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PUBLIC HEARING
Contract for Sale of Hydropower to
Alcoa, Inc.

February 11, 2016
2:30 p.m to 6:30 p.m.
Frank S. McCullough, Jr. Hawkins Point Visitors Center
St. Lawrence/FDR Power Project
830 Barnhart Island
Massena, New York 13662

ORIGINAL

APPEARANCES

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Keith Hayes,
Vice President of Marketing
Economic Development and Energy Efficiency
New York Power Authority
White Plains, New York 10601

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

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

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Robert Lenney,
Alcoa Massena Operations
Smelting and Location Manager
Massena, New York 13662

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Patrick J. Kelly,
Chief Executive Officer
St. Lawrence County
Industrial Development Agency
Canton, New York 13617

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1 MS. DELINCE: Good afternoon. This is a public
2 hearing required by law and authorized by the New York
3 Power Authority's Board of Trustees on the proposed
4 contract for the sale of hydropower to Alcoa, Inc. My
5 name is Karen Delince and I'm the Authority's
6 corporate secretary. New York State Public
7 Authorities Law, Section 1009, sets forth procedures
8 for executing certain contracts negotiated by the
9 Authority.

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

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

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

3 After the hearing, the public will be given
4 access to the hearing transcript, once it is
5 completed, at www.nypa.gov and at the White Plains
6 office. The next step in the process set forth in
7 Section 1009 will be for the NYPA Trustees to
8 reconsider the proposed contract in light of public
9 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
14 sheet. Also, if you have a written statement, please
15 give a copy to Lorna Johnson and one to the reporter.
16 Written statements may be of any length and will
17 appear in the record of the hearing in addition to
18 oral statements.

19 The record of the hearing will remain open for
20 additional comments through close of business Friday,
21 February 12th, 2016. Additional comments should be
22 mailed, Faxed or e-mailed to the Corporate Secretary
23 at 123 Main Street, 11-P, White Plains, New York

1 10601, or 914-390-8040 or secretaries.office@nypa.gov.

2 At this point I would like to introduce Mr. Keith
3 Hayes, the Authority's Vice President of Marketing,
4 who will provide additional details on the proposed
5 contract. Thank you. Mr. Hayes?

6 MR. HAYES: Thank you, Ms. Delince. Good
7 afternoon. My name is Keith Hayes and I am the Vice
8 President of Marketing within NYPA's Economic
9 Development and Energy Efficiency Division. I'm here
10 today to present a summary of the proposed hydropower
11 contract to Alcoa, Inc.

12 Regarding the contract, under the Public
13 Authorities Law, Section 1005, Subsection 13, the
14 Authority may allocate and sell, directly or by
15 sale-for-resale, 490 megawatts of firm and
16 interruptible power from the St. Lawrence-FDR Project,
17 known as Preservation Power, to businesses located
18 within Jefferson, St. Lawrence and Franklin Counties.
19 Alcoa, Inc. has been awarded a hydropower allocation
20 by the Authority's Trustees in return for commitments
21 made to keep its business in Northern New York.
22 Specifically, Alcoa was awarded 245 megawatts of
23 Preservation Power in support of maintaining a minimum

1 of 600 jobs at its West Plant in Massena, New York.
2 The contract term will be for up to 39 months and
3 supersedes all previous agreements. To summarize some
4 of the pertinent provisions of the proposed contract:
5 The contract provides for the direct billing of all
6 hydropower supply charges, all New York Independent
7 System Operator, Inc. charges, also known as NYISO,
8 charges and taxes.

9 The contract includes the customer's agreed-upon
10 commitments with respect to employment. The contract
11 retains the Authority's right to terminate the
12 customer's allocation if employment commitments are
13 not met. The contract will serve the allocation in
14 accordance with the Authority's Service Tariff AL-1,
15 which specifies the rates and other terms applicable
16 to the allocation. Transmission and delivery service
17 for this allocation will be provided by NYPA, in
18 accordance with the service tariff.

19 As Ms. Delince stated earlier, the Authority will
20 accept your comments on the proposed contract until
21 the close of business on February 12th, 2016.

22 I will now turn the hearing back over to Ms.
23 Delince. Thank you.

1 MS. DELINCE: Thank you, Mr. Hayes. At this
2 point we will now recess and reconvene when speakers
3 arrive.

4 (Recess from 2:36 p.m. to 3:33 p.m.)

5 MS. DELINCE: We will reconvene now to hear from
6 Robert Lenney. Please state your name and your
7 affiliation for the record.

8 MR. LENNY: My name is Robert Lenny with Alcoa
9 Massena West Operations. So good afternoon and thank
10 you for the opportunity to speak with you today.
11 Alcoa has been a part of this community for more than
12 a century, and there's no question as to the quality
13 of the work and the capability of the workers here in
14 Massena.

15 Our Massena team has been recognized as an
16 industry leader for its superior quality and safety
17 efforts and we are incredibly proud of our employees
18 and the work that they do to serve our customers.
19 However, at the same time, the global aluminum
20 industry has been facing strong headwinds in recent
21 years, with the price of aluminum dropping more than
22 30 percent during 2015. It was under those conditions
23 that we first announced the curtailment of Massena

1 West, and under Governor Andrew Cuomo and Senator
2 Chuck Schumer's leadership, New York State reached out
3 to us and crafted a package that includes competitive
4 power, which is the subject of today's hearing.

5 This competitive power is absolutely critical to
6 keeping Massena West operational over the term of this
7 agreement. It truly is our bridge to what we hope
8 will become more favorable conditions and a stronger
9 commodity market in the coming years. Without this
10 agreement, the smelting operations are simply not
11 viable.

12 When Governor Cuomo and Senator Schumer
13 approached us with this proposal, we all agreed that
14 finding the best possible outcome for our local
15 workforce was a top priority. By approving this power
16 agreement, you're not only making an investment in our
17 workforce, but also the North Country's economy.

18 We recognize that New York has the opportunity to
19 make this investment in a number of different
20 locations across the state, and we are grateful that
21 you have chosen to make it here in Massena. In
22 formally approving this agreement, you should feel
23 confident that the state's resources are being used

1 wisely to support the local and regional economies.
2 Alcoa will continue to do everything in its power to
3 be a good steward of this resource and to meet the
4 terms of this agreement with the state.

5 Thank you for your consideration and thanks for
6 the opportunity to speak with you today.

7 MS. DELINCE: Thank you, Mr. Lenney.

8 (Recess from 3:38 p.m. to 4:05 p.m.)

9 MS. DELINCE: We will now hear from Patrick
10 Kelly. Please state your name and your affiliation
11 before you start your statement.

12 MR. KELLY: My name is Patrick Kelly, I am the
13 CEO of the St. Lawrence County Industrial Development
14 Agency. Please accept this letter written in support
15 of the direct sale contract of hydropower to Alcoa,
16 Inc. as part of New York State's efforts to assist in
17 retaining Alcoa jobs in Massena. The negative
18 economic impact of Alcoa curtailing its Massena West
19 Plant smelting operations would be devastating to
20 Massena, St. Lawrence County and the North Country
21 region of New York State. As the Power Authority is
22 aware, over 400 of the best paying manufacturing jobs
23 in the region would have been lost without the

1 agreement secured by Governor Cuomo, the Power
2 Authority, Empire State Development and Senator
3 Charles Schumer to assist Alcoa in maintaining the
4 West Plant smelting operations.

5 For over 100 years Alcoa has been a cornerstone
6 of the local and regional manufacturing economy, and
7 with the current historic lows in global aluminum
8 prices, the timeliness of this direct sale power
9 incentive cannot be understated. In addition to the
10 company's contributions to the regional economy
11 through their employment, wages and taxes, they have
12 supported our local colleges, their employees are
13 actively involved in our local communities, and their
14 Foundation has supported programs throughout the
15 region.

16 The St. Lawrence County Industrial Development
17 Agency commends and thanks the Power Authority for its
18 aggressive and substantial efforts to assist in the
19 retention of Alcoa's Massena operations. The Agency
20 has also been fortunate to participate directly in the
21 Power Authority's recent efforts to assist in the
22 creation of the St. Lawrence County Economic
23 Development Study. By supporting our existing

1 industries, and assisting in the creation of
2 strategies to build future industries and stronger
3 local communities, the Power Authority is clearly
4 demonstrating a commitment and partnership to
5 improving the quality of life and economic condition
6 of St. Lawrence County and the North Country.

7 Thank you for your consideration of these
8 comments.

9 MS. DELINCE: Thank you, Mr. Kelly.

10 (Recess from 4:08 p.m. to 4:09 p.m.)

11 MS. DELINCE: We will reopen. Mr. Kelly?

12 MR. KELLY: This is a letter from Ernest J.
13 LaBaff. To whom it may concern, I am extremely
14 pleased that Governor Cuomo and the Power Authority
15 worked so hard to successfully put a package together
16 to assist in retaining the smelting operations at the
17 Massena West Plant. The United Steelworkers Local
18 420-A, the greater Massena community, Alcoa's
19 management and all of our local, state and federal
20 officials and agencies came together to save this
21 facility, and each and every one of them should be
22 proud and thankful for this agreement.

23 By making this agreement happen, the Governor,

1 Senator Schumer, the Power Authority and Empire State
2 Development have all once again shown their support
3 and belief in the North Country. We appreciate that
4 support and know that this plant wouldn't be open
5 without it.

6 As Vice Chair of the St. Lawrence County
7 Industrial Development Agency and President Emeritus
8 of the Aluminum, Brick and Glass Workers International
9 Union, I can tell you without hesitation that Alcoa is
10 absolutely essential to the economic success of the
11 North Country. By retaining hundreds of jobs for the
12 hardworking men and women at Alcoa, you are supporting
13 hundreds of families that make up the backbone of
14 Massena and the surrounding communities in the North
15 Country. These families support our schools, our
16 stores, our hospitals and every other sector of our
17 local economy. By keeping the West Plant in
18 operation, you have saved not just 487 jobs, but
19 hundreds more throughout this region.

20 I strongly support the Direct Sale Contract for
21 the sale of hydropower to Alcoa. Thank you for your
22 assistance. Sincerely, Ernest J. LaBaff, Ernie.

23 MS. DELINCE: Thank you for reading that into

1 the record.

2 MR. KELLY: You're welcome.

3 (Recess from 4:11 p.m. to 6:30 p.m.)

4 MS. DELINCE: The February 11, 2016 public
5 hearing on the proposed contract to Alcoa, Inc. is now
6 officially closed. As I previously stated, the record
7 of the hearing will remain open for additional
8 comments through the close of business Friday,
9 February 12, 2016. Thank you and good night.

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11 (End of Public Hearing at 6:30 p.m.)

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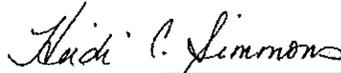
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1 STATE OF NEW YORK)
2 COUNTY OF ST. LAWRENCE)

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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 3
10 to 13, 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 22nd day of February, 2016.

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



Global Primary Products/ Alcoa Forgings and Extrusions

Massena Operations
Park Avenue East
PO Box 150
Massena, NY 13662-0150 USA

February 11, 2016

NYPA Public Hearing on Alcoa Power Contract

Remarks by Robert Lenney, Alcoa Massena Operations Smelting and Location Manager

Good afternoon, and thank you for the opportunity to speak with you today.

Alcoa has been a part of this community for more than a century. There is no question as to the quality of the work and the capability of the workers here in Massena.

Our Massena team has been recognized as an industry leader for its superior quality and safety efforts. We are incredibly proud of our employees and the work they do to serve our customers.

At the same time, the global aluminum industry has been facing strong headwinds in recent years, with the price of aluminum falling 30 percent in 2015.

It was under those conditions that we first announced the curtailment of Massena West. Under Governor Andrew Cuomo and Senator Chuck Schumer's leadership, New York State reached out to us and crafted a package that includes competitive power, which is the subject of today's hearing.

This competitive power is absolutely critical to keeping Massena West operational over the term of this agreement. It truly is our bridge to what we hope will be more favorable conditions and a stronger commodity market in the coming years. Without this agreement, the smelting operations are simply not viable.

When Governor Cuomo and Senator Schumer approached us with this proposal, we all agreed that finding the best possible outcome for our local workforce was a top priority. By approving this power agreement, you're not only making an investment in our workforce, but also the North Country's economy.

We recognize that New York has the opportunity to make this investment in a number of different places across the state, and we are grateful that you have chosen to make it here in Massena.

In formally approving this agreement, you should feel confident that the state's resources are being used wisely to support the local and regional economies. Alcoa will continue to do everything in its power to be a good steward of this resource and to meet the terms of this agreement with the state.

Thank you for your consideration and thank you for the opportunity to speak here today.



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

MEMBERSHIP

February 11, 2016

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Brian W. Staples
Brian Staples, CPA

*

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

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SECRETARY
Lynn Blevins
Blevins Brothers, Inc.

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Board of Legislators

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Mark C. Hall
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*

Andrew McMahon
Massena Electric Department

*

R. Joseph Weekes, Jr.
Weekes Agency

*

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

*

**CHIEF FINANCIAL
OFFICER**
Kimberly A. Gilbert
St. Lawrence County
Industrial Development Agency

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 February 11, 2016 Public Hearing:
Direct Sale Contract for the sale of hydropower to Alcoa, Inc.

To Whom It May Concern:

Please accept this letter written in support of the Direct Sale Contract of hydropower to Alcoa, Inc. as part of New York State's efforts to assist in retaining Alcoa jobs in Massena.

The negative economic impact of Alcoa curtailing its Massena West Plant smelting operations would be devastating to Massena, St. Lawrence County and the North Country region of New York State. As the Power Authority is aware, over 400 of the best paying manufacturing jobs in the region would have been lost without the agreement secured by Governor Cuomo, the Power Authority, Empire State Development and Senator Charles Schumer to assist Alcoa in maintaining the West Plant smelting operations.

For over 100 years Alcoa has been a cornerstone of the local and regional manufacturing economy and with the current historic lows in global aluminum prices, the timeliness of this direct sale power incentive cannot be understated. In addition the company'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.

The St. Lawrence County Industrial Development Agency commends and thanks the Power Authority for its aggressive and substantial efforts to assist in the retention of Alcoa's Massena operations. The Agency has also been fortunate to participate directly in the Power Authority's recent efforts to assist in the creation of the St. Lawrence County Economic Development Study. By supporting our existing industries, and assisting in the creation of strategies to build future industries and stronger local communities, the New York Power Authority is clearly demonstrating a commitment and partnership in improving the quality of life and economic condition of St. Lawrence County and the North Country.

Thank you for your consideration of these comments.

Sincerely,

Patrick J. Kelly
Chief Executive Officer



ABG
Aluminum, Brick & Glass Workers
International Union, AFL-CIO CLC



Ernie LaBaff
President Emeritus
Res. (315) 265-3732
Fax (315) 265-4640
6975 State Highway 56
Potsdam, NY 13676

February 11, 2016

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 February 11, 2016 Public Hearing:
Direct Sale Contract for the sale of hydropower to Alcoa, Inc.

To Whom It May Concern:

I am extremely pleased that Governor Cuomo and the Power Authority worked so hard to successfully put a package together to assist in retaining the smelting operations at the Massena West Plant. The United Steelworkers Local 420-A, the greater Massena community, Alcoa's management and all of our local, state and federal officials and agencies came together to save this facility, and each and every one of them should be proud and thankful for this agreement.

By making this agreement happen, the Governor, Senator Schumer, the Power Authority and Empire State Development have all once again shown their support and belief in the North Country. We appreciate that support, and know that this plant wouldn't be open without it.

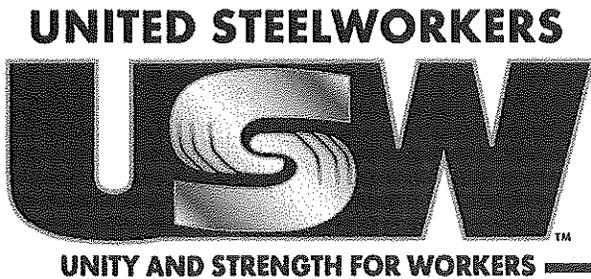
As Vice Chair of the St. Lawrence County Industrial Development Agency and President Emeritus of the Aluminum Brick & Glass Workers International Union, I can tell you without hesitation that Alcoa is absolutely essential to the economic success of the North Country. By retaining hundreds of jobs for the hardworking men and women at Alcoa, you are supporting hundreds of families that make up the backbone of Massena and the surrounding communities in the North Country. These families support our schools, our stores, our hospitals and every other sector of our local economy. By keeping the West Plant in operation you have saved not just 487 jobs, but hundreds more throughout this region.

I strongly support the Direct Sale Contract for the sale of hydropower to Alcoa. Thank you for your assistance.

Thank you.

Sincerely,

Ernest J. LaBaff



Robert A. Smith
President Local 420-A

We, local 420-a of the united steelworkers which represents over 500 members at the Massena Alcoa plant, would like to take this opportunity to show our support to the power authority board and respectfully request that they approve the tentative deal with Alcoa.

On November 2, Alcoa announced plans to curtail operations in Massena, which would have had devastating impacts to the town, community, state and most importantly our members and their families. The decision would have impacted approximately 500 of our members and their families. It has been reported that this would have been a 340 million dollar regional economic impact as well as a direct 50 plus million dollar payroll impact.

With the proactive and positive reaction from the New York Power Authority, these impacts have been significantly reduced. The New York Power Authority has always helped in job retention and development in our community. They have always provided solutions to tough problems and have done so in a fair and responsible way.

In closing, local 420 appreciates the opportunity to fully support this decision. I can only assume that other locations across the United States can only hope they had a great entity Like NYPA, to help retain and generate not only clean power, but most importantly jobs and the families they support. We urge and fully support this deal the New York Power Authority has made with Alcoa.

Respectively
Robert Smith
Local 420 president
United Steelworkers
AFL-CIO

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International
Union

24 Woodlawn Ave. Massena NY 13662 (315) 764-0531
