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PUBLIC HEARING 10-23-14

Contract for Sale of Preservation Power to
Corning, Inc. (Canton Facility)

October 23, 2014

2:00 p.m to 6:00 p.m.

Frank S. McCullough, Jr. Hawkins Point Visitors Center

St. Lawrence/FDR Power Project

830 Barnhart Island

Massena, New York 13662

APPEARANCES

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James F. Pasquale,
Senior Vice President
Economic Development and Energy Efficiency
New York Power Authority
White Plains, New York 10601

Karen Delince,
Corporate Secretary
New York Power Authority
White Plains, New York 10601

Lorna Johnson,
Assistant Corporate Secretary
New York Power Authority
White Plains, New York 10601

1 October 23, 2014, 2:00 p.m.

2

3 MS. DELINCE: Good afternoon. This is a public
4 hearing required by law and authorized by the New York
5 Power Authority's Board of Trustees on the proposed direct
6 sale contract for the sale of hydropower to Corning,
7 Incorporated. My name is Karen Delince and I'm the
8 Authority's Corporate Secretary.

9 The New York State Public Authorities Law,
10 Section 1009, sets forth procedures for executing certain
11 contracts negotiated by the Authority. First, prior to the
12 hearing, it requires that notice of the hearing be
13 provided. Therefore, a notice was sent to the Governor,
14 the Senate's President Pro Temp, the Senate's Minority
15 Leader and Senate Finance Committee Chair, the Assembly
16 Speaker, the Assembly Minority Leader and the Assembly Ways
17 and Means Committee Chair.

18 In addition, notices appeared in the following
19 newspapers once a week for the four weeks leading up to
20 this hearing, The Albany Times Union, Massena Daily
21 Courier-Observer, Ogdensburg Journal, Plattsburgh
22 Press-Republican, Syracuse Post-Standard, Watertown Daily
23 Times. The public was also given access to the proposed

1 contract on the Authority's website and at the Authority's
2 White Plains office during the 30-day period prior to
3 today's hearing.

4 After the hearing, the public will be given
5 access to the hearing transcript at www.nypa.gov and at the
6 White plains office, once it is completed. The next step
7 in the process set forth in Section 1009 will be for the
8 NYPA Trustees to reconsider the proposed contract, in light
9 of public comments. Once the Trustees have completed their
10 final review, the contract will be forwarded to the
11 Governor for his consideration and approval.

12 If you plan to make an oral statement at this
13 hearing, I ask that you so indicate on the sign-in sheet.
14 Also, if you have a written statement, please give a copy
15 to Lorna Johnson at the sign-in desk and one to the
16 reporter. Written statements may be of any length and will
17 appear in the record of the hearing, in addition to oral
18 statements.

19 The record of the hearing will remain open for
20 additional comments through close of business Friday,
21 October 24th. Additional comments should be mailed, Faxed
22 or e-mailed to the Corporate Secretary at 123 Main Street,
23 11-P, White Plains, New York 10601 or 914-390-8040 or

1 secretarys.office@nypa.gov.

2 At this point I would like to introduce Mr. James
3 Pasquale, the Authority's Senior Vice President of Economic
4 Development and Energy Efficiency, who will provide
5 additional details on the proposed direct sale contract.
6 Thank you. Mr. Pasquale?

7 MR. PASQUALE: Thank you, Ms. Delince. Good
8 afternoon. As Ms. Delince said, my name is James F.
9 Pasquale and I'm the Senior Vice President of Economic
10 Development and Energy Efficiency at the New York Power
11 Authority. I'm here today to present an overview of a
12 proposed contract with Corning, Inc. for the direct sale of
13 2.1 megawatts of Preservation Power, hydropower that is
14 generated here at the Authority's St. Lawrence/FDR Power
15 Project.

16 Preservation Power, established under Public
17 Authorities Law Section 1005, Subsection 13, authorizes the
18 Authority to allocate low-cost hydropower that is
19 relinquished from the block of 490 megawatts of St.
20 Lawrence/FDR Power Project firm and interruptible power
21 currently sold to Alcoa and formerly sold to General
22 Motors. The law authorizes the allocation of power to
23 businesses in Northern New York, specifically businesses

1 located in Franklin, Jefferson and St. Lawrence Counties,
2 applying the same allocation criteria as pertains the
3 Authority's other hydropower programs, Replacement Power
4 and Expansion Power.

5 Each application for an allocation of
6 Preservation Power must be evaluated in consideration of
7 the legislative criteria that includes, but need not be
8 limited to, a consideration of the number of jobs created
9 as a result of the allocation; the business' long-term
10 commitment to the region as evidenced by the current and/or
11 planned capital investment in the business' facilities in
12 the region; the ratio of the number of jobs to be created
13 to the amount of power requested; the types of jobs
14 created, as measured by wage and benefit levels, and the
15 type and cost of buildings, equipment and facilities to be
16 constructed, enlarged or installed.

17 At its meeting of July 29, 2014, the Power
18 Authority Board of Trustees approved an allocation of 2.1
19 megawatts of Preservation Power to Corning, Inc. in Canton
20 for a term of seven years. Approval of the allocation was
21 based on an evaluation of Corning's application for
22 hydropower, in which it proposed to invest \$21.75 million
23 to expand its existing facility by construction of a 23,500

1 square foot addition and a new warehouse; and installing
2 machinery and equipment to increase its production of glass
3 and mirror products. Corning committed to create a total
4 of 40 new jobs as a result of this expansion.

5 To summarize some of the pertinent provisions of
6 the proposed contract, first, it provides for the direct
7 billing of all hydropower supply charges, all New York
8 Independent System Operator charges and taxes. To
9 accommodate non-payment risk that could result from the
10 direct billing arrangement, the contract includes
11 commercially reasonable provisions covering the Authority's
12 ability to charge late payment fees and to require deposits
13 in the event of customer failure to make payment for any
14 two monthly bills.

15 The contract includes Corning's agreed-upon
16 commitments with respect to employment and capital
17 investment and retains the Authority's right to reduce or
18 terminate the allocation if employment, power utilization
19 or capital investment commitments are not met. For
20 example, the contract includes an annual job reporting
21 requirement and a job compliance threshold of 90 percent.
22 Should Corning's average annual employment fall below the
23 compliance threshold of 90 percent of the employment

1 commitment, the Authority has the right to reduce the
2 allocation on a pro rata basis.

3 The contract requires the company to perform an
4 energy audit at the facility at least once within five
5 years, helping to ensure the customer uses the hydropower
6 efficiently. These contract provisions are consistent with
7 other Authority direct sale contracts, including the
8 Western New York and Recharge New York sales contracts.

9 The Authority will provide firm electric service
10 from the St. Lawrence/FDR Plant, which is subject to a pro
11 rata curtailment when there is insufficient generation at
12 the Niagara and St. Lawrence/FDR facilities to meet all its
13 firm load requirements. The rates, terms and conditions
14 for the sale of Preservation Power are contained in the
15 Authority's "Schedule of Rates for Sale of Firm Power to
16 Preservation Power Customers, Service Tariff No. 10."
17 Delivery service will be provided and billed by the local
18 utility, National Grid, in accordance with its Public
19 Service Commission approved delivery service tariff.

20 As Ms. Delince stated earlier, the Authority will
21 accept your comments on the proposed contract until the
22 close of business tomorrow, October 24th, 2014. I will now
23 turn the forum back to Ms. Delince.

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

3

4 (Break taken until 5:55 p.m.)

5

6 MS. DELINCE: The public hearing on the proposed
7 direct sale contract for the sale of hydropower to Corning,
8 Incorporated is now officially closed.

9 As I previously stated, the record of the hearing
10 will remain open for additional comments until close of
11 business Friday, October 24th. Thank you and good night.

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13 (End of Public Hearing at 6:00 p.m.)

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1 STATE OF NEW YORK)

2 COUNTY OF ST. LAWRENCE)

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5 I, Heidi C. Simmons, a Notary Public in the state of
6 New York, do hereby certify that the foregoing public
7 hearing was taken before me at the place as stated in the
8 caption hereto, at Page 1 hereof; that the foregoing
9 typewritten transcription, consisting of pages numbered 2
10 to 9, inclusive, was produced to the best of my ability of
11 said hearing.

12 IN WITNESS WHEREOF, I have hereunto subscribed my
13 name, this the 27th day of October, 2014.

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Heidi C. Simmons

Heidi C. Simmons, Notary Public
State of New York
County of St. Lawrence
My commission expires: 08/27/17

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VIA FACSIMILE
(914) 390-8040

October 23, 2014

Power Authority of the State of New York
123 Main Street
White Plains, New York 10601

Re: **Public Hearing Written Statement
For Inclusion in the Record of the October 23, 2014 Public Hearing:
Agreement for Sale of Preservation Power and Energy to Corning, Incorporated**

Dear Sir or Madam:

Please accept this letter in support of the proposed assistance being provided by the New York Power Authority to Corning Incorporated in the form of Preservation Power, relative to the expansion project at Corning's DeKalb Plant.

Corning is, and has long been, one of St. Lawrence County's largest employers. This project will bring a significant number of additional, much-needed jobs to our area, and will further solidify Corning's commitment to continuing operations in St. Lawrence County.

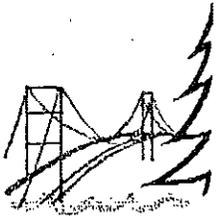
By assisting Corning in the expansion in the DeKalb Plant, the New York Power Authority will help make the facility more competitive not only now, but also as it seeks new contracts and work in the future.

I strongly support any assistance that the New York Power Authority can provide to help Corning make the DeKalb Plant a more attractive investment destination, including the sale of hydropower being considered at this time.

Sincerely,



Frederick S. Morrill
St. Lawrence County Legislator, District 6
Representing Towns of: Clifton, DeKalb, Fine, Hermon, Russell
St. Lawrence County Board of Legislators
48 Court Street
Canton, New York 13617
Phone: (315) 212-0588 (C)



ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Ernest J. LaBaff Industrial Building ~ 19 Commerce Lane, Suite 1 ~ Canton, New York 13617
Phone: (315) 379-9806 / TDD: 711 ~ Fax: (315) 386-2573 ~ www.SLCIDA.com

VIA FACSIMILE
(914) 390-8040

MEMBERSHIP

October 24, 2014

CHAIRMAN
Brian W. Staples
Brian Staples, CPA

Power Authority of the State of New York
123 Main Street
White Plains, New York 10601

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Re: **Public Hearing Written Statement**
For Inclusion in the Record of the October 23, 2014 Public Hearing:
Agreement for Sale of Preservation Power and Energy to Corning, Incorporated

VICE CHAIRMAN
Ernest LaBaff
President Emeritus,
Aluminum Brick & Glass
Workers International Union

Dear Sir or Madam:

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Please accept this letter written in support of the sale of Preservation Power and Energy to Corning, Incorporated as part of its DeKalb Plant's expansion project.

SECRETARY
Lynn Blevins
Blevins Brothers, Inc.

This project will assist Corning in its efforts to secure new customers and long-term contracts for work at the DeKalb facility, providing additional stability and security for the local plant and further establishing Corning not only as a leading employer in the North Country, but also as one with a substantial presence throughout New York State.

*

Mark C. Hall
Town of Fine, New York

The St. Lawrence County Industrial Development Agency has been fortunate to participate in multiple projects with Corning over the years. Our relationship with the company has lasted for decades. I point that out because we often hear of firms coming and going, and sometimes forget that we have certain leading companies who have been loyal, valuable and vital corporate citizens for decades. Corning is one of those companies. In addition to Corning's contributions to the regional economy through their employment, wages and taxes, they have supported our local colleges, their employees are actively involved in our local communities, and their Foundation has supported programs throughout the region.

*

Andrew McMahon
Massena Electric Department

This is significant project for the North Country, and the St. Lawrence County IDA, as a partner in this project, has worked with Corning, the New York Power Authority, the North Country Regional Economic Development Council and Empire State Development very closely to move this project forward. Throughout this process we have seen first-hand how cooperation between agencies can help to bring forth jobs and opportunity. Please be aware that the IDA recognizes and appreciates how the Power Authority, like the Regional Council and BSD, has prioritized this project. Your staff have been accessible, cooperative and professional and I am proud of the way we have worked together with Corning to bring this project to this point.

*

Donald Peck
St. Lawrence County
Board of Legislators

Thank you for your consideration of these comments.

*

R. Joseph Weekes, Jr.
Weekes Agency

Sincerely,

*

**CHIEF EXECUTIVE
OFFICER**
Patrick J. Kelly
St. Lawrence County
Industrial Development Agency

Patrick J. Kelly
Chief Executive Officer

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**CHIEF FINANCIAL
OFFICER**
Thomas A. Plastino
St. Lawrence County
Industrial Development Agency