

December 17, 2013

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Request for Increased Funding – Municipal and Rural  
Cooperative Electric Utilities Electric-Drive Vehicle Program**

**SUMMARY**

The Trustees are requested to authorize \$2 million in increased funding for the Municipal and Rural Cooperative Electric Utilities Electric-Drive Vehicle Program (“Muni-Coop E-D Program or “Program”). This amount is in addition to the \$3 million approved by the Trustees at their May 2003 and February 2009 meetings. This program enables the Authority’s Municipal (“Munis”) and Rural Electric Cooperative (“Coops”) utilities to purchase electric and hybrid-electric vehicles for use in their fleets.

**BACKGROUND**

Since the 1980s, through its Energy Services Programs (“ESP”), the Authority has offered various types of energy services and clean energy technologies programs to participants throughout the State to help them lower their energy usage and/or achieve a cleaner and more energy efficient use of energy and natural resources.

At their May 29, 2003 meeting, the Trustees authorized \$1.2 million to finance the Muni-Coop E-D Program, a new partnership program between NYPA and the Munis and Coops. This program facilitated the purchase of electric and hybrid-electric vehicles for the Muni and Coop systems’ municipal fleets. At their meeting on February 24, 2009, the trustees authorized an additional \$1.8 million. As of September 1, 2013, forty-six (46) such vehicles were placed with 21 municipal systems.

**DISCUSSION**

The current Muni-Coop E-D Program is available to all Muni and Coop utilities. The Muni and Coop utilities apply to the Authority for funding to purchase on-road passenger vehicles; heavy-duty work vehicles; or off-road work vehicles. The vehicles are used by the Muni and Coop utilities’ personnel and/or their affiliated municipal agencies to carry out their functions. The funds made available to the Muni and Coop utilities for the purchase of these vehicles are recovered over three years through a monthly bill to the participating utility.

In addition, the Trustees have authorized that the full-requirements Muni and Coop utility customers, regulated by the Authority, be permitted to recover from their retail customers all costs associated with the electric-drive vehicle finance program, as well as any other energy-efficiency programs and initiatives that the Authority offers to the Muni and Coop Systems.

Recovery of these costs will be through the Purchased Power Adjustment Charge. The partial-requirements systems, regulated by the New York Public Service Commission (“PSC”), may request similar permission from the PSC to recover costs associated with the vehicle purchase and other energy-efficiency programs from their customers.

If approved by the Trustees, the additional funding will enable the Authority to continue its successful partnership with the Munis and Coops to expand the integration of electric-drive vehicles into their municipal fleets.

### FISCAL INFORMATION

The total Muni-Coop E-D Program cost is not to exceed \$5 million. These costs, including any financing costs, will be recovered directly from the Program participants. Except for the Petroleum Overcharge Restitution (“POCR”) funds, discussed below, the funds will be recovered over a period of up to three years through an electric bill surcharge.

The Program will be funded from Commercial Paper Note proceeds and/or Operating Fund monies. A small portion of the funding will be supplemented by POCR funds allocated to the Authority by the New York State legislature; the POCR funding will be used strictly to offset the internal NYPA interest charges.

### RECOMMENDATION

The Senior Vice President – Strategic Planning and the Senior Vice President – Economic Development and Energy Efficiency recommend that the Trustees authorize an additional \$2 million in funding for the implementation of the Municipal and Rural Cooperative Electric Utilities Electric-Drive Vehicle Program and continue the use of the Purchased Power Adjustment Charge to allow the full-requirements municipal and rural cooperative electric utilities regulated by the Authority to recover their costs for the program.

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

Att.  
Muni-Coop Electric  
Drive Vehicle

## RESOLUTION

RESOLVED, That an Electric-Drive Vehicle Program, as described in the attached memorandum of the President and Chief Executive Officer, is hereby authorized; and be it further

RESOLVED, That the Electric-Drive Vehicle Program described above may be funded with the proceeds of Series 1, 2, or 3 Commercial Paper Notes, Series and Extendible Municipal Commercial Paper Notes, Operating Fund monies, and/or Petroleum Overcharge Restitution funds allocated to the Authority by New York State legislation, with such POOCR funding being in amounts as deemed advisable by the Senior Vice President – Economic Development and Energy Efficiency; and be it further

RESOLVED, That the Trustees hereby authorize the full-requirements Municipal and Rural Co-operative systems served by the Authority to recover costs for this, and other energy-efficiency programs, through the Purchased Power Adjustment Charge; and be it further

RESOLVED, That the Chairman, the Vice Chair, 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, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.