

**MINUTES OF THE REGULAR MEETING
OF
THE ECONOMIC DEVELOPMENT POWER ALLOCATION BOARD**

April 30, 1996

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A regular meeting of the Economic Development Power Allocation Board was held at the offices of the Power Authority of the State of New York at 1633 Broadway, New York City, at 2:30 p.m.

The following Members of the Board were present:

1. Clarence D. Rappleyea, Chairman
2. H. Douglas Barclay
3. James A. Duncan
4. Thomas R. Frey

Also in attendance were:

Joseph J. Carline	Assistant General Counsel, NYPA
John L. Murphy	Director - Public Information, NYPA
James H. Yates	Director - Business Marketing and Economic Development, NYPA
Peter E. Masilotti	Account Executive, NYPA
Julian Velasco	Sullivan & Cromwell representing Niagara Mohawk Power Corporation
Anne Wagner-Findeisen	Corporate Secretary, NYPA
Vernadine E. Quan-Soon	Assistant Secretary - Corporate Affairs, NYPA

Chairman Rappleyea presided at the meeting and Ms. Wagner-Findeisen kept the minutes.

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2. Adoption of Minutes

The minutes of the meeting of December 12, 1995 were unanimously adopted.

3. Kozy Shack, Inc.

The Members of the Board considered the application for Economic Development Power for job retention purposes submitted on behalf of Kozy Shack, Inc. (AKozy Shack@. Mr. Yates presented letters in support of the application from the County of Nassau and the New York State Department of Economic Development (Long Island Regional Office).

Mr. Yates explained that Kozy Shack's significant growth coupled with high energy costs have forced Kozy Shack to re-evaluate its Long Island location and commit to an expansion of its Hicksville facility or an expansion out of state. A majority of the company's product is shipped off Long Island and 75% out of New York State. An allocation of EDP will help Kozy Shack find the inducement to proceed with a \$1.9 million expansion project to accommodate increased production capacity. The Long Island Regional Office of the New York State Department of Economic Development supports this application.

Staff recommended that an allocation of 350 kW for ten years and that an additional short-term allocation of 400 kW (until 12/31/97) be approved for business retention purposes.

Following consideration of such application, the members of the Board voted unanimously to adopt the following resolution:

RESOLUTION

WHEREAS, Kozy Shack, Inc. has applied for an allocation of Economic Development Power for job retention purposes; and

WHEREAS, an allocation of 350 kW would result in a ratio of 254 jobs per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirements of Section 187(g) of the Economic Development Law for job retention purposes; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 350 kW for ten years and an additional short-term allocation of 400 kW (until 12/31/97) to applicant Kozy Shack, Inc., and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:

- **applicant is to maintain a total of 89 jobs;**

- **such allocation shall be subject to the real property investment, the reduction of power, the energy conservation and the affirmative action provisions set forth in the Power Authority's standard form of contract for Economic Development Power.**

4. BFGoodrich Aerospace Engine Electrical Systems

The Members of the Board considered the application for Economic Development Power for business revitalization purposes submitted on behalf of BFGoodrich Aerospace Engine Electrical Systems (BFGoodrich). Mr. Yates presented letters in support of the application from the Chenango Industrial Development Agency.

Mr. Yates explained that BFGoodrich Aerospace Engine Electrical Systems is a leading manufacturer and supplier of engine ignitors, alternators, ignition leads and electrical interconnects. The company's products are present on virtually every commercial and military aircraft. Major customers include Pratt & Whitney, General Electric, Rolls Royce and Allison. Due to the high costs of doing business in New York State, the company has recently relocated its interconnect business from Norwich to Fort Worth, Texas. The company is presently struggling to contain its cost structure and to keep remaining jobs in Norwich. An allocation of EDP will help to lower EESD's operating costs and protect current employment levels.

Staff recommended that an allocation of 1,500 kW, subject to wheeling capacity and availability of EDP, be approved for business revitalization purposes for a term of five years.

Following consideration of such application, the members of the Board voted unanimously to adopt the following resolution:

RESOLUTION

WHEREAS, BFGoodrich Aerospace Engine Electrical Systems has applied for an allocation of Economic Development Power (EDP) for business revitalization purposes; and

WHEREAS, an allocation of 1,500 kW, subject to wheeling capacity and availability of EDP, be approved for business revitalization, which would result in a ratio of 250 jobs per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirements of Section 185 of the Economic Development Law that the applicant has formulated and will implement a business revitalization plan; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 1,500 kW to applicant BFGoodrich

Aerospace Engine Electrical Systems for a term of five years, and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:

- **applicant is to maintain a total of 375 jobs for revitalization purposes;**
- **such allocation shall be subject to the reduction of power, energy conservation and the affirmative action provisions set forth in the Power Authority's standard form of contract for Economic Development Power.**

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5. Camden Wire Company, Inc.

The Members of the Board considered an application for Economic Development Power for business revitalization purposes. Mr. Yates presented a letter submitted on behalf of Camden Wire Company, Inc. (Camden Wire) in support of the application from the Oneida Industrial Development Corporation..

Mr. Yates explained that Camden Wire a wholly owned subsidiary of Oneida Ltd., and manufactures bare and tinned copper wire. In order to increase its competitive position, the company plans to invest approximately \$15 million at its Camden facility over the next three years to modernize outdated manufacturing equipment. To take advantage of lower development and energy costs, the company presently operates a plant in Arkansas and has recently introduced plans to relocate its automotive and consumer industry manufacturing to El Paso, Texas. The company anticipates that proposed expenditures in Camden will help keep remaining jobs in New York. An allocation of EDP will lower Camden's operating costs and enable it to retain and stabilize employment levels.

Staff recommended that an allocation of 6.0 MW, subject to wheeling capacity and the availability of EDP, be approved for business revitalization purposes for a term of five years.

Following consideration of such application, the members of the Board voted unanimously to adopt the following resolution:

RESOLUTION

WHEREAS, Camden Wire Company, Inc. has applied for an allocation of Economic Development Power (EDP) for business revitalization purposes; and

WHEREAS, an allocation of 6.0 MW, subject to wheeling capacity and availability of EDP, be approved for business revitalization which would result in a ratio of 96 jobs per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirements of Section 185 of the Economic Development Law that the applicant has formulated and will implement a business revitalization plan; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 6.0 MW to applicant Camden Wire Company, Inc. for a term of five years, and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:

- **applicant is to maintain a total of 574 jobs for revitalization purposes;**

- **such allocation shall be subject to the reduction of power, energy conservation and the affirmative action provisions set forth in the Power Authority's standard form of contract for Economic Development Power.**

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6. **Westplex Corporation**

The Members of the Board considered an application for Economic Development Power for business revitalization purposes submitted on behalf of from Westplex Corporation (AWestplex@. Mr. Yates presented a letter in support of the application from Ontario County Industrial Development Agency.

Mr. Yates explained that Westplex is a manufacturer of plastic molded components. Global competition has compelled the company to price its products with razor-thin profit margins. A recent technological breakthrough will require the company to make an immediate capital expenditure in excess of \$1,000,000 on new equipment. Relocation alternatives present the company with reduced energy rates and operating costs. The revitalization plan is focused on investing in new technology that serves growing markets and stabilizing operating costs.

Staff recommended that an allocation of 750 kW, subject to wheeling capacity and availability of EDP, be approved for business revitalization purposes for a term of five years.

Following consideration of such application, the members of the Board voted unanimously to adopt the following resolution:

RESOLUTION

WHEREAS, Westplex Corporation has applied for an allocation of Economic Development Power for business revitalization purposes; and

WHEREAS, an allocation of 750 kW, subject to wheeling capacity and availability of EDP, be approved for business revitalization which would result in a ratio of 124 jobs per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirements of Section 185 of the Economic Development Law that the applicant has formulated and will implement a business revitalization plan; and be it further

RESOLVED, That the Board hereby recommends to the Power

Authority of the State of New York an allocation of 750 kW to applicant Westplex Corporation for a term of five years, and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:

- **applicant is to maintain a total of 93 jobs for revitalization purposes;**
- **such allocation shall be subject to the reduction of power, energy conservation and the affirmative action provisions set forth in the Power Authority's standard form of contract for Economic Development Power.**

7. **Economic Development Plan for the Use of Industrial Incentive Awards**

The members of the Economic Development Power Allocation Board (Power Allocation Board) approved an Economic Development Plan ("Plan") for 1995 submitted by the Power Authority of the State of New York ("Authority") for the use of industrial incentive awards pursuant to Section 188 of the Economic Development Law ("EDL").

Section 1005 of the Power Authority Act as amended directs the Authority to identify annually net revenues produced by the sale of Expansion Power, which is 250 MW of firm hydroelectric power generated at the Niagara Power Project allocated to businesses within 30 miles of the Niagara switchyard and in Chautauqua County. The Authority is further directed to identify an amount of such net revenues that shall be used solely for industrial incentive awards. These awards are to be made in conformance with a Plan covering all such net revenues. Plans are to be submitted annually by the Authority to the Power Allocation Board and approved by the Power Allocation Board pursuant to the EDL.

Net revenues are defined by Section 1005 of the Power Authority Act as any excess of revenues properly allocated to the sales of Expansion Power over costs and expenses properly allocated to such sales.

In connection with approval of an application for power submitted on behalf of Chase Manhattan Bank, the Power Allocation Board approved a resolution on December 1, 1988 that concluded:

NOW THEREFORE BE IT RESOLVED, That the Board hereby endorses the use, to the extent necessary, of approximately \$83 million of available industrial incentive awards for the purpose of assisting Power Authority efforts to contain future FitzPatrick production rate increases to an average of no more than 5 percent every other year for all industrial, business, and Economic Development Power customers of the plant; and be it further

RESOLVED, That this Board hereby recommends that a future Board act affirmatively on any economic development plan submitted to it subsequently by the Authority to the extent it provides for such use of industrial incentive awards.

At their meeting of July 31, 1990, the Trustees of the Authority approved for a five year period Plans that provide for the use of net revenues from the sale of Expansion Power which support industrial rates of the James A. FitzPatrick Nuclear Power Plant ("FitzPatrick"). The

Power Allocation Board previously approved Plans submitted annually by the Authority for 1990 through 1994, that provided for such use of the net revenues. Through calendar year 1993, the Authority has reported net revenues cumulating to \$13,209,000.

The costs of producing Economic Development Power ("EDP") are greater than the revenues produced by such sales. The Authority last increased the rates for industrial customers of the FitzPatrick Plant, including EDP customers, by an average of 5 percent effective January 1, 1993. There was no rate increase for 1994. FitzPatrick rates were revised previously in 1990 and 1991.

In order to continue to market EDP on a competitive basis consistent with the aim of the legislation creating the Power Allocation Board, the rates for FitzPatrick power must be kept low enough to be of sufficient economic incentive for industries to locate or expand in New York State. Cumulative net revenues of \$13,209,000 produced through 1993, were utilized in conformance with Plans approved by the Power Allocation Board to support industrial rates of the FitzPatrick Plant.

In calendar year 1994, net revenues of \$6,946,000 were produced from the sale of Expansion Power.

Staff recommended that the Board approve the Economic Development Plan submitted by the Authority which provides for the use of net revenues produced in 1994 from the sale of Expansion Power to support industrial rates of the James A. FitzPatrick Nuclear Power plant as described herein.

The following resolution was unanimously adopted by those members of the Board present:

RESOLUTION

WHEREAS, section 1005 of the Public Authorities Law authorizes the Power Authority of the State of New York to identify an amount of the net revenues produced by the sale of Expansion Power which shall be used for industrial incentive awards; and

WHEREAS, such industrial incentive awards must be made in conformance with an Economic Development Plan submitted by the Authority and approved by the Board pursuant to Section 188 of the Economic Development Law; and

WHEREAS, the Board, on December 1, 1988, endorsed the use, to the extent necessary, of approximately \$83 million of available industrial incentive awards for the purpose of assisting Authority efforts to contain future FitzPatrick rate increases to an average of no more than 5 percent every other year for all industrial,

business, and Economic Development Power customers of the plant; and

WHEREAS, the Board, on December 1, 1988, recommended that any Economic Development Plan submitted by the Authority in the future be approved to the extent it provides for such use of industrial incentive awards; and

WHEREAS, the Authority has approved an Economic Development Plan for 1995 that provides for the use of net revenues from the sale of Expansion Power to support industrial rates of the FitzPatrick Nuclear Power Plant and further, has authorized the submission of such Plan to the Board for its approval;

NOW THEREFORE BE IT RESOLVED, That the Board hereby determines that the Economic Development Plan for 1995, which is submitted by the Authority, and its implementation is consistent with the criteria and requirements provided for in Sections 184 and 185 of the New York Economic Development Law and in Part 370 of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York; and be it further

RESOLVED, That the Power Allocation Board hereby approves such Plan providing for the use of net revenues from the sale of Expansion Power to support industrial rates of the James A. FitzPatrick Nuclear Power Plant, in accordance with the attached memorandum.

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8. Status of Approved Applications

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9. Summary of Action on Applications

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10. Next Meeting

It was agreed that the next meeting of the Board would be held at such time as new applications for power are available for consideration.

11. Closing

On motion duly made and seconded, the meeting was closed at 2:55 p.m.