

**EXHIBIT A**

**Non-Compliance with Job Commitments – Proposed Reductions in Contract Demands and Hydropower Allocations with Adjustments to Job Commitments**

**1. Ashland Advanced Materials (Niagara Falls, Niagara County)**

Allocation:	3,500 kW of Replacement Power (“RP”)
Contract Demand:	2,200 kW of Replacement Power (“RP”)
Power Utilization:	96%
Capital Spending:	\$559,668 or 373%
Job Commitment:	75 jobs
Jobs Reported:	27 jobs, or 36%

**Background:** Ashland Advanced Materials (“Ashland”) is a supplier of manufactured graphite products and ultra-high temperature heat treating services, providing products and services to renewable and green energy technology industries. The company historically has been highly dependent on the solar and sapphire markets. In 2014, the third year of required compliance reporting, the company came in at an average 27 employees, or 36% of its job commitment. This is an increase of 5 jobs from the previous reporting year 2013.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation to not less than 2,150 and contract demand to not less than 1,350 kW, and authorize an adjustment of the job commitment to not less than 46 jobs.*

**2. Lockheed Martin Corporation (Niagara Falls, Niagara County)**

Allocation:	250 kW of RP
Contract Demand:	250 kW of RP
Power Utilization:	100%
Capital Spending:	\$530,000 or 237%
Job Commitment:	45 jobs
Jobs Reported:	28 jobs, or 62%

**Background:** Lockheed Martin Corporation (“Lockheed”) is a manufacturer of gravity gradiometer technology for the U. S. Navy and commercial use. Lockheed’s 2014 reported job number shows no change from the previous year’s average of 28 jobs. Lockheed stated it experienced a significant reduction in force caused by cuts in defense spending by the government and by softness in its commercial customer markets. New acquisitions may provide justification for hiring additional 2-3 employees this year and an additional 2-3 the following year. Lockheed captured additional business and increased its workforce through contract labor and direct hire. However, long range business plans indicate that employment levels will not be at the contractual commitment levels for a number of years.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 200 kW, and authorize an adjustment to the job commitment to not less than 39 jobs.*

**3. Niagara LaSalle Corp. (Buffalo, Erie County)**

Allocation: 1,400 kW of RP  
Contract Demand: 1,400 kW of RP  
Power Utilization: 95%  
Capital Spending: \$149,019 or 116%  
Job Commitment: 115 jobs  
Jobs Reported: 75 jobs, or 65%

**Background:** Niagara LaSalle Corp. produces cold finished steel products. The company states that it continues to struggle to return to pre-2008 business levels. It indicates that it continues to make minor progress with business levels, citing foreign competition as a factor.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,300 kW, and authorize an adjustment of the job commitment to not less than 104 jobs.*

**4. Hurtubise Tire, Inc. (North Tonawanda, Niagara County)**

Allocation: 180 kW of RP  
Contract Demand: 180 kW of RP  
Power Utilization: 100%  
Capital Spending: \$70,352 or 235%  
Jobs Commitment: 18 jobs  
Jobs Reported: 6 jobs, or 33%

**Background:** Hurtubise Tire, Inc. (“Hurtubise”) provides truck tire re-capping and services. Hurtubise averaged 2 jobs less than the previous year 2013 reporting. The company has been unable to grow employment for the last three years averaging 8 employees and falling short of its job commitment target.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 100 kW, and authorize an adjustment to the job commitment to not less than 10 jobs.*

**5. RHI Monofrax, LTD (Falconer, Chautauqua County)**

Allocation: 2,082kW of EP  
Contract Demand: 2,082kW of EP  
Power Utilization: 98%  
Capital Spending: \$1,991,051 or 287%  
Job Commitment: 250 jobs  
Jobs Reported: 135 jobs, or 54%

**Background:** RHI Monofrax, LTD manufactures ceramic castings. The company reports that it is struggling with foreign competition and is actively trying to win back customers.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and the contract demand to not less than 1,650 kW, and authorize an adjustment of the job commitment to not less than 197 jobs.*

**6. Air Products Inc. - Medina (Medina, Orleans County)**

Allocation: 1,000 kW of RP  
Contract Demand: 1,000 kW of RP  
Power Utilization: 25%  
Capital Spending Commitment: \$55,000  
Capital Spending: \$37,320 or 68%  
Job Commitment: 20 jobs  
Jobs Reported: 7 jobs, or 36%

**Background:** Air Products, Inc., formerly EPCO Carbondioxide Products, Inc. manufactures purified liquid carbon dioxide. It sells its product to both wholesalers and end users of carbon dioxide. Air Products' capital spending for the 2014 year that was budgeted for Medina, went to other CO2 facilities. Due to corporate reorganization, Air Products had to reduce employment at its Medina facility.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 600kW, and authorize an adjustment of the job commitment to not less than 12 jobs and capital investment commitment to not less than \$33,000.*

**7. Saint Gobain Structural Ceramics (Niagara Falls, Niagara County)**

Allocation: 6,150 kW of RP  
Contract Demand: 6,150 kW of RP  
Power Utilization: 71%  
Capital Spending: \$1,385,318 or 104%  
Job Commitment: 186 jobs  
Jobs Reported: 137 jobs, or 74%

**Background:** Saint Gobain Structural Ceramics produces boron nitride powder and solids. The company reports that since its anticipated growth did not materialize, it was unable to meet job and energy usage this year. It anticipates that its armor business can return to full strength by second quarter 2015. The customer has historically failed to meet employment and power utilization commitments.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 6,050kW, and authorize an adjustment of the job commitment to not less than 184 jobs.*

**8. Treibacher Schleifmittel North America, Inc. (Niagara Falls, Niagara County)**

Allocation: 750 kW of RP  
Contract Demand: 750 kW of RP  
Power Utilization: 69%  
Capital Spending: \$234,236 or 111%  
Job Commitment: 64 jobs  
Jobs Reported: 31 jobs, or 48%

**Background:** Treibacher Schleifmittel North America, Inc. produces abrasive grains. The company indicates that it has not reached its commitments due to a slow market for its product, which is a commodity product and highly competitive in today's global marketplace. It is unable to provide a time frame as to when it will come into compliance.

***Recommendation:*** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 550kW, and authorize an adjustment of the job commitment to not less than 47 jobs.

**EXHIBIT B**

**Non-Compliance with Power Utilization Commitments – Proposed Reductions in Contract Demands and Hydropower Allocations with Adjustments to Job Commitments**

**1. CertainTeed Corporation (Buffalo, Erie County)**

Allocation:	3,100 kW of EP
Contract Demand:	3,100 kW of EP
Power Utilization:	<b>71%</b>
Capital Spending:	\$483,581 or 296%
Jobs Commitment:	113 jobs
Jobs Reported:	116 jobs, or 103%

**Background:** CertainTeed Corporation (“CertainTeed”), a wholly-owned subsidiary of the Saint–Gobain company, is a vinyl fence, deck and railing manufacturer. During the past 4 years, it has underutilized its allocation. The company described several reasons for non-compliance in power utilization including temporary production cut backs due to a shortage in a particular raw material which is a staple in its main component, resin. CertainTeed built up inventory during winter months which reduced its demand during summer, its busy season, with fewer production lines needed during the summer months. CertainTeed stated this lower demand utilization will be a normal course of business throughout 2015 and production will remain fairly constant.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 3,000 kW, and authorize an adjustment of the job commitment to not less than 108 jobs.*

**2. TAM Ceramics Group of NY, LLC (Niagara Falls, Niagara County)**

Allocation:	7,000 kW of RP and 500 kW of EP
Contract Demand:	7,000 kW of RP and 500 kW of EP
Power Utilization:	72%
Capital Spending:	\$1,257,792 or 520%
Job Commitment:	100 jobs
Jobs Reported:	78 jobs, or 78%

**Background:** TAM Ceramics Group of NY LLC develops and produces titanium products and zirconium ceramic powders. The company estimates that it is 12-18 months away from meeting its contractual commitment.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the RP allocation to not less than 6,800kW, authorize a reduction in the contract demand to not less than 6,800 kW, and authorize an adjustment to the cumulative job commitment to not less than 97 jobs.*

**3. Washington Mills Electro Minerals Corp. (Niagara Falls, Niagara County)**

Allocation: 9,700 kW of RP  
Contract Demand: 9,700 kW of RP  
Power Utilization: 55%  
Capital Spending: \$2,032,336 or 138%  
Job Commitment: 107 jobs  
Jobs Reported: 106 jobs, or 99%

**Background:** Washington Mills Electro Minerals Corp makes abrasive grains for sandpaper and grinding wheels. The customer has historically underutilized its allocation.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 7,750kW, and authorize an adjustment to the job commitment to not less than 86 jobs.

**4. Citigroup Technology, Inc. (Getzville, Erie County)**

Allocation: 1,000 kW of RP  
Contract Demand: 1,000 kW of RP  
Power Utilization: **71%**  
Capital Spending Commitment: \$7,500  
Capital Spending: Not yet Required per Contract  
Jobs Committed: 500 jobs  
Jobs Reported: 1,180 jobs, or 680%

**Background:** Citigroup Technology, Inc. provides back office support from its Getzville facility for its financial services business. During the past 4 years, it has underutilized its allocation. Citigroup indicated that a moderately reduced allocation to the amount recommended would keep them in a position such that the hydropower will continue to provide needed economic benefits that are important at this location.-

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 750 kW, and authorize an adjustment to the job commitment to not less than 480 jobs.

**5. Air Products Inc. - Medina (Medina, Orleans County)**

Allocation: 1,000 kW of RP  
Contract Demand: 1,000 kW of RP  
Power Utilization: 25%  
Capital Spending Commitment: \$55,000  
Capital Spending: \$37,320 or 68%  
Job Commitment: 20 jobs  
Jobs Reported: 7 jobs, or 36%

**Background:** Air Products, Inc., formerly EPCO Carbondioxide Products, Inc. manufactures purified liquid carbon dioxide. It sells its product to both wholesalers and end users of carbon dioxide. Air Products' capital spending for the 2014 year that was budgeted for Medina, went to other CO2 facilities. Due to corporate reorganization, Air Products had to reduce employment at its Medina facility.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 600kW, and authorize an adjustment of the job commitment to not less than 12 jobs and capital investment commitment to not less than \$33,000.

**6. Saint Gobain Structural Ceramics (Niagara Falls, Niagara County)**

Allocation:	6,150 kW of RP
Contract Demand:	6,150 kW of RP
Power Utilization:	71%
Capital Spending:	\$1,385,318 or 104%
Job Commitment:	186 jobs
Jobs Reported:	137 jobs, or 74%

**Background:** Saint Gobain Structural Ceramics produces boron nitride powder and solids. The company reports that since its anticipated growth did not materialize, it was unable to meet job and energy usage this year. It anticipates that its armor business can return to full strength by second quarter 2015. The customer has historically failed to meet employment and power utilization commitments.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 6,050kW, and authorize an adjustment of the job commitment to not less than 184 jobs.

**7. Treibacher Schleifmittel North America, Inc. (Niagara Falls, Niagara County)**

Allocation:	750 kW of RP
Contract Demand:	750 kW of RP
Power Utilization:	69%
Capital Spending:	\$234,236 or 111%
Job Commitment:	64 jobs
Jobs Reported:	31 jobs, or 48%

**Background:** Treibacher Schleifmittel North America, Inc. produces abrasive grains. The company indicates that it has not reached its commitments due to a slow market for its product, which is a commodity product and highly competitive in today's global marketplace. It is unable to provide a time frame as to when it will come into compliance.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 550kW, and authorize an adjustment of the job commitment to not less than 47 jobs.

**EXHIBIT C**

**Non-Compliance with Capital Investment Commitments – Proposed Reductions in Contract Demands and Hydropower Allocations with Adjustments to Job Commitments and Capital Investment Commitments**

**1. Coyne Textile Services (Buffalo, Erie County)**

Allocation: 250 kW of EP  
Contract Demand: 250 kW of EP  
Capital Spending Commitment: \$141,185  
Power Utilization: 100%  
Capital Spending: \$52,404 or 37%  
Job Commitment: 52 jobs  
Jobs Reported: 48 jobs, or 92%

**Background:** Coyne Textile Services, (“CTS”) provides textile rental products (work uniforms, shop floor mats, etc.) and laundering services. In 2014, Coyne Textile reported an average of 48 jobs, or 4 more jobs than the previous year 2013 reporting. The company is moving in the direction of reduced spending and at this time does not foresee any additional increase in capital spending.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 150 kW, and authorize an adjustment of the job commitment to not less than 32 jobs and capital investment commitment to not less than \$87,699.*

**2. Rosina Food Products, Inc.-Cheektowaga (Buffalo, Erie County)**

Allocation: 600 kW of EP  
Contract Demand: 600 kW of EP  
Power Utilization: 100%  
Capital Spending Commitment: \$1,360,953  
Capital Spending: \$476,343 or 35%  
Job Commitment: 235 jobs  
Jobs Reported: 255 jobs or 109%

**Background:** Rosina Food Products, Inc. manufactures frozen Italian food specialties. The company reports the significant increase in commodity prices, particularly pork, as the primary reason for poor results in 2014. The company also underwent a debt and financing restructuring in 2014 that resulted in very low levels of capital available for investment in the plant.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 350 kW, and authorize an adjustment of the job commitment to not less than 141 jobs and capital investment commitment to not less than \$816,581.*

**3. Precision Electro Minerals Company (Niagara Falls, Niagara County)**

Allocation: 800 kW of RP  
Contract Demand: 800 kW of RP  
Power Utilization: 100%  
Capital Spending Commitment: \$116,836  
Capital Spending: \$18,933 or 16%

Job Commitment: 24 jobs  
Jobs Reported: 20 jobs or 83%

**Background:** Precision Electro Minerals Company produces fused silica for precision casting applications such as jet engines, medical inserts and automotive components.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 350 kW, and authorize an adjustment to the job commitment to not less than 10 jobs and capital investment commitment to not less than \$48,142.*

#### **4. Air Products Inc. - Medina (Medina, Orleans County)**

Allocation: 1,000 kW of RP  
Contract Demand: 1,000 kW of RP  
Power Utilization: 25%  
Capital Spending Commitment: \$55,000  
Capital Spending: \$37,320 or 68%  
Job Commitment: 20 jobs  
Jobs Reported: 7 jobs, or 36%

**Background:** Air Products, Inc., formerly EPCO Carbondioxide Products, Inc. manufactures purified liquid carbon dioxide. It sells its product to both wholesalers and end users of carbon dioxide. Air Products' capital spending for the 2014 year that was budgeted for Medina, went to other CO2 facilities. Due to corporate reorganization, Air Products had to reduce employment at its Medina facility.

**Recommendation:** *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 600kW, and authorize an adjustment of the job commitment to not less than 12 jobs and capital investment commitment to not less than \$33,000.*

**EXHIBIT D**

**Reported Non-Compliance with Commitments – No Action Recommended**

**1. Tops Market, LLC - Cheektowaga (Cheektowaga, Erie County)**

Allocation: 300kW of EP  
Contract Demand: 300kW of EP  
Power Utilization: 70%  
Capital Spending: \$274,756 or 734%  
Job Commitment: 50 jobs  
Jobs Reported: 56 jobs, or 112%

**Background:** Tops Market, LLC is a grocery distribution center.

**Recommendation:** *Staff recommends no action at this time.*

**2. Cliffstar, LLC (Dunkirk, Chautauqua County)**

Allocation: 500 kW of EP  
Contract Demand: 500 kW of EP  
Power Utilization: 94%  
Capital Spending: \$2,313,676 or 72%  
Job Commitment: 630 jobs  
Jobs Reported: 489 jobs, or 78%

**Background:** Cliffstar, LLC is a private-label beverage manufacturer that was purchased by Cott Incorporated in 2010. Since then the former Cliffstar corporate office was consolidated to the Cott corporate headquarters in Tampa, Florida, negatively affecting the Dunkirk campus headcount.

**Recommendation:** *Staff recommends no action at this time.*

**3. Confer Plastics, Inc. (North Tonawanda, Niagara County)**

Allocation: 300 kW of RP  
Contract Demand: 300 kW of RP  
Power Utilization: 100%  
Capital Spending: \$116,718 or 22%  
Job Commitment: 120 jobs  
Jobs Reported: 169 jobs, or 141%

**Background:** Confer Plastics Inc. manufactures above-ground pool ladders and accessories.

**Recommendation:** *Staff recommends no action at this time.*

**EXHIBIT E**

**Non-Compliance with Reporting Requirement – Allocations to be Suspended**

**1. Fresenius Kabi USA LLC (Grand Island, Erie County)**

Allocation: 2,000 kW of RP  
Contract Demand: 2,000 kW of RP  
Power Utilization: 0%  
Capital Spending Commitment: \$1,135,955  
Capital Spending: \$0.0 or 0% of commitment  
Job Commitment: 526 jobs  
Jobs Reported: 0 jobs, or 0% of commitment

**Background:** Fresenius Kabi USA LLC is a producer of Pharmaceuticals. It did not submit a 2014 compliance report.

**2. Stollberg, Inc. (Niagara Falls, Niagara County)**

Allocation: 300 kW of EP  
Contract Demand: 300 kW of EP  
Power Utilization: 0%  
Capital Spending Commitment: \$165,500  
Capital Spending: \$0.0 or 0%  
Job Commitment: 71 jobs  
Jobs Reported: 0 jobs, or 0% of commitment

**Background:** Stollberg, Inc. makes castings for the steel industry. It did not submit its year 2013 hydropower compliance report until September 2014, and did not provide any explanation for its capital spending shortfall. Additionally, it did not submit a 2014 compliance report.

**EXHIBIT F**

**Ongoing Compliance Activities – No Action Recommended at This Time**

**4. Globe Metallurgical, Inc. (Niagara Falls, Niagara County)**

Allocation:	7,353 kW of Expansion Power (“EP”) and 32,647 kW of RP
Contract Demand:	7,353 kW of Expansion Power (“EP”) and 32,647 kW of RP
Power Utilization:	98%
Capital Spending:	\$3,028,604 or 90%
Job Commitment:	500 jobs
Jobs Reported:	105 jobs, or 21%

**Background:** Globe Metallurgical, Inc. (“Globe”) manufactures silicon metal products at four U.S. facilities including Niagara Falls. In 2014, the second year of required compliance reporting, the company came in at an average of 21 jobs less than the previous year 2013 reporting.

**Recommendation:** *Staff is not recommending compliance action as to this customer at this time. Staff has completed its analysis of this customer’s situation and is currently working with other State agencies and key stakeholders to address impacts. Staff will come back to the Board with a recommendation in September and final resolution by no later than year end.*