

**Date:** July 26, 2016

**To:** THE TRUSTEES

**From:** THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**Subject:** Transitional Electricity Discount Payments for Certain Power for Jobs and Energy Cost Savings Benefit Customers

SUMMARY

The Trustees are requested to authorize funding, not to exceed \$3 million, for Transitional Electricity Discount (TED) payments to 98 former Power of Jobs (“PFJ”) and/or Energy Cost Savings Benefit (“ECSB”) customers in accordance with the statutory authority provided to the Authority by Chapter 60 of the Laws of 2011, Part CC, §6 (“Chapter 60”). The funds will be used to fund TED payments through June 30, 2016. The 98 businesses that would be eligible to receive TED payments were determined to be “Qualified Transitional Customers” by the Economic Development Power Allocation Board (“EDPAB”) at its June 25, 2012 meeting. The Board of Trustees approved these businesses for TED payments at its June 26, 2012 meeting.

BACKGROUND

Chapter 60 created the RNY Power program and provided for the expiration of the PFJ and ECSB programs. In addition, Chapter 60 provides that:

Notwithstanding any provision of title 1 of article 5 of the public authorities law or article 6 of the economic development law to the contrary, with respect to applicants who are in substantial compliance with all contractual commitments and receiving benefits under the power for jobs, energy cost savings benefit, economic development, high load factor or municipal distribution agency programs, but do not receive a recommendation from the New York state economic development power allocation board for a recharge New York power allocation pursuant to section 188-a of the economic development law, such board shall recommend that the power authority of the state of New York provide for a transitional electricity discount to such applicants. The power authority of the state of New York is authorized, as deemed feasible and advisable by the trustees, to provide such transitional electricity discounts as recommended by the New York state economic development power allocation board. The power authority of the state of New York shall identify and advise such board whether sufficient funds are available for the funding of such transitional electricity discounts through June 30, 2016. The amount of the transitional electricity discount for the period July 1, 2012 through June 30, 2014 shall be equivalent to 66 percent of the unit (per kilowatt-hour) value of the savings received by the applicant under the power for jobs or energy cost savings benefit programs during the 12 months ending on December 31, 2010. The amount of the transitional electricity discount for the period July 1, 2014 through June 30, 2016 shall be equivalent to 33 percent of the unit (per kilowatt-hour) value of the savings received by the applicant under the power for jobs or energy cost savings benefit programs during the 12 months ending on December 31, 2010.

## DISCUSSION

The Trustees are requested to authorize an amount of money for the period from July 1, 2015 through June 30, 2016 ("Year Four"), not to exceed \$3 million (the "Authorized Amount"), that would be available to fund TED payments to Qualified Transitional Customers for Year Four of the program.

At its June 26, 2012 meeting, the Board of Trustees authorized the use of Authority funds in an amount not to exceed \$9 million for TED payments to the Qualified Transitional Customers for the period through June 30, 2013 ("Year One"), and approved TED payments for the Qualified Transitional Customers.

Staff returned to the Board at its February 26, 2015 meeting, and received authorization of the use of Authority funds in an amount not to exceed \$8 million for TED payments to the Qualified Transitional Customers for the period through June 30, 2015 ("Year Two" and "Year Three").

To date, 87 customers have been issued a TED, totaling \$9.52 million. Eleven Qualified Transitional Customers have not yet received a TED payment for each of the first three years, because they have not yet provided proper documentation to receive a TED.

TED payments will be subject to a certification on the date of such payment by the Authority's Treasurer or Deputy Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented.

While the Trustees will not be asked to approve individual payment amounts on an annual basis, such information can be made available to the Trustees, if requested. Staff may need to return to the Trustees to address matters relating to the recommendations made herein, such as the Authorized Amount.

Staff has reviewed the effects of the TED payments of up to the Authorized Amount on the Authority's projected financial position and reserve requirements. In addition, in accordance with the Trustees' Policy Statement dated May 24, 2011, staff calculated the impact of these payments on the Authority's debt service coverage ratio and determined that it would not fall below the 2.0 reference point level. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to make the payments of up to \$3 million at this time.

## FISCAL INFORMATION

At this time, staff estimates that the total amount needed for Year Four for TED payments to Qualified Transitional Customers is not expected to exceed the Authorized Amount (\$3 million). Payments would be made from the Operating Fund.

## RECOMMENDATION

The Senior Vice President – Economic Development and Energy Efficiency recommends that the Trustees approve the Authorized Amount for Transitional Electricity Discount payments to businesses that are determined to be Qualified Transitional Customers.

For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

Gil C. Quiniones  
President and Chief Executive Officer

## RESOLUTION

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority approve the Transitional Electricity Discount (“TED”) payments to the businesses identified at EDPAB’s June 25, 2012 meeting and approved by the Board of Trustees at its June 26, 2012 meeting (“Qualified Transitional Customers”);

RESOLVED, That the Trustees hereby authorize the use of up to \$3 million (the “Authorized Amount”) to fund TED payments to Qualified Transitional Customers, as discussed in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That it is hereby found that the foregoing amount may properly be withdrawn from the Operating Fund to fund such TED payments; and be it further

RESOLVED, That such monies may be withdrawn, pursuant to the foregoing resolution, upon the certification on the date of such withdrawal by the Treasurer or the Deputy Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency or his designee be, and hereby is, authorized to prepare and execute any and all documents necessary or desirable to effectuate the foregoing, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.