

*New York State Power Authority  
Public Hearing*

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*Lewiston, NY  
April 10, 2014*

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New York State Power Authority  
Thursday, April 10, 2014  
2:30 p.m. - 6:30 p.m.  
Niagara Power Project Visitors' Center  
5777 Lewiston Road  
Lewiston, New York 14092

Patricia A. Schreier

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RS :

MS . DELINCE ..... 3,10

MR . PASQUALE ..... 5

1 MS. DELINCE: Good afternoon. This is a public  
2 hearing required by law and authorized by the New York  
3 State Power Authority's Board of Trustees on the  
4 proposed direct sale contracts for the transfer of  
5 hydropower from GM Component Holdings LLC to Delphi  
6 Automotive PLC and the sale of hydropower to Gracious  
7 Living USA, SIGNa Chemistry, Inc., and Trinity Packaging  
8 Corporation.

9 My name is Karen Delince and I am the Authority's  
10 Corporate Secretary.

11 New York State Public Authority Section 1009 sets  
12 forth procedures for executing certain contracts  
13 negotiated by the Authority.

14 First, prior to the hearing it requires that notice  
15 of the hearing be provided. Therefore, a notice was  
16 sent to the Governor, the Senate's President Pro Temp,  
17 the Senate Minority Leader, the Senate Finance Committee  
18 Chair, the Assembly Speaker, the Assembly Minority  
19 Leader, the Assembly Ways and Means Committee Chair.

20 In addition, notices appeared in the following  
21 newspapers once a week for the four weeks leading up to  
22 this hearing; the Niagara Gazette, Buffalo News, Buffalo  
23 Business First, Lewiston Porter Sentinel, Albany Times

1 Union, Dunkirk Observer.

2 The public was also given access to the proposed  
3 contracts on the Authority's website and at the  
4 Authority's White Plains office during the 30 day period  
5 prior to today's hearing.

6 After the hearing the public will be given access  
7 to the hearing transcript at [www.nypa.gov](http://www.nypa.gov) and at the  
8 White Plains office once it is completed.

9 The next step in the process set forth in Section  
10 1009 will be for the NYPA Trustees to reconsider the  
11 proposed contracts in light of public comments.

12 Once the Trustees have completed their final review  
13 the contracts will be forwarded to the Governor for his  
14 consideration and approval.

15 If you plan to make an oral statement at this  
16 hearing, I ask that you so indicate on the sign-in  
17 sheet. Also, if you have a written statement, please  
18 give a copy to me and one to the reporter.

19 Written statements may be of any length and will  
20 appear in the record of the hearing in addition to oral  
21 statements.

22 The record of the hearing will remain open for  
23 additional comments through close of business, Friday,

1 April 11th.

2 Additional comments should be mailed, faxed or  
3 e-mailed to the corporate secretary at 123 Main Street,  
4 11-P, White Plains, NY, 10601 or (914) 390-8040 or  
5 secretarys.office@nypa.gov.

6 At this point I would like to introduce Mr. James  
7 Pasquale, the Authority's Senior Vice President of  
8 Economic Development and Energy Efficiency, who will  
9 provide additional details on the proposed direct sale  
10 contracts.

11 Thank you. Mr. Pasquale.

12 MR. PASQUALE: Thank you, Ms. Delince.

13 Good afternoon. My name is James F. Pasquale and I  
14 am the Senior Vice President of Economic Development and  
15 Energy Efficiency at the New York State Power Authority.

16 I am here today to present a summary of the  
17 proposed contracts to four companies for the direct sale  
18 of Expansion Power or Replacement Power - hydropower  
19 that is generated here at the Authority's Niagara Power  
20 Project.

21 Under Public Authorities Law Section 1005  
22 Subsection 13, the Authority may allocate and sell  
23 directly or by sale-for-resale, 250 MW of Expansion

1 Power, known as EP and 445 MW of Replacement Power,  
2 known as RP to businesses located within 30 miles of the  
3 Niagara Power Project, provided that the amount of EP  
4 allocated to businesses in Chautauqua County on  
5 January 1, 1987 shall continue to be allocated in  
6 Chautauqua County.

7 Three companies have been awarded hydropower  
8 allocations by the Authority's Trustees in return for  
9 commitments made to create or expand their businesses in  
10 Western New York.

11 Specifically: Graciously Living USA was awarded  
12 3,700 kilowatts to create a household plastic products  
13 manufacturing facility in Buffalo, committing to 42  
14 million dollars in capital investment and the creation  
15 of 250 jobs.

16 SIGNa Chemistry, Inc., was awarded 2,500 kilowatts  
17 to build a chemical manufacturing facility in Niagara  
18 Falls to make chemicals for the fuel cell and enhanced  
19 oil recovery industries committing to 9.5 million  
20 dollars in capital investment and creation of 50 jobs.

21 Trinity Packaging Corporation was awarded 200  
22 kilowatts for an expansion project that would  
23 reconfigure and increase production capabilities at its

1 Cheektowaga facility, committing to 6.5 million in  
2 capital investment and the creation of 21 jobs.

3 The fourth contract is to Delphi Automotive Systems  
4 LLC in Lockport, which was approved to receive two  
5 hydropower allocations, 500 kilowatts of EP and 1,000  
6 kilowatts of RP, transferred from GM Component Holdings  
7 LLC, also of Lockport.

8 The transfer was requested as part of Delphi's  
9 complete legal separation from GM, initiated several  
10 years ago, and culminating in a physical separation of  
11 infrastructure at the Upper Mountain Road campus shared  
12 by the companies.

13 Delphi will maintain an employment level of 250  
14 jobs and invest \$1.78 million in its Lockport facility  
15 during the contract's five year term.

16 In aggregate, the four companies have committed to  
17 capital spending of more than 59 million dollars in  
18 their Western New York facilities while creating or  
19 retaining 571 jobs.

20 To summarize, some of the pertinent provisions of  
21 the proposed contracts, first, the contracts provide for  
22 the direct billing of all hydropower supply charges, all  
23 New York Independent System Operator, Inc., (NYISO)

1 charges and taxes.

2 Each contract includes the customer's agreed upon  
3 commitments with respect to employment and capital  
4 investment. The contracts retain the Authority's right  
5 to reduce or terminate a customer's allocation if  
6 employment, power utilization or capital investment  
7 commitments are not met.

8 For example, the contracts include an annual job  
9 reporting requirement and a job compliance threshold of  
10 90 percent. Should a company's average annual  
11 employment fall below the compliance threshold of  
12 90 percent of the employment commitment, the Authority  
13 has the right to reduce the allocation on a pro rata  
14 basis.

15 The contract compels the company to perform an  
16 energy audit at the facility at least once within five  
17 years, helping to ensure the customer uses the  
18 hydropower efficiently. Additionally, to accommodate  
19 non-payment risk that could result from the direct  
20 billing arrangement, the contract includes commercially  
21 reasonable provisions concerning the Authority's ability  
22 to charge late payment fees and to require deposits in  
23 the event of customer failure to make payment for any

1 two monthly bills.

2 These contract provisions are consistent with other  
3 Authority direct sale contracts including the Recharge  
4 New York sales contracts.

5 The contracts will serve the allocations in  
6 accordance with the Authority's Service Tariff WNY-1  
7 which specifies the rates and other terms applicable to  
8 all EP and RP allocations.

9 The Service Tariff specifies a three year rate  
10 phase-in to a target rate based on the rate of the  
11 Authority's other hydropower program - Preservation  
12 Power - to ultimately ensure consistency among the  
13 Authority's three hydropower programs.

14 Transmission and delivery service for these  
15 allocations will be provided by National Grid or NYSEG  
16 in accordance with the utilities' Public Service  
17 Commission approved delivery service tariffs.

18 As Ms. Delince stated earlier, the Authority will  
19 accept your comments on the proposed contracts until the  
20 close of business on Friday, April 11, 2014. I will now  
21 turn the Public Hearing back to Ms. Delince.

22 MS. DELINCE: Thank you, Mr. Pasquale. We will  
23 now recess and reconvene when speakers arrive.

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(recess)

MS. DELINCE: The April 10th, 2014 public hearing on the proposed direct sale contracts is now officially closed at 6:30 p.m.

(Hearing closed at 6:30 p.m.)

	9:23	8:22	5:10,17;7:21,21;8:4,	5:8,15
<b>\$</b>	<b>Assembly (3)</b> 3:18,18,19	<b>charges (2)</b> 7:22;8:1	8;9:3,4,5,19;10:3	<b>efficiently (1)</b> 8:18
<b>\$1.78 (1)</b> 7:14	<b>audit (1)</b> 8:16	<b>Chautauqua (2)</b> 6:4,6	<b>contract's (1)</b> 7:15	<b>e-mailed (1)</b> 5:3
<b>A</b>	<b>Authorities (1)</b> 5:21	<b>Cheektowaga (1)</b> 7:1	<b>copy (1)</b> 4:18	<b>employment (5)</b> 7:13;8:3,6,11,12
<b>ability (1)</b> 8:21	<b>Authority (7)</b> 3:11,13;5:15,22; 8:12;9:3,18	<b>chemical (1)</b> 6:17	<b>Corporate (2)</b> 3:10;5:3	<b>Energy (3)</b> 5:8,15;8:16
<b>accept (1)</b> 9:19	<b>Authority's (12)</b> 3:3,9;4:3,4;5:7,19; 6:8;8:4,21;9:6,11,13	<b>chemicals (1)</b> 6:18	<b>Corporation (2)</b> 3:8;6:21	<b>enhanced (1)</b> 6:18
<b>access (2)</b> 4:2,6	<b>authorized (1)</b> 3:2	<b>Chemistry (2)</b> 3:7;6:16	<b>County (2)</b> 6:4,6	<b>ensure (2)</b> 8:17;9:12
<b>accommodate (1)</b> 8:18	<b>Automotive (2)</b> 3:6;7:3	<b>close (2)</b> 4:23;9:20	<b>create (2)</b> 6:9,12	<b>EP (4)</b> 6:1,3;7:5;9:8
<b>accordance (2)</b> 9:6,16	<b>average (1)</b> 8:10	<b>closed (2)</b> 10:4,6	<b>creating (1)</b> 7:18	<b>ERS (1)</b> 2:1
<b>addition (2)</b> 3:20;4:20	<b>awarded (4)</b> 6:7,11,16,21	<b>comments (4)</b> 4:11,23;5:2;9:19	<b>creation (3)</b> 6:14,20;7:2	<b>event (1)</b> 8:23
<b>additional (3)</b> 4:23;5:2,9		<b>commercially (1)</b> 8:20	<b>culminating (1)</b> 7:10	<b>example (1)</b> 8:8
<b>Additionally (1)</b> 8:18	<b>B</b>	<b>Commission (1)</b> 9:17	<b>customer (2)</b> 8:17,23	<b>executing (1)</b> 3:12
<b>afternoon (2)</b> 3:1;5:13	<b>back (1)</b> 9:21	<b>commitment (1)</b> 8:12	<b>customer's (2)</b> 8:2,5	<b>expand (1)</b> 6:9
<b>aggregate (1)</b> 7:16	<b>based (1)</b> 9:10	<b>commitments (3)</b> 6:9;8:3,7	<b>D</b>	<b>Expansion (3)</b> 5:18,23;6:22
<b>ago (1)</b> 7:10	<b>basis (1)</b> 8:14	<b>committed (1)</b> 7:16	<b>day (1)</b> 4:4	<b>F</b>
<b>agreed (1)</b> 8:2	<b>below (1)</b> 8:11	<b>Committee (2)</b> 3:17,19	<b>DELINCE (8)</b> 2:4;3:1,9;5:12; 9:18,21,22;10:2	<b>facilities (1)</b> 7:18
<b>Albany (1)</b> 3:23	<b>billing (2)</b> 7:22;8:20	<b>committing (3)</b> 6:13,19;7:1	<b>delivery (2)</b> 9:14,17	<b>facility (5)</b> 6:13,17;7:1,14; 8:16
<b>allocate (1)</b> 5:22	<b>bills (1)</b> 9:1	<b>companies (4)</b> 5:17;6:7;7:12,16	<b>Delphi (3)</b> 3:5;7:3,13	<b>failure (1)</b> 8:23
<b>allocated (2)</b> 6:4,5	<b>Board (1)</b> 3:3	<b>company (1)</b> 8:15	<b>Delphi's (1)</b> 7:8	<b>fall (1)</b> 8:11
<b>allocation (2)</b> 8:5,13	<b>Buffalo (3)</b> 3:22,22;6:13	<b>company's (1)</b> 8:10	<b>deposits (1)</b> 8:22	<b>Falls (1)</b> 6:18
<b>allocations (5)</b> 6:8;7:5;9:5,8,15	<b>build (1)</b> 6:17	<b>compels (1)</b> 8:15	<b>details (1)</b> 5:9	<b>faxed (1)</b> 5:2
<b>among (1)</b> 9:12	<b>Business (3)</b> 3:23;4:23;9:20	<b>complete (1)</b> 7:9	<b>Development (2)</b> 5:8,14	<b>fees (1)</b> 8:22
<b>amount (1)</b> 6:3	<b>businesses (3)</b> 6:2,4,9	<b>completed (2)</b> 4:8,12	<b>direct (7)</b> 3:4;5:9,17;7:22; 8:19;9:3;10:3	<b>final (1)</b> 4:12
<b>annual (2)</b> 8:8,10	<b>C</b>	<b>compliance (2)</b> 8:9,11	<b>directly (1)</b> 5:23	<b>Finance (1)</b> 3:17
<b>appear (1)</b> 4:20	<b>campus (1)</b> 7:11	<b>Component (2)</b> 3:5;7:6	<b>dollars (3)</b> 6:14,20;7:17	<b>First (3)</b> 3:14,23;7:21
<b>appeared (1)</b> 3:20	<b>capabilities (1)</b> 6:23	<b>concerning (1)</b> 8:21	<b>Dunkirk (1)</b> 4:1	<b>five (2)</b> 7:15;8:16
<b>applicable (1)</b> 9:7	<b>capital (6)</b> 6:14,20;7:2,17;8:3, 6	<b>consideration (1)</b> 4:14	<b>during (2)</b> 4:4;7:15	<b>following (1)</b> 3:20
<b>approval (1)</b> 4:14	<b>cell (1)</b> 6:18	<b>consistency (1)</b> 9:12	<b>E</b>	<b>forth (2)</b> 3:12;4:9
<b>approved (2)</b> 7:4;9:17	<b>certain (1)</b> 3:12	<b>consistent (1)</b> 9:2	<b>earlier (1)</b> 9:18	<b>forwarded (1)</b> 4:13
<b>April (3)</b> 5:1;9:20;10:2	<b>Chair (2)</b> 3:18,19	<b>continue (1)</b> 6:5	<b>Economic (2)</b> 5:8,14	<b>four (3)</b> 3:21;5:17;7:16
<b>arrangement (1)</b> 8:20	<b>charge (1)</b>	<b>contract (5)</b> 7:3;8:2,15,20;9:2	<b>Efficiency (2)</b>	<b>fourth (1)</b> 7:3
<b>arrive (1)</b>		<b>contracts (16)</b> 3:4,12;4:3,11,13;		



<p>remain (1) 4:22</p> <p>Replacement (2) 5:18;6:1</p> <p>reporter (1) 4:18</p> <p>reporting (1) 8:9</p> <p>requested (1) 7:8</p> <p>require (1) 8:22</p> <p>required (1) 3:2</p> <p>requirement (1) 8:9</p> <p>requires (1) 3:14</p> <p>respect (1) 8:3</p> <p>result (1) 8:19</p> <p>retain (1) 8:4</p> <p>retaining (1) 7:19</p> <p>return (1) 6:8</p> <p>review (1) 4:12</p> <p>right (2) 8:4,13</p> <p>risk (1) 8:19</p> <p>Road (1) 7:11</p> <p>RP (3) 6:2;7:6;9:8</p>	<p>3:16</p> <p>Sentinel (1) 3:23</p> <p>separation (2) 7:9,10</p> <p>serve (1) 9:5</p> <p>Service (5) 9:6,9,14,16,17</p> <p>set (1) 4:9</p> <p>sets (1) 3:11</p> <p>several (1) 7:9</p> <p>shall (1) 6:5</p> <p>shared (1) 7:11</p> <p>sheet (1) 4:17</p> <p>SIGNa (2) 3:7;6:16</p> <p>sign-in (1) 4:16</p> <p>Speaker (1) 3:18</p> <p>speakers (1) 9:23</p> <p>Specifically (1) 6:11</p> <p>specifies (2) 9:7,9</p> <p>spending (1) 7:17</p> <p>State (3) 3:3,11;5:15</p> <p>stated (1) 9:18</p> <p>statement (2) 4:15,17</p> <p>statements (2) 4:19,21</p> <p>step (1) 4:9</p> <p>Street (1) 5:3</p> <p>Subsection (1) 5:22</p> <p>summarize (1) 7:20</p> <p>summary (1) 5:16</p> <p>supply (1) 7:22</p> <p>System (1) 7:23</p> <p>Systems (1) 7:3</p>	<p>9:10</p> <p>Tariff (2) 9:6,9</p> <p>tariffs (1) 9:17</p> <p>taxes (1) 8:1</p> <p>Temp (1) 3:16</p> <p>term (1) 7:15</p> <p>terminate (1) 8:5</p> <p>terms (1) 9:7</p> <p>Therefore (1) 3:15</p> <p>Three (3) 6:7;9:9,13</p> <p>threshold (2) 8:9,11</p> <p>Times (1) 3:23</p> <p>today (1) 5:16</p> <p>today's (1) 4:5</p> <p>transcript (1) 4:7</p> <p>transfer (2) 3:4;7:8</p> <p>transferred (1) 7:6</p> <p>Transmission (1) 9:14</p> <p>Trinity (2) 3:7;6:21</p> <p>Trustees (4) 3:3;4:10,12;6:8</p> <p>turn (1) 9:21</p> <p>two (2) 7:4;9:1</p>	<p>9:16</p> <p>utilization (1) 8:6</p> <p>V</p> <p>Vice (2) 5:7,14</p> <p>W</p> <p>Ways (1) 3:19</p> <p>website (1) 4:3</p> <p>week (1) 3:21</p> <p>weeks (1) 3:21</p> <p>Western (2) 6:10;7:18</p> <p>White (3) 4:4,8;5:4</p> <p>within (2) 6:2;8:16</p> <p>WNY-1 (1) 9:6</p> <p>written (2) 4:17,19</p> <p>www.nypagov (1) 4:7</p> <p>Y</p> <p>year (2) 7:15;9:9</p> <p>years (2) 7:10;8:17</p> <p>York (7) 3:2,11;5:15;6:10; 7:18,23;9:4</p> <p>1</p>	<p>5:3</p> <p>13 (1) 5:22</p> <p>1987 (1) 6:5</p> <p>2</p> <p>2,500 (1) 6:16</p> <p>200 (1) 6:21</p> <p>2014 (2) 9:20;10:2</p> <p>21 (1) 7:2</p> <p>250 (3) 5:23;6:15;7:13</p> <p>3</p> <p>3,10 (1) 2:4</p> <p>3,700 (1) 6:12</p> <p>30 (2) 4:4;6:2</p> <p>390-8040 (1) 5:4</p> <p>4</p> <p>42 (1) 6:13</p> <p>445 (1) 6:1</p> <p>5</p> <p>5 (1) 2:5</p> <p>50 (1) 6:20</p> <p>500 (1) 7:5</p> <p>571 (1) 7:19</p> <p>59 (1) 7:17</p> <p>6</p> <p>6.5 (1) 7:1</p> <p>6:30 (2) 10:4,6</p> <p>9</p> <p>9.5 (1) 6:19</p> <p>90 (2) 8:10,12</p>
<p>S</p> <p>sale (6) 3:4,6;5:9,17;9:3; 10:3</p> <p>sale-for-resale (1) 5:23</p> <p>sales (1) 9:4</p> <p>Secretary (2) 3:10;5:3</p> <p>secretarysoffice@nypagov (1) 5:5</p> <p>Section (3) 3:11;4:9;5:21</p> <p>sell (1) 5:22</p> <p>Senate (2) 3:17,17</p> <p>Senate's (1) 3:16</p> <p>Senior (2) 5:7,14</p> <p>sent (1)</p>	<p>T</p> <p>target (1)</p>	<p>U</p> <p>ultimately (1) 9:12</p> <p>Under (1) 5:21</p> <p>Union (1) 4:1</p> <p>up (1) 3:21</p> <p>upon (1) 8:2</p> <p>Upper (1) 7:11</p> <p>USA (2) 3:7;6:11</p> <p>uses (1) 8:17</p> <p>utilities' (1)</p>	<p>1 (1) 6:5</p> <p>1,000 (1) 7:5</p> <p>1005 (1) 5:21</p> <p>1009 (2) 3:11;4:10</p> <p>10601 (1) 5:4</p> <p>10th (1) 10:2</p> <p>11 (1) 9:20</p> <p>11-P (1) 5:4</p> <p>11th (1) 5:1</p> <p>123 (1)</p>	<p>6</p> <p>6.5 (1) 7:1</p> <p>6:30 (2) 10:4,6</p> <p>9.5 (1) 6:19</p> <p>90 (2) 8:10,12</p>

914 (1)  
5:4