

NEW YORK STATE POWER AUTHORITY

*Public Hearing
February 24, 2016*



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New York State Power Authority

Wednesday, February 24, 2016

2:30 p.m. - 6:30 p.m.

New York Power Authority

535 Washington Street, Suite 202

Buffalo, New York 14203

Patricia A. Schreier

1 SPEAKERS :

2 MS. DELINCE 3, 7
3 MR. SMITH 5

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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 Direct Sale Contract for the sale of hydropower to 1366
5 Technologies, Inc.

6 My name is Karen Delince and I'm the Authority's
7 Corporate Secretary.

8 New York State Public Authorities Law Section 1009,
9 sets forth procedures for executing certain contracts
10 negotiated by the Authority.

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

17 In addition, notices appeared in the following
18 newspapers once a week, for the four weeks leading up to
19 this hearing: The Niagara Gazette, the Buffalo News,
20 the Buffalo Business First, Lewiston Porter-Sentinel,
21 Albany Times-Union, Dunkirk Observer.

22 The public was also given access to the proposed
23 contract on the Authority's website and at the
24 Authority's White Plains office during the 30 day period
25 prior to today's hearing.

1 After the hearing, the public will be given access
2 to the hearing transcript, once it is completed, at
3 www.nypa.gov and at the White Plains office.

4 The next step in the process set forth in Section
5 1009 will be for the NYPA Trustees to reconsider the
6 proposed contract in light of public comments. Once the
7 Trustees have completed their final review, the contract
8 will be forwarded to the Governor for his consideration
9 and approval.

10 If you plan to make an oral statement at this
11 hearing, I ask that you so indicate on the sign-in
12 sheet. Also, if you have a written statement, please
13 give a copy to Lorna Johnson and one to the reporter.

14 Written statements may be of any length and will
15 appear in the record of the hearing in addition to oral
16 statements. The record of the hearing will remain open
17 for additional comments through close of business,
18 Thursday, February 25th, 2016.

19 Additional comments should be mailed, faxed or
20 e-mailed to the Corporate Secretary at 123 Main Street,
21 11-P, White Plains, New York 10601 or (914)390-8048 or
22 secretarys.office@nypa.gov.

23 At this point, I would like to introduce
24 Mr. Richard Smith, the Authority's Director of Business
25 Development, Western New York, who will provide

1 additional details on the proposed Direct Sale Contract.

2 MR. SMITH: Thank you, Ms. Delince.

3 Good afternoon. My name is Richard Smith and I'm
4 the Director of Business Development, Western New York,
5 within NYPA's Economic Development and Energy Efficiency
6 Department. I'm here today to present a summary of the
7 proposed hydropower contract to 1366 Technologies, Inc.

8 Regarding the contract, under Public Authorities
9 Law Section 1005 Subsection 13, the Authority may
10 allocate and sell directly or by sale-for-resale, 250 MW
11 of Expansion Power, known as EP, and 445 MW of
12 Replacement Power, known as RP, to businesses located
13 within 30 miles of the Niagara Power Project, provided
14 that the amount of EP allocated to businesses in
15 Chautauqua County on January 1, 1987 shall continue to
16 be allocated in Chautauqua County.

17 1366 Technologies, Inc., has been awarded a
18 hydropower allocation by the Authority's Trustees in
19 return for commitments made to create or expand their
20 businesses in Western New York.

21 Speciality, 1366 Technologies, Inc., a producer of
22 silicon wafers for the solar industry, was awarded 8,500
23 kilowatts of RP in support of the construction of a new,
24 130,000-square-foot silicon wafer production facility in
25 the Western New York Science and Technology Advanced

1 Manufacturing Park in the Town of Alabama in Genesee
2 County. 1366 Technologies will invest at least \$103.5
3 million and create at least 150 new jobs.

4 To summarize some of the pertinent provisions of
5 the proposed contract:

6 The contract provides for the direct billing of all
7 hydropower supply charges, all New York Independent
8 System Operator, Inc., (NYISO) charges and taxes.

9 The contract includes the customer's agreed upon
10 commitments with respect to employment and capital
11 investment. The contract retains the Authority's right
12 to reduce or terminate a customer's allocation if
13 employment, power utilization or capital investment
14 commitments are not met.

15 For example, the contract includes an annual job
16 reporting requirement and a job compliance threshold of
17 90 percent. Should a company's average annual
18 employment fall below the compliance threshold of
19 90 percent of the employment commitment, the Authority
20 has the right to reduce the allocation on a pro rata
21 basis.

22 The contract compels the company to perform an
23 energy audit at the facility at least once within five
24 years, to ensure the customer uses the hydropower
25 efficiently. Additionally, to accommodate non-payment

1 risk that could result from the direct billing
2 arrangement, the contract includes commercially
3 reasonable provisions concerning the Authority's ability
4 to charge late payment fees and to require deposits in
5 the event of the customer's failure to make payment for
6 any two monthly bills. These contract provisions are
7 consistent with other Authority direct sale contracts,
8 including the Recharge New York sales contracts.

9 The contract will serve the allocations in
10 accordance with the Authority's Service Tariff WNY-1,
11 which specifies the rates and other terms applicable to
12 all EP and RP allocations. The Service Tariff specifies
13 a three year rate phase-in to a target rate based on the
14 rate of the Authority's other hydropower program -
15 Preservation Power - to ultimately ensure consistency
16 among the Authority's three hydropower programs.
17 Transmission and delivery service for these allocations
18 will be provided by National Grid or NYSEG, in
19 accordance with the utilities' Public Service Commission
20 approved delivery service tariffs.

21 As Ms. Delince stated earlier, the Authority will
22 accept your comments on the proposed contract until the
23 close of business on Thursday, February 25, 2016.

24 I will now turn the hearing back to Ms. Delince.

25 MS. DELINCE: Thank you, Mr. Smith. We will

1 recess now and reconvene when speakers arrive.

2 (recess)

3 MS. DELINCE: The February 24, 2016 public
4 hearing on the proposed Direct Sale Contract to 1366
5 Technologies, Inc. is now other officially closed.

6 As I previously stated, the record of the hearing
7 will remain open for any additional comments through the
8 close of business Thursday, February 25, 2016.

9 Thank you and good night.

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11 (Hearing closed at 6:30 p.m.)
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1 STATE OF NEW YORK
2 COUNTY OF ERIE

3 I, Patricia A. Schreier, a Notary Public in and for
4 the State of New York, do hereby certify:

5 That the witness, whose testimony appears herein
6 before, was, before the commencement of his testimony, duly
7 sworn to testify the truth, the whole truth and nothing but
8 the truth; that such testimony was taken pursuant to notice at
9 the time and place herein set forth; that said testimony was
10 taken down in shorthand by me and thereafter under my
11 supervision transcribed into the English language, and hereby
12 certify the foregoing testimony is a full, true and correct
13 transcription of the shorthand notes so taken.

14 I further certify that I am neither counsel for nor
15 related to any parties to said action, nor in anywise
16 interested in the outcome thereof.

17 IN WITNESS WHEREOF, I have here unto subscribed my
18 name this 27th day of February, 2016.

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Notary Public
State of New York

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