustments provided for in this Service Tariff, in any Billing Period, the Authority may make appropriate adjustments to billings and charges to address such matters as billing and payment errors, the receipt of actual, additional, or corrected data concerning Customer energy or demand usage.

G. 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 electric utility in whose service territory the Customer's facilities are located.

H. Billing Demand

The billing demand shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

I. Billing Energy

The billing energy shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

J. Contract Demand

The contract demand of each Customer will be the amount of Expansion Power and/or Replacement Power, not to exceed their Allocation, provided to such Customer by the Authority in accordance with the Agreement.

IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Availability of Energy

1. Subject to Section IV.B.2, the Authority shall provide to the Customer in any billing period Firm Energy associated with Firm Power. The offer of Firm Energy for delivery shall fulfill the Authority's obligations for purposes of this provision whether or not the Firm Energy is taken by the Customer.

2. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of NYPA's Firm Power customers served from the Hydro Projects, hydropower curtailments (*i.e.* reductions) in the amount of Firm Power and Energy to which the Customer is entitled shall be applied on a *pro rata* basis to all Firm Power and Energy customers served from the Hydro Projects. Reductions as a percentage of the otherwise required Firm Power and Energy sales will be the same for all Firm Power and Energy customers served from the Hydro Projects. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods. The Customer will receive appropriate bill credits as provided under the Rules.

C. Delivery

For the purpose of this Service Tariff, Firm Power and Firm Energy shall be deemed to be offered when the Authority is able to supply Firm Power and Firm Energy to the Authority's designated NYISO load bus. If, despite such offer, there is a failure of delivery caused by the Customer, NYISO or local electric utility, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Adjustment of Rates

To the extent not inconsistent with the Agreement, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to the Customer.

E. Billing Methodology and Billing

Unless otherwise specified in the Agreement, the following provisions shall apply:

1. The billing methodology to be used to render bills to the Customer related to its Allocation shall be determined in accordance with the Agreement and delivery agreement between the Authority and, as applicable, the Customer or local electric utility or both.

2. Billing Demand –The Billing Demand charged by the Authority to each Customer will be the highest 15 or 30-minute integrated demand, as determined by the local utility, during each Billing Period recorded on the Customer's meter multiplied by a percentage based on the Load Split Methodology provided for in any contract between the Authority and the Customer's local electric utility, any contract between the Authority and the Customer, or any contract between the Authority, the Customer and the Customer's local electric utility for delivery of WNY Power. Billing Demand may not exceed the amount of the Contract Demand.

3. Billing Energy –The kilowatt-hours charged by the Authority to each Customer will be the total number of kilowatt-hours recorded on the Customer's meter for the Billing Period multiplied by a percentage based on the methodology provided for in any contract between the Authority and the Customer's local electric utility for delivery of WNY Power.

F. <u>Payment by Customer to Authority</u>

1. <u>Demand and Energy Charges, Taxes</u>

   The Customer shall pay the Authority for Firm 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 demand charge per kilowatt for Firm Power specified in this Service Tariff or any modification thereof applied to the Customer's billing demand (as defined in Section IV.E, above) for the billing period; and

   b. The energy charge per MWh for Firm Energy specified in this Service Tariff or any modification thereof applied to the Customer's billing energy (as defined in Section IV.E, above) for the billing period; and

   c. A charge representing reimbursement to the Authority for all applicable Taxes incurred by the Authority as a result of providing Expansion Power and/or Replacement Power allocated to the Customer.

2. <u>Transmission Charge</u>

   The Customer shall compensate the Authority for all transmission costs incurred by the Authority with respect to the Allocation, including such costs that are charged pursuant to the OATT.

3. <u>NYISO Transmission and Related Charges ("NYISO Charges")</u>

   The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with providing Electric Service to the Customer:

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

   B. Marginal losses;

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

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

E. 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 under the provisions of its OATT or under other applicable tariffs; and

F. Any charges assessed on the Authority with respect to the provision of Electric 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 the Authority with respect to Electric Service to the Customer), applicable tariffs, or required to be paid by the Authority in accordance with law, regardless of whether such charges are assessed by the NYISO or another third party.

The NYISO Charges, if any, incurred by the Authority on behalf of the Customer, are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.
The method of billing NYISO charges to the Customer will be based on Authority's discretion.

4. Taxes Defined

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

5. Substitute Energy

The Customer shall pay for Substitute Energy, if applicable, as specified in the Agreement.

6. Payment Information

Bills computed under this Service Tariff 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 the Authority. In the event that there is a dispute on any items of a bill rendered by the Authority, the Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

G. Rendition and Payment of Bills

1. The Authority will render bills to the Customer for Electric Service on or before the tenth (10^{th}) business day of the month for charges due for the previous Billing Period. Bills will reflect the amounts due and owing, and are subject to adjustment as provided for in the Agreement, Service Tariff No. WNY-1 and the Rules. Unless otherwise agreed to by the Authority and the Customer in writing, the Authority shall render bills to the Customer electronically.

2. Payment of bills by the Customer shall be due and payable by the Customer within twenty (20) days of the date the Authority renders the bill.

3. Except as otherwise agreed by the Authority in writing, if the Customer fails to pay any bill when due an interest charge of two percent of the amount unpaid will be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent of the sum unpaid shall be added on the first day of each succeeding Billing Period until the amount due, including interest, is paid in full.

4. If at any time after commencement of Electric Service the Customer fails to make complete payment of any two (2) bills for Electric Service when such bills become due pursuant to Agreement, the Authority shall have the right to require that the Customer deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit will be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. The failure or refusal of the Customer to provide the deposit within thirty (30) days of a request for such deposit will be grounds for the Authority in its sole discretion to suspend Electric Service to the Customer or terminate this Agreement.

H. Adjustment of Charges

1. Distribution Losses

   The Authority will make appropriate adjustments to compensate for distribution losses of the local electric utility.

I. Conflicts

The Authority's Rules shall apply to the Electric 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, the provisions of this Service Tariff shall govern.

J. Customer Resales Prohibited

The Customer may not resell any quantity of Expansion Power and/or Replacement Power.

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

V. Annual Adjustment Factor

A. Adjustment of Rates

1. The AAF will be based upon a weighted average of three indices described below. For each new Rate Year, the index value for the latest available calendar year ("Index Value for the Measuring Year") will be compared to the index value for the calendar year immediately preceding the latest available calendar year (the Index Value for the Measuring Year -1"). The change for each index will then be multiplied by the indicated weights. As described in detail below, these products are then summed, producing the AAF. The AAF will be multiplied by the base rate for the current Rate Year to produce the base rates for the new Rate Year, subject to a maximum adjustment of ±5.0% ("±5% Collar"). Amounts outside the ±5% Collar shall be referred to as the "Excess."

   Index 1, "BLS Industrial Power Price" (35% weight): The average of the monthly Producer Price Index for Industrial Electric Power, commodity code number 0543, not seasonally adjusted, as reported by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS") electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 1, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

   Index 2, "EIA Average Industrial Power Price" (40% weight): The average weighted annual price (as measured in cents/kWh) for electric sales to the industrial sector in the ten states of CT, MA, ME, NH, NJ, NY, OH, PA, RI and VT ("Selected States") as reported by Coal and Electric Data and Renewables Division; Office of Coal, Nuclear, Electric and Alternate Fuels; Energy Information Administration ("EIA"); U.S. Department of Energy Form EIA-861 Final Data File. For Index 2, the Index Value for the Measuring Year will be the index for the calendar year two years preceding July 1 of the new Rate Year.

   Index 3, "BLS Industrial Commodities Price Less Fuel" (25% weight): The monthly average of the Producer Price Index for Industrial Commodities less fuel, commodity code number 03T15M05, not seasonally adjusted, as reported by the U.S. Department of Labor, BLS electronically on its internet site and consistent with its printed publication, "Producer Price Index Detailed Report". For Index 3, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

2. Annual Adjustment Factor Computation Guide

   Step 1: For each of the three Indices, divide the Index Value for Measuring Year by the Index Value for the Measuring Year-1.

   Step 2: Multiply the ratios determined in Step 1 by percentage weights for each Index. Sum the results to determine the weighted average. This is the AAF.

   Step 3: Commencing RY 2014, modifications to the AAF will be subject to ±5% Collar, as described below.

   a) When the AAF falls outside the ±5% Collar, the Excess will be carried over to the subsequent RY. If the AAF in the subsequent RY is within the ±5% Collar, the current RY Excess will be added to/subtracted from the subsequent Rate Year's AAF, up to the ±5% Collar.

b) Excesses will continue to accrue without limit and carry over such that they will be added to/subtracted from the AAF in any year where the AAF is within the ±5% Collar.

Step 4: Multiply the current Rate Year base rate by the AAF calculated in Step 2 to determine the new Rate Year base rate.

The foregoing calculation shall be performed by the Authority consistent with the sample presented in Section V.B below.

3. The Authority shall provide the Customer with notice of any adjustment to the current base rate per the above and with all data and calculations necessary to compute such adjustment by June 15^{th} of each year to be effective on July 1 of such year, commencing in 2014. The values of the latest officially published (electronically or otherwise) versions of the indices and data provided by the BLS and EIA as of June 1 shall be used notwithstanding any subsequent revisions to the indices.

4. If during the term of the Agreement any of the three above indices ceases to be available or ceases to be reflective of the relevant factors or of changes which the indices were intended by the Parties to reflect, the Customer and the Authority shall mutually select a substitute Index. The Parties agree to mutually select substitute indices within 90 days, once notified by the other party that the indices are no longer available or no longer reflect the relevant factors or changes with the indices were intended by the Parties to reflect. Should the 90-day period cover a planned July 1 rate change, the current base rates will remain in effect until substitute indices are selected and the adjusted rates based on the substitute indices will be retroactive to the previous July 1. If unable to reach agreement on substitute indices within the 90-day period, the Parties agree to substitute the mathematic average of the PPI—Intermediate Materials, Supplies and Components (BLS Series ID WPUSOP2000) and the PPI-- Finished Goods (BLS Series ID WPUSOP3000) indices for one or more indices that have ceased to be available and shall assume the percentage weighting(s) of the one or more discontinued indices as indicated in Section V.A.1.

B. <u>Sample Computation of the AAF (hypothetical values for July 1, 2014 implementation):</u>

<u>STEP 1</u>

Determine the Index Value for the Measuring Year (MY) and Measuring Year - 1 (MY-1) for Each Index

- Index 1 - Producer Price Index, Industrial Power

	Measuring Year (2013)	Measuring Year - 1 (2012)
January	171.2	167.8
February	172.8	167.6
March	171.6	168.2
April	173.8	168.6
May	175.1	171.6
June	185.7	180.1
July	186.4	182.7
August	184.7	179.2
September	185.5	181.8
October	175.5	170.2
November	172.2	168.8
December	171.8	166.6
Average	177.2	172.8
Ratio of MY/MY-1		**1.03**

- Index 2 – EIA Industrial Rate

State	Revenues ($000s)	Sales (MWh)	Avg. Rate (cents/kWh)
Measuring Year (2012)			
CT	590,972	6,814,757	
MA	1,109,723	13,053,806	
ME	328,594	4,896,176	
NH	304,363	2,874,495	
NJ	1,412,665	15,687,873	
NY	2,001,588	26,379,314	
OH	3,695,978	78,496,166	
PA	3,682,192	63,413,968	
RI	152,533	1,652,593	
VT	155,903	2,173,679	
TOTAL	13,434,511	215,442,827	**6.24**
Measuring Year -1 (2011)			
CT	579,153	6,678,462	
MA	1,076,431	12,662,192	
ME	310,521	4,626,886	
NH	298,276	2,817,005	
NJ	1,370,285	15,217,237	
NY	1,891,501	24,928,452	
OH	3,622,058	76,926,243	
PA	3,571,726	61,511,549	
RI	144,144	1,561,700	
VT	152,785	2,130,205	
TOTAL	13,016,880	209,059,931	**6.23**
	Ratio of MY/MY-1		**1.00**

- Index 3 – Producer Price Index, Industrial Commodities Less Fuel

	Measuring Year (2013)	Measuring Year -1 (2012)
January	190.1	187.2
February	190.9	188.0
March	191.6	188.7
April	192.8	189.9
May	194.7	191.8
June	195.2	192.3
July	195.5	192.3
August	196.0	193.1
September	196.1	193.2
October	196.2	193.8
November	196.6	193.7
December	196.7	194.0
Average	194.4	191.5
Ratio of MY/MY-1		**1.02**

STEP 2

Determine AAF by Summing the Weighted Indices

Index	Ratio of MY to MY-1	Weight	Weighted Factors
PPI Industrial Power	1.03	0.35	0.361
EIA Industrial Rate	1.00	0.40	0.400
PPI Industrial Commodities less fuel	1.02	0.25	0.255
AAF			**1.016**

STEP 3

Apply Collar of ±5.0% to Determine the Maximum/Minimum AAF.

-5.0% < 1.6% < 5.0%; collar does not apply, assuming no cumulative excess.

STEP 4

Apply AAF to Calculate the New Rate Year Base Rate

	Demand $/kW-mo.	Energy $/MWh
Current Rate Year Base Rate	7.56	12.91
New Rate Year Base Rate	7.68	13.12

Western NY Power Proceeds Allocation Board

Exhibit "A-1"
December 17, 2013

Applicants Recommended for an Award of Fund Benefits

Line	Business	City	County	Economic Development Region	Project Description	Project Type	Recommended Award Amount	Total Project Cost	Jobs Retained	Jobs Created
1	Visit Buffalo Niagara	Buffalo	Erie	Western NY	Increase marketing to Canadian shopping tourists to encourage them to stay overnight and visit other attractions	Tourism/Marketing	$ 250,000	$ 500,000	0	0
2	Niagara University	Niagara Falls	Niagara	Western NY	Niagara University will establish the Niagara Global Tourism Institute (Niagara GTI) focused on market research, skills programming, and innovative application of digital technologies and "smart growth" principles to regional tourism strategies.	Tourism/Marketing	$ 250,000	$ 415,152	0	2
3	Forest Lawn Heritage Foundation	Buffalo	Erie	Western NY	Developing the Margaret L. Wendt Archive & Resource Center, opening Summer 2014, that will serve as a regional visitors center and tour bus terminal for area excursions. Design plans for this center include a fully furnished record repository & management facility providing a means and place to perform genealogy research, a rapidly growing sector of tourism.	Tourism/Marketing	$ 150,000	$ 477,000	0	0
4	CNC Technical Solutions, Inc.	Medina	Orleans	Finger Lakes	CNCTS will be increasing the size and scope of its current industrial reclaim business and will be moving the existing business to a new physical location and will be expanding the business scope and volume.	Business Development	$ 75,000	$ 335,850	2	3
5	Washington Mills, Inc.	Niagara Falls	Niagara	Western NY	Project proposes to upgrade an existing high temperature arc furnace with new, state of the art electrode controls. In addition, improvements will be made to their material handling system in order to effectively produce a higher purity product currently being imported from their Washington Mills plant in Canada	Business Development/Energy Project	$ 140,000	$ 840,000	105	2
6	Lineagen, Inc.	Buffalo	Erie	Western NY	Lineagen has developed biomarkers that are useful in determining MS and COPD progression rate. The project described here will provide the sales, technical and bioinformatics staff necessary to provide Lineagen's current genetic test offering to western New York and to complete development of new risk-based tests that will improve clinical management for these patients.	Business Development	$ 250,000	$ 5,000,000	0	8
7	Ford Motor Company	Hamburg	Erie	Western NY	The proposed project is a multi-faceted program designed to modernize the Buffalo Stamping Plant and greatly enhance the plant's ability to compete as a world-class stamping manufacturer. New technologies will require extensive training for the workforce for which Ford is applying for an award of Fund Benefits.	Workforce Development	$ 1,000,000	$ 101,000,000	680	100
						Total:	**$ 2,115,000**	**$ 108,568,002**	**787**	**115**

Western NY Power Proceeds Allocation Board

Exhibit "A2"
December 17, 2013

Applicants Recommended for an Award of Fund Benefits

Line	Business	City	County	Economic Development Region	Project Description	Project Type	Recommended Award Amount	Total Project Cost	Jobs Retained	Jobs Created
1	Niagara Label Company, Inc.	Akron	Erie	Western NY	The purchase of a printing press finishing unit; software; hardware; and quality module increasing production capacity and product offerings	Business Investment	$ 150,000	$ 938,880	36	17
2	OSC Manufacturing & Equipment Services, Inc.	Buffalo	Erie	Western NY	OSC Manufacturing & Equipment Services Inc., is moving into the site of the former American Axle facility where it will build out the Manufacturing space for the OSC Green Machine, Mini Excavator, Solar Tree & Power Stations, along with Heavy Equipment Rental and Service, Metal Manufacturing & Attachment Fabrication.	Business Investment	up to $750,000	$ 17,539,473	20	26
3	Yancey's Fancy, Inc./D&Y Cheeses, Inc.	Corfu	Genesee	Finger Lakes	The company is going to increase production, expand operations, allow for the development of new specialty cheeses and create employee meeting space.	Business Investment	$ 500,000	$ 20,000,000	65	50
						Total:	**$ 1,400,000**	**$ 38,478,353**	**121**	**93**

Total Jobs Created & Retained: 214

Western NY Power Proceeds Allocation Board

Exhibit "B"
December 17, 2013

Projects Deemed Ineligible

Line	Business	City	County	Economic Development Region	Project Description	Classification
1	Lewiston Frontier House	Lewiston	Niagara	WNY	Construction and installation of the micro- brewery and the purchase of all necessary equipment to begin the manufacturing of beer.	Retail [1]
2	1106 & 1110 Main Street	Buffalo	Erie	WNY	Renovation of a residential rental property	Residential[2]
3	400 Elmwood Redevelopment	Buffalo	Erie	WNY	Renovation of a residential rental property	Residential[2]

[1] *In accordance with EDL § 189-a(5), the Board defines "retail business" to mean a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.*

[2] *The applicant proposed a project that is residential in nature.*

Applicants Not Recommended for an Award

Line	Business	City	County	Economic Development Region	Project Description	Project Type
4	Alix Rice Peace Park Foundation	Amherst	Erie	Western NY	The Alix Rice Peace Park Foundation is building a public concrete skate park	Tourism/Infrastructure
5	CNC Technical Solutions, Inc Training Center [3]	Medina	Orleans	Finger Lakes	Expand the scope and audience of our existing technical training programs	Workforce Development
6	Flat #12 Mushrooms, LLC	Buffalo	Erie	Western NY	Create a mushroom growing operations used in various applications	Agricultural Investment
7	Helios-NRG, LLC	Amherst	Erie	Western NY	Advanced Algal Platform for Waste Remediation and Bioenergy	Innovation/Entrepreneur Development
8	Hull House Foundation	Lancaster	Erie	Western NY	Hull Family Home & Farmstead Heritage Tourism Project	Tourism/Marketing
9	Justice Lifeline, Inc.	Buffalo	Erie	Western NY	Renovate a two story 5,200 sq. ft. brick structure located at 2201 Fillmore Avenue into a Transitional Services Center.	Workforce Development
10	MergerShark, Inc.	Buffalo	Erie	Western NY	The project involves the programming, testing and completion of a database to allow small business owners to determine the value of their businesses.	Innovation/Entrepreneur Development
11	Niagara Arts & Cultural Center, Inc.	Niagara Falls	Niagara	Western NY	NACC Grand Theater Restoration	Tourism/Marketing
12	Precision Scientific Instruments (PSi℠)	Buffalo	Erie	Western NY	High tech manufacturing startup seeking to produce a US Patented Sub-Nano Metrology System	Innovation/Entrepreneur Development
13	ROAR Logistics	Buffalo	Erie	Western NY	Provide operational staff the opportunity to become a Certified Transportation Broker (CTB)	Workforce Development
14	Somerset Union Museum	Barker	Niagara	Western NY	Somerset M. E. Church Renovation	Tourism/Marketing
15	TAM Ceramics Group of NY, LLC	Niagara Falls	Niagara	Western NY	Rare Earth Reclaim Program	Business Investment

[3] *CNC Technical Solutions submitted two applications for two phases of the same project. The WNYPPAB recommended that the applicant receive an award for the project proposed in their first application and that the applicant receive no award for the project proposed in their second application.*

Applications Deferred for Further Analysis

Line	Business	Classification
16	Arts Services Initiative of WNY, Inc.	Deferred for further analysis
17	Buffalo Niagara Enterprise	Deferred for further analysis
18	Buffalo Maritime Center	Deferred for further analysis
19	Riviera Theatre	Deferred for further analysis
20	Niagara Co. Historical Society d/b/a the History Center of Niagara	Deferred for further analysis
21	Greater Buffalo United Accountable Healthcare Network (GBUAHN), MSO, LLC	Deferred for further analysis
22	Onyx Administrative Services of Buffalo New York, LLC	Deferred for further analysis
23	Buffalo Syngas, LLC	Deferred for further analysis
24	Entecco, LLC	Deferred for further analysis
25	Paradigm of WNY, LLC	Deferred for further analysis
26	SyncroPET	Deferred for further analysis
27	City Labs, Inc. A Florida Corporation	Deferred for further analysis
28	Humble Pie	Deferred for further analysis
29	Living Green Insulation Products and Services	Deferred for further analysis
30	Sterling Energy	Deferred for further analysis
31	Trek Industries	Deferred for further analysis
32	Triad Recycling	Deferred for further analysis
33	Eden Valley Growers	Deferred for further analysis

Exhibit C

Applicant Name:	CNC Technical Solutions, Inc. Reclaim Center	REDC Region:	Finger Lakes
Project Type:	Innovation/Entrepreneur Development	County:	Orleans
Industry:	Advanced Manufacturing/Recycling	Locality:	Medina
Amount Requested:	$250,000	Start Date:	04/01/2014
		Finish Date:	10/01/2014

RECOMMENDED OFFER	
Recommended Total Award:	$75,000
Total Project Cost:	$338,850
% of Project Cost Recommended:	22%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	2
Number of Jobs Created:	3
Average Salary of Jobs:	$25,000
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

CNC Technical Solutions is planning a project which will expand the capacity and the scope of its industrial control systems reclamation business. As the need for less expensive alternatives to brand new industrial control systems grows across the United States, companies that are in the reclamation and refurbishment of industrial control systems, like CNC, are finding themselves in a position to grow with market trends. CNC has been a staple business in the Medina community for more than 10 years and as a member of this community would like to grow its business in Medina.

CNC is proposing to expand on its current industrial control systems reclamation business by purchasing a dilapidated, abandoned building adjacent to its own building at the Eastern Gateway of the Village of Medina and restoring and retrofitting said building to suit the needs of this growing business.

CNC currently runs this business simultaneously with that of its hallmark engineering/technical assistance and advanced certification training businesses in the industrial control systems industry sector. Due to the growth each of these businesses has been experiencing in recent years, CNC is beginning to run out of space in its current facility. The completion of this project will allow CNC to grow the reclamation business in a new space suited for the specific needs of that business thus giving CNC the ability to grow at the rate necessary to remain competitive in this industry sector. In addition to reaching this goal this project will also make way for the future ability to grow the advanced certification training business that provides the foundation for CNC Technical Solutions.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	$0	NYPA:	$0
IDA:	$	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	**AMOUNT**	**STATUS**
N/A	N/A	N/A

BASIS FOR RECOMMENDATION

This applicant has proposed a project to expand its Industrial Control System reclamation business. This goal will be achieved through the purchase and renovation of a long abandoned and dilapidated building prominently located at the Eastern Gateway of the Village of Medina.

For over 10 years CNC Technical Solutions, Inc. has been providing engineering and technical support and technical training for companies that utilize Industrial Control Systems with advanced technologies. CNC works with companies like GM, Ford, ECC and Accellent. Not only will this project give new life to a building facing condemnation and expand the growing market presence of CNC in the Industrial Controls Reclamation business but it will also give way to a future expansion of CNC's Technical Training programs.

CNC has proven to be a growing company that will continue to provide new employment opportunities going forward, and a great community partner. The multiple benefits of this project, including: job creation; workforce development; and smart growth, align well with the Fingers Lakes Regional plan for advancing and growing the Regional economy.

Exhibit C

Applicant Name:	Ford Motor Company	REDC Region:	WNY
Project Type:	Workforce Development	County:	Erie
Industry:		Locality:	Buffalo
Amount Requested:	$1,000,000	Start Date:	1st Qtr 2014
		Finish Date:	4th Qtr 2014

RECOMMENDED OFFER	
Recommended Total Award:	$1,000,000
Total Project Cost:	$101,000,000
% of Project Cost Recommended:	
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	680
Number of Jobs Created:	100
Average Salary of Jobs:	$80,000
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Ford Motor Company operates a stamping plant in WNY which was established in 1950. The facility currently employs 680 full time employees. The WNY facility primarily provides metal stampings for the Edge, the Flex, the F-150 and the Focus. The WNY Stamping plant is the only remaining standalone Ford Stamping Plant in the Country as every other stamping plant was absorbed by bigger assembly facilities. Ford is invest over $100 million in facility upgrades which will not only secure the future of the stamping plant but will also allow the plant to hire and train 100 new employees.

The proposed project is a multi-faceted program designed to modernize the Buffalo stamping plant and enhance the plant's ability to compete as a world-class stamping manufacturer. The investment of $101 million will be used to upgrade tooling, add new lines and provide stampings and welded sheet metal for the 2015 new model Edge and the 2015 F-150. The installation of new machines and new robots will require the training of the current workforce at the facility on the new technologies and it will require the plant to hire 100 new employees to deal with the expanded capacity. The entire project including upgraded and new machinery will be housed in the current facility which is presently eliminating dated technologies to make space for the new.

The completion of this project will secure the position of one of the Region's largest employers as well as create opportunities for growth for many years to come.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$7,000,000	NYPA:	8,700kW hydropower
IDA:	$	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	**AMOUNT**	**STATUS**
ESD Training Grant	$150,000	Completed

BASIS FOR RECOMMENDATION

The WNY Ford Stamping Plant has been one of the Region's largest and most important employers since the mid 1900's. The WNY stamping facility is operated by Western New Yorkers who have invested themselves in living and working in the Region and securing the opportunities Ford provides for generations to come. The merits of this project speak for itself. With over 101 million dollars invested in the facility and the hiring of 100 brand new employees that will receive advanced technical training, this is the kind of project that is transformative to the Region.

This project is truly representative of the kinds of projects the Western NY Regional Economic Development Council ("WNYREDC") envisioned when it put forth its plan for regional growth and prosperity. The project embodies the fundamental principles of growing the advanced manufacturing industry sector in WNY and it embraces the smart growth concepts that are paramount to the Region's success.

As a longtime staple in the WNY community, the preservation of Ford in WNY coupled with the potential for growth in this community, create the need to place priority on this project and earn the right to keep these stamping operations here.

Exhibit C

Applicant Name:	Forest Lawn Heritage Foundation	REDC Region:	WNY
Project Type:	Tourism/Marketing	County:	Erie
Industry:		Locality:	Buffalo
Amount Requested:	$300,000	Start Date:	01/01/2014
		Finish Date:	12/31/2015

RECOMMENDED OFFER	
Recommended Total Award:	$150,000
Total Project Cost:	$477,000
% of Project Cost Recommended:	31%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	Not applicable.
Number of Jobs Created:	Not applicable.
Average Salary of Jobs:	Not applicable.
Indirect Jobs Created	Not applicable.
Other Impact	

PROJECT DESCRIPTION

As one of the most heavily visited historic sites in Western New York, the Forest Lawn Heritage Foundation has identified the need to enhance the visitor experience as it pertains to making connections to the history on display at the illustrious Forest Lawn Cemetery. To fulfill this mission, the Forest Lawn Heritage Foundation has begun the construction of the Margaret L. Wendt Archive and Resource Center which is intended to give each visitor the opportunity to trace the genealogy of any of the families buried in Forest Lawn. Because the cemetery dates almost as far back as the City of Buffalo, many of the visitors will find that they can trace their own genealogy back to the first generation of “Buffalonians” in their family.

The Forest Lawn Heritage Foundation has successfully raised the money needed to build the structure that will house the Margaret L. Wendt Archive and Resource Center and the construction on the building has begun. The Foundation, however, is still facing the challenge of securing the remaining funds needed to implement the electronic database that will give visitors access to the historic data contained in the cemetery. The completion of this project will offer both repeat and new visitors to the remarkable grounds a world class experience that will both renew and boost interest in the WNY Region.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	$0	NYPA:	$0
IDA:	$0	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	**AMOUNT**	**STATUS**
N/A	N/A	N/A

BASIS FOR RECOMMENDATION

Forest Lawn Cemetery is converging on a project based on a massive increase in public interest in genealogy that is projected to result in a significant number of additional visitors each year. Having a history that goes to the earliest days of Buffalo, NY and is paralleled only by places like Arlington National Cemetery, Forest Lawn is a key tourism asset to the WNY Region.

This project will allow Forest lawn to implement a system that will give visitors an opportunity to trace their WNY genealogy (or anyone's genealogy – e.g. Millard Fillmore – 13^{th} President of the United States) back to the beginning of the cemetery which was founded in 1849. The project itself is based on the model of tourist destinations, like Ellis Island, which sees approximately 2 million visitors each year, interested in tracing their genealogy back to their family's entrance to the U.S.

It is well established that one of the WNY Region's greatest strengths is the history that has been preserved here and this project will capitalize on that history and create a new reason for tourists to come to the WNY Region. The Western NY Regional Economic Development Council set the growth of tourism as a high priority in the WNY Region and, as one of the Region's greatest tourism assets, this enhanced visitor experience will move the Region closer to that goal.

Exhibit C

Applicant Name:	Lineagen, Inc.	REDC Region:	WNY
Project Type:	Business Investment	County:	Erie
Industry:		Locality:	Buffalo
Amount Requested:	$1,000,000	Start Date:	11/01/2013
		Finish Date:	10/31/2014
RECOMMENDED OFFER			
Recommended Total Award:	$250,000		
Total Project Cost:	5,000,000		
% of Project Cost Recommended:	5%		
REGIONAL IMPACT MEASUREMENTS			
Number of Jobs Retained:	0		
Number of Jobs Created:	8		
Average Salary of Jobs:	$125,000		
Indirect Jobs Created			
Other Impact			

PROJECT DESCRIPTION

Lineagen operates a genetic testing service for individuals with autism spectrum disorders (ASDs) and other forms of developmental delay. This testing provides clinicians with information that is critical in making informed medical management decisions. Lineagen also has developed biomarkers that are useful in determining MS and COPD progression rate.

The project described here will provide the sales, technical and bioinformatics staff necessary to provide Lineagen's current genetic test offering to western New York and to complete development of new risk-based tests that will improve clinical management for these patients.

Immediately upon funding, Lineagen will hire one regional sales manager in the Buffalo/Western New York Region to bring the most comprehensive genetic testing service clinically available to patients in the Region. Additional staff will be hired to develop a DNA sequencing-based predictive model to serve the same markets. Finally, new products for ASD and COPD currently in our development pipeline will be addressed using bioinformatics and computer staffing available in the Buffalo area.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$0	NYPA:	$0
IDA:	$0	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	**AMOUNT**	**STATUS**
N/A	N/A	N/A

BASIS FOR RECOMMENDATION

Lineagen is a company that started in Utah back in 2002 whose purpose was to both discover and produce clinical applications that coincide with advancements in genetic research and genetic sciences. Lineagen has successfully transitioned from a research organization into a commercial diagnostics business providing cutting edge programs in Autism, MS, and COPD.

As a company based in Utah, Lineagen has identified the Buffalo Niagara Medical Campus as an ideal space to expand its business due to the complimentary research and technology that can be found there.

As a company in the Health/Life Sciences industry that has shown strength, profitability and the potential for growth in WNY, the applicant is exactly the kind of company that the Western NY Regional Economic Development Council is targeting to attract to the Region.

The applicant is committed to creating jobs in the Health/Life Sciences industry and has displayed long term viability and great potential for future growth which also has the potential to spur growth in similar companies in the Region.

Exhibit C

Applicant Name:	Niagara University	REDC Region:	WNY
Project Type:	Tourism/Marketing	County:	Niagara
Industry:	Higher Education	Locality:	Niagara Falls
Amount Requested:	$286,200	Start Date:	07/01/2013
		Finish Date:	06/30/2014
RECOMMENDED OFFER			
Recommended Total Award:	$ 250,000		
Total Project Cost:	$ 415,152		
% of Project Cost Recommended:	69%		
REGIONAL IMPACT MEASUREMENTS			
Number of Jobs Retained:	0		
Number of Jobs Created:	2		
Average Salary of Jobs:	TBD		
Indirect Jobs Created			
Other Impact			
PROJECT DESCRIPTION			

Niagara University (NU) will establish the Niagara Global Tourism Institute (Niagara GTI) with the primary goal to make WNY more competitive in the tourism industry. The GTI, in its partnership with NU, will also enhance the WNY status as a place for global tourism education and research. The Niagara GTI will build upon the established expertise of existing faculty of NU and also pursue a broader vision that will address the changing tourism marketplace and the impact of new technologies on the tourism industry. Once it is established, the Niagara GTI will be a unique, unbiased resource providing the tourism industry with the information, support for innovation, and skills necessary to improve the performance of WNY as a regional, national, and international tourism destination.

This phase of development of the GTI will involve:

- Establishment of an advisory board and staffing the organization;
- Completion of a destination audit and asset mapping research project;
- Completion of a comprehensive business plan for the GTI, including a sustainability plan;
- Outreach to technology companies to begin development and incubation of smart destination, cutting-edge technology solutions for the tourism industry; and
- Outreach to promote tourism as a first-choice career among regional youth.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	$0	NYPA:	$0
IDA:	$0	Other:	$0

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS
ESD	$223,745	Completed.

BASIS FOR RECOMMENDATION

A feasibility study, funded by USA Niagara Development Corporation, was completed in 2012, and determined a way in which Niagara University could successfully contribute to the enhancement of the regional tourism economy. The study called for the creation of a Global Tourism Institute as a mechanism for the applicant to support the strategic development of tourism in Western New York.

The WNY Region has long needed an unbiased resource to bring the Region's tourism industry into modern times. This applicant proposes to take on some of the Region's biggest challenges as they pertain to the tourism industry with no pre-conceived notions about the importance of any one asset or any one strategy over another. The goals set forth by the applicant project promise to give the Region a comprehensive strategy for getting the most out of all of our many tourism assets complimented by a more technologically advanced industry staffed by capable people from the Region who have been given proper training locally.

This project is well aligned with the priorities of the WNYREDC and can have a profound economic impact on WNY.

Exhibit C

Applicant Name:	Visit Buffalo Niagara	REDC Region:	WNY
Project Type:	Tourism/Marketing	County:	Erie & Niagara
Industry:	Tourism	Locality:	N/A
Amount Requested:	$250,000	Start Date:	01/01/2014
		Finish Date:	12/15/2014

RECOMMENDED OFFER	
Recommended Total Award:	$250,000
Total Project Cost:	$500,000
% of Project Cost Recommended:	50%

REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	
Number of Jobs Created:	
Average Salary of Jobs:	
Indirect Jobs Created	
Other Impact	Increased visitation to region.

PROJECT DESCRIPTION

A study conducted by Longwoods about the Canadian shopper provided evidence that the WNY Region has failed to capitalize on Canadians crossing the border into WNY. The study showed that Canadians who cross the border are laser focused on retail shopping because they are unaware of other experiences they might enjoy in the Region.

Visit Buffalo Niagara in conjunction with the Niagara Tourism & Convention Corp. has designed the Canadian Marketing Initiative to overcome this perception gap, build on their strengths and broaden the appeal of WNY. Visit Buffalo Niagara and the Niagara Tourism & Convention Corp. have completed the first phase of the Initiative, which included research, creative development, message texting and initial implementation.

This phase of the project will begin enhanced marketing communications to targeted audiences in Ontario, including advertising, travel trade shows, media events and FAM tours.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	$0	NYPA:	$0
IDA:	$0	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	**AMOUNT**	**STATUS**
N/A	N/A	N/A

BASIS FOR RECOMMENDATION

One of the longstanding strengths of WNY is the attraction of Canadian shoppers to its many retail locations. One of the longstanding weaknesses of WNY is the failure of WNY to capture other avenues of Canadian spending from this set of visitors.

This applicant has put forth a strategy that will broaden the interests of the Canadian visitor in the WNY Region and begin to extend the stays and increase the frequency of said visitors. This in turn will increase the employment base of the WNY tourism industry, will increase profit margins of local businesses and will generate additional state and local tax revenues. It would only take 5% of Canadian day shoppers spending one night in WNY to increase spending by almost 10 million dollars.

Investment in WNY is happening at an unprecedented rate and the interest in building new attractions and places of overnight accommodation is at an all time high. Visit Buffalo Niagara has demonstrated a clear understanding of the Region’s current opportunity to advance the WNY economy and they have put forth a strong strategy to capitalize on that opportunity.

Exhibit C

Applicant Name:	Washington Mills Electro Minerals Corp	REDC Region:	WNY
Project Type:	Business Investment	County:	Niagara
Industry:	Manufacturing	Locality:	Niagara Falls
Amount Requested:	$140,000	Start Date:	01/01/2014
		Finish Date:	06/30/2014

RECOMMENDED OFFER	
Recommended Total Award:	Up to $140,000 pending ESD Assistance
Total Project Cost:	$840,000
% of Project Cost Recommended:	17%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	105 (35 at risk)
Number of Jobs Created:	2
Average Salary of Jobs:	$46,000
Indirect Jobs Created	5 Construction jobs
Other Impact	

PROJECT DESCRIPTION

Project proposes to upgrade an existing high temperature arc furnace with new, state of the art electrode controls and improve the company's material handling systems. This will give the Niagara Falls facility the ability to produce fused mineral products that are currently imported from Canada. In addition to securing that production work for WNY and removing the possibility of additional operations moving north of the border, the project will make the Niagara Falls facility far more energy efficient giving them an estimated savings of 2-4% on their **energy usage** while creating a more superior product.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	$ 0	NYPA:	9,700kW hydropower
IDA:	$ 0	Other:	$ 0

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	**AMOUNT**	**STATUS**

BASIS FOR RECOMMENDATION

The Washington Mills facility in Niagara Falls, NY has been an important part of the local economy since 1986 when the company purchased the Carborundum Company and acquired the facility. Washington Mills has production facilities in Niagara Falls, Ontario that predate the Niagara Falls, NY facility by approximately 6 years which creates the challenge of remaining competitive with the Ontario plant to avoid the possibility of operations being consolidated north of the border.

This project will not only give the Niagara Falls, NY facility the ability to remain competitive but also will reduce its dependency on its Canadian counterpart by increasing the ability to produce high purity abrasives and fused mineral products here in WNY; thus starting a trend of increasing operations and employment on this side of the Border.

To get this project off the ground and begin the trend of shifting Canadian operations to the U.S. and more importantly WNY, the facility must present a plan for the economic viability of this project to the corporate management team who will decide whether or not they will make capital allocations that will support this shift. The Niagara Falls facility has asked for assistance with this project to close their current budget gap and make this project attractive enough to garner corporate support.

This project falls under the highly prioritized advanced manufacturing industry sector set forth in the Western NY Regional Economic Development Council (WNYREDC) Plan.It is also at the epicenter of a bi-national competition with Canada that the WNYREDC has recognized that the Region must make progress in this arena to be able to realize its full potential for prosperity.

Exhibit "C"

Applicant Name:	Niagara Label Company, Inc.	REDC Region:	WNY
Project Type:	Business Investment	County:	Erie
Industry:	Print Manufacturing/Pressure Sensitive Labels	Locality:	Akron
Amount Requested:	$225,000	Start Date:	6/24/2013
		Finish Date:	12/31/2013

RECOMMENDED OFFER	
Recommended Total Award:	$150,000
Total Project Cost:	$938,880.00
% of Project Cost Recommended:	15 %
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	36
Number of Jobs Created:	17
Average Salary of Jobs:	50,000
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Niagara Label is an advanced label design and manufacturing company that currently employs 36people in the rural community of Akron, NY.Niagara Label makes brand labels for everything from the most noteable East Coast wineries to the major U.S. amusement parks. The company is currently experiencing a growth in demand from its customers that its current production capabilities cannot keep pace with. The company has determined that it needs to upgrade its equipment and hire and train 17 new employees in order to keep pace with demand. The company has extended its debt financing of this project to the maximum amount allowed by its bank under its current lending agreements and the company still has a funding gap for which it needs assistance to close.

The project scope includes: the purchase of a printing press finishing unit; software; hardware; and quality module increasing production capacity and product offerings. A 2100 sq. ft. expansion is also needed to complete project in its entirety.

Niagara Label is seeking assistance from the Power Proceeds Fund to complete the second phase in this two phase project. The first phase was to purchase the Digital Finishing Unit which was $625,840.00 of the total project and was put into motion by a grant awarded from Empire State Development.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	$100,000	NYPA:	$
IDA:	$	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	**AMOUNT**	**STATUS**

BASIS FOR RECOMMENDATION

Niagara Label is applying to this Board for assistance in completing the $938,880.00 second phase of a two phase project totaling $1,564,720.00.

Since March of this year, this project has gained the support of the Western New York Regional Council, the Erie County Industrial Development Agency, Empire State Development, and New York State Assembly Member Jane Corwin.

As an advanced manufacturing company Niagara Label is in an industry cluster which has been prioritized by the WNYREDC. The Council has shown support for this particular project by endorsing a $100,000 grant given to the company by ESD. This project proposes to increase production to meet demand, thereby increasing employment with the creation of 17 new jobs in the rural Village of Akron. The new jobs this project will create will pay employees an average of $50,000, which is well over the Regional average. This kind of job growth at the rates the company will pay is significant for a place like the Village of Akron.

The path to a grant from ESD for this company was extensive. Initially Niagara Label was instructed to investigate all potential lending for this project and they met with the ECIDA and applied for a loan through them. They were approved for a loan with the ECIDA, however, their primary bank lender instructed them that they could not take on any additional debt, as they already borrowed $1 million from their primary lender. At this point the company came back to ESD and showed evidence of maximum debt financing and the largest equity investment the company could safely make. Maxed out on loans and equity investment the company was still left with a $250,000 gap in financing for this 2 part project. ESD awarded the company a $100,000 grant so that they would be able to move forward with phase 1 of the project. A $150,000 grant from the WNY Economic Development Fund will allow the company to fully execute the project in its entirety.

Assembly Member Jane Corwin has also identified this project as a major win for the Village of Akron. The Assembly Member's office has been in contact with ESD all along the way on this project and they have emphasized that this is a family owned and operated company that has a long history in Akron, NY and has remained steadfast in its commitment to grow in WNY. The Assembly Member's office also called attention to the fact that this company has always been community conscious, which is evidenced by the fact that they always look for local companies to fill their needs before they look outside the Region.

BASIS FOR POINTS	100 POSSIBLE POINTS	TOTAL SCORE: 90
REDC STRATEGIC ALIGNMENT	**30 POINTS**	**SCORE: 25**
The applicant is a print manufacturing company that provides manufacturing jobs at very good wages. This is in alignment with the goals set forth by the WNYREDC to prioritize the growth of the advanced manufacturing sector in WNY as it is the natural evolution of the Region which has always been known for manufacturing.		
PROJECT READINESS	**25 POSSIBLE POINTS**	**SCORE: 25**
This applicant has successfully demonstrated that it is ready to move forward immediately following a notification of an award benefit.		
ECONOMIC IMPACT	**30 POSSIBLE POINTS**	**SCORE: 25**
The applicant is an Akron based company and they propose to hire 17 new employees that will earn over the Regional average following expansion. This would have a significant impact on the Village of Akron and the WNY Region.		
LONG TERM IMPACT ON APPLICANT	**10 POSSIBLE POINTS**	**SCORE: 10**
This applicant has provided a great deal of evidence regarding the importance of moving this project forward so that they can meet the demand of their customer base and continue on a growth trajectory. The flip side negative impact that not doing this project would have on this company would be devastating. The company has shown that they would need to lay people off and that they would likely lose their biggest customer.		
COMMITMENT TO REGIONAL GOALS	**5 POSSIBLE POINTS**	**SCORE: 5**
There is no reason to believe from this project application that the applicant would not make every effort to satisfy affirmative action goals. The company has also demonstrated goals that match State, Regional and Local priorities for Regional Economic Development.		

Exhibit "C"

Applicant Name:	Yancey's Fancy, Inc./D&Y Cheeses, Inc.	REDC Region:	WNY
Project Type:	Business Investment	County:	Genesee
Industry:	Agriculture	Locality:	Corfu
Amount Requested:	$500,000	Start Date:	9/24/13
		Finish Date:	6/30/14

RECOMMENDED OFFER	
Recommended Total Award:	$500,000
Total Project Cost:	$20,000,000
% of Project Cost Recommended:	2.5%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	65
Number of Jobs Created:	50+
Average Salary of Jobs:	
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Yancey's Fancy, a New York artisan cheese production and packaging company, is planning to either buy an existing building in Wisconsin or expand their plant at their current location in Pembroke, NY.

The company needs to increase production, expand operations, allow for the development of new specialty cheeses and create employee meeting space.

At the Pembrokelocation, the company would extend the existing footprint to 70,000 sq. ft. for the first level and add an additional 42,000 sq. ft. second floor for dry goods inventory, corporate offices, employees meeting space, and employee lockers and facilities. In total the NY project will be a 112,000 sq. ft. expansion to the existing 29,000 sq. ft. building for a new total 141,000 sq. ft facility. The company currently employess 110 FTE's and pledges an addition of 50 new jobs within 3 years of the completion of the expansion.

This project which totals $20 million will also include a $2 million reverse osmosis system for the recovery of whey waste, $2 million in new equipment and the creation of 50 new jobs.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$500,000	GCEDC Loan:	$200,000
IDA:	$500,000	National Grid:	$250,000

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	**AMOUNT**	**STATUS**
ESD Capital Grant	$75,000	Complete

BASIS FOR RECOMMENDATION

D&W Cheese/Yancey's Fancy is a fast growing manufacturer of specialty and artisan cheeses. It has grown in Pembroke to where it now employs 108 people and is in need of substantially larger facilities. The company has several options including the purchase of an existing dairy operation in Wisconsin or to invest substantially in expanded facilities and capacity at its plant in Pembroke. Just two months ago ground broke on a new sewer line that will run down right by the plant and this is also allowing for the substantial new capacity in manufacturing this project will bring.

Should a Pembroke site be chosen, YF would add 112,000 sf of production space, distribution, offices, and employee facilities to its existing 29,000 sf plant. The total investment of over $20 million would retain 65 and create 50 new jobs. Should YF choose the Wisconsin option, YF would maintain its artisan business but transfer the work for 65 existing jobs from Pembroke to Wisconsin.

Ancillary to the project is the fact that YF will build a $2M reverse osmosis system for their whey waste. This is a very positive environmental investment as YF has been simply spreading their whey over a landfill with a DEC Monitor. This project takes this environmental cost and concern away.

The Finger Lakes Regional Economic Development Council has identified both food processing as well as tourism development as key industry clusters for the region. This project will create a substantial number of new jobs for a rural area and will increase the tourism traffic.

This project is clearly high priority for the Finger Lakes Region as evidenced in the collaborative efforts of ESD and the IDA to incentivize the growth of Yancey's Fancey here in Western New York. The Western New York Economic Development Fund now has the opportunity to give an award to this project and secure the commitment of this company's future growth in the the Finger Lakes Region of WNY.

BASIS FOR POINTS	100 POSSIBLE POINTS	TOTAL SCORE: 90
REDC STRATEGIC ALIGNMENT	**30 POINTS**	**SCORE: 25**

As stated above the Finger Lakes Regional Economic Development Council has prioritized the food processing industry cluster as an industry with major growth potential for the region. The Council has also prioritized tourism which Yancey's has played a major role in, in recent years. This project was endorsed by the Finger Lakes REDC when they approved a $500,000 grant from ESD.

PROJECT READINESS	25 POSSIBLE POINTS	SCORE: 25

This project has indicated that it is ready to move forward immediately following a notification of an award benefit.

<table>
<tr><td>ECONOMIC IMPACT</td><td>30 POSSIBLE POINTS</td><td>SCORE: 25</td></tr>
<tr><td colspan="3">The economic impact this project will have on the Finger Lakes Region is significant. There is a swing factor of 115 jobs involved in the decision to move this project forward in the Region. If the project does not happen in the Finger Lakes it will happen out of State and 65 jobs will leave with the project. If the project does happen in the Finger Lakes it will bring 50 new jobs to the Region and the State. That kind of impact in a rural community of the Finger Lakes Region cannot be overstated.</td></tr>
<tr><td>LONG TERM IMPACT ON APPLICANT</td><td>10 POSSIBLE POINTS</td><td>SCORE: 10</td></tr>
<tr><td colspan="3">The applicant has shown detailed evidence of their need to grow from their current market position and the proposed expansion is massive. This project will boost them to becoming a national player in their industry which will give way to even greater future growth.</td></tr>
<tr><td>COMMITMENT TO REGIONAL GOALS</td><td>5 POSSIBLE POINTS</td><td>SCORE: 5</td></tr>
<tr><td colspan="3">There is no reason to believe from this project application that the applicant would not make every effort to satisfy affirmative action goals. The company has also demonstrated goals that match State, Regional and Local priorities for Regional Economic Development.</td></tr>
</table>

Exhibit "C"

Applicant Name:	OSC Manufacturing & Equipment Services, Inc.	REDC Region:	WNY
Project Type:	Business Investment	County:	Erie
Industry:	Advanced Manufacturing, Logistics & Energy	Locality:	Buffalo
Amount Requested:	$3,000,000	Start Date:	7/15/13
		Finish Date:	3/31/14

RECOMMENDED OFFER	
Recommended Total Award:	Up to $750,000 pending pursuit of other economic development assistance first and securing remaining project financing
Total Project Cost:	$17,539,473
% of Project Cost Recommended:	8%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	20
Number of Jobs Created:	26
Average Salary of Jobs:	$25,000 - $90,000+
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

OSC Manufacturing & Equipment Services Inc., is moving into the site of the former American Axle facility where it will build out the Manufacturing space for the OSC Green Machine, Mini Excavator, Solar Tree & Power Stations, along with Heavy Equipment Rental and Service, Metal Manufacturing & Attachment Fabrication.

The OSC all electric Mini Excavators are run by a robust lithium ion battery that reduces fossil fuels & greenhouse emissions. These machines have been tested by industry partners who attest to the fact that they bring more power at a significantly lower operating cost. OSC's goal is to start the mass marketing and sales of these machines which will provide manufacturing jobs and growth in the advanced manufacturing industry cluster to WNY.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$	NYPA:	$
IDA: Loan	$1,000,000	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	**AMOUNT**	**STATUS**
S485-b, S485-e, or PILOT	Not specified	Not specified

BASIS FOR RECOMMENDATION

This project offers the WNY Region a chance to be on the cutting edge of Clean Technology by participating in the manufacture of excavation machines with zero emissions.

As State and Federal guidelines continue to demand lower emissions on construction sites the industry is searching for ways to reduce emissions with driving up costs in excess of their budgets. This applicant has provided evidence that the machine they will be manufacturing will have zero emission, equal power and much lower operating costs which quickly make up for the additional expense of purchasing this machine.

The Western new York Regional Economic Development Council as well as the New York Power Authority has made it a priority to develop projects that capitalize on the Region's penchant for advanced manufacturing as well as projects that use alternative energy sources to reduce emissions. This applicant has demonstrated that this project will create advanced manufacturing jobs while improving the environmental outlook in the commercial construction industry.