

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

**January 26, 1998**

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**January 26, 1998**

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 11:00 a.m.

The following Members of the Board were present:

1. Clarence D. Rappleyea - Chairman
2. James A. Duncan
3. Joseph M. DelSindaco

Also in attendance were:

Eugene W. Zeltmann	President and Chief Operating Officer, NYPA
C. John Clemente	Deputy General Counsel, NYPA
Joseph J. Carline	Assistant General Counsel, NYPA
Daniel Berical	Vice President – Policy and Governmental Affairs, NYPA
Louise M. Morman	Senior Vice President – Marketing and Economic Development, NYPA
Gary Paslow	Executive Director – Policy Development, NYPA
John Hamor	Director – Intergovernmental Relations, NYPA
James H. Yates	Director – Business Marketing and Economic Development, NYPA
Anne Wagner-Findeisen	Deputy Secretary, NYPA
Vernadine E. Quan-Soon	Assistant Secretary - Corporate Affairs, NYPA
Joseph Gryzlo	Senior Attorney, NYPA
Stephen Shoenholz	Vice President – Public Affairs, NYPA
John L. Murphy	Director – Public Information, NYPA

James F. Pasquale

Manager - Business Power Allocations and  
Compliance, NYPA

Michael J. Huvane

Account Executive, NYPA

Kevin Lanahan

The Business Council of New York State, Inc.

Diamond Kongoletos

Westchester County Energy Services

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 15, 1997 were unanimously adopted by those members of the Board present.

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**3. Introduction by Chairman Clarence D. Rappleyea**

Chairman Rappleyea welcomed the Board members and the public attendees. The Chairman stated that as EDPAB convenes for the second time to review Power for Jobs applications, interest in the program continues to grow. EDPAB has received more than 1,600 inquiries and has sent 530 applications to potential customers.

The first five allocations submitted to the Board had been selected from a set of 25 applications, the remaining 20 were included with another 90-plus applications received after the first review process was completed.

The review process included the active participation of the Empire State Development Corporation and the Public Service Commission's Office of Business Advocate. A wide range of factors were reviewed, including jobs created, jobs retained, energy savings, investment, payroll, community impacts, etc.

The 25 initial applications were from the LILCO, NIMO and NYSEG service areas only. The set reviewed for this meeting included applications from additional service territories.

These 32 recommended allocations, however, do not include potential allocations in the Rochester Gas and Electric region in view of ongoing discussions concerning RG&E proposed delivery rates, which significantly reduce the savings available under the program. The PSC is working to address that issue and pending such resolution, those applications are being held in abeyance.

Nor are there currently any recommended allocations set for the Orange and Rockland service area. Several applications were received and are pending review.

Chairman Rappleyea emphasized that no applications have been rejected and all are still under active consideration as the process continues. For example, 10 of the 20 applications that remained after the first submittal to the Board are included in this set of recommendations.

Mr. Yates presented a review of the recommended allocations by utility service territory.

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4. Air-Lock Plastics, Inc.  
Appleton Papers, Inc.  
Avon Injected Rubber and Plastics Inc.  
Fiber Glass Industries, Inc.  
Ford Motor Company-Buffalo Stamping Plant  
Homogeneous Metals, Inc.  
International Filler Corporation  
Kaufman's Bakery, Inc.  
Mohawk Paper Mills, Inc.  
Queensboro Farm Products, Inc.  
Revere Copper Products, Inc.

The Members of the Board present considered the applications for Power for Jobs for retention purposes submitted on behalf of Air-Lock Plastics, Inc., Tonawanda – Erie County; Appleton Papers, Inc., Newton Falls – St. Lawrence County; Avon Injected Rubber and Plastics, Inc., Albion – Orleans County; Fiber Glass Industries, Inc., Amsterdam – Montgomery County; Ford Motor Company – Buffalo Stamping Plant, Buffalo – Erie County; Homogeneous Metals, Inc., Clayville – Oneida County; International Filler Corporation, North Tonawanda – Niagara County; Kaufman's Bakery, Inc, Buffalo – Erie County; Mohawk Paper Mills, Inc., Cohoes – Albany County; Queensboro Farms Products, Inc., Canastota – Madison County; and Revere Copper Products, Inc., Rome – Oneida County, all located in the Niagara Mohawk service territory.

Air-Lock Plastics, Inc. – Air-Lock Plastics has been in business since 1966, operating in the town of Tonawanda for 27 years. However, the company has had to ship more products to the SE as customers are relocating or expanding in the South. Its southern competitors are closer to the customer and, therefore, have lower operations costs. Air-Lock's largest customer, MTD is being forced by its customers to lower costs. The pressure is on Air-Lock to do the same. The company has made inquiries in the Southeast in regards to relocation, where it has found that it can “reduce power costs, work in a friendly environment and get substantial incentives by moving south.” The company is considering locating in South Carolina. A Power for Jobs allocations would enable Air-Lock to reduce operations costs, remain competitive, and most importantly, remain in New York State and keep 98 jobs and \$2.5 million in payroll.

Appleton Papers, Inc. - The Newton Falls Mill was purchased by Appleton Papers in 1995 as an entry into the coated wood-free paper business. Since this purchase, Appleton has invested over \$34.8 million in process and equipment improvements at the site. In addition, a new grade line was developed and marketed.

The Newton Falls Mill has been unprofitable for the past 24 months. The company

is currently completing a restructuring of the mill to improve the cost base of the facility. One of the three paper machines has been shut down along with a substantial amount of converting equipment. More than 150 jobs have been eliminated as part of this restructuring. The mill can survive if the company can get the facility to the break- even point and then to profit. The electric rates at Newton Falls are extremely high – more than 2 times higher than electrical rates at Appleton’s other coated free sheet mill in Combined Locks, Wisconsin.

**Avon Injected Rubber and Plastics, Inc.** - Avon Injected Rubber and Plastics, Inc. has been manufacturing injected molded rubber products for the automotive industry since 1977. The company reports a 33% drop in sales over the last several years, due to competitors in the midwest that offer lower prices, based on lower costs. Annual sales at the Albion facility have dropped from a high of \$12,000,000 to \$8,400,000 in 1997. The company is considering closing the Albion facility and merging the New York State based operation with a corporate facility in Manton, Michigan. This would result in a loss of 97 manufacturing jobs in New York State. With a PFJ allocation, however, the company can maintain its current employment rate and perhaps add up to 15 new jobs.

**Fiber Glass Industries, Inc.** - Fiber Glass Industries was founded in 1957 as a weaver of glass yarn. In 1980, the company began construction of glass manufacturing at Edison Street and began operations in 1982. Until 1988, the company had gone through bankruptcy and experienced financial difficulties. In 1985 the business was sold and emerged from bankruptcy in 1988. The company stock is privately held by two individuals, with the Chairman/President owning over 50% of the outstanding shares. If allocated the low - cost power, and with plans to rebuild and widen a furnace in late 1998, Fiber Glass would have the potential to increase production by 30% over existing levels and lower the selling price to generate more business.

**Ford Motor Co. - The Buffalo Stamping Plant** - The Buffalo Stamping Plant competes directly with other Ford stamping plants in Ohio, Illinois and Michigan where the cost of power is considerable less than in New York. Ford Motor Co. bases sourcing decisions largely on the cost structures of its various facilities. Buffalo Stamping’s location and associated transportation costs, taxes and utilities make operations at the site uncompetitive. The facility must reduce its taxes and utilities and gain a competitive advantage in order for it to maintain its present position and long-term viability.

**Homogeneous Metals, Inc.** - Homogeneous Metals is at risk of closing or relocating part of its operations to Columbus, Georgia where it has excess manufacturing space and lower cost of power. Staff recommends that an allocation of 500 kW be approved for a term of three years.

**International Filler Corporation** - International Filler operates another plant in Nitro, West Virginia where its electric cost is less than 5 cents/kWh. The company is seriously considering relocating out of New York State.

International Filler feels that without power cost reduction, there is no reason to remain a New York State employer since Ohio, West Virginia and Pennsylvania all offer better power costs, workers' compensation and tax incentives. The other sites would allow the company to be close to its customer base. Staff recommends that an allocation of 400 kW be approved for a term of three years.

**Kaufman's Bakery, Inc.** - Kaufman's is a family owned business operating as a variety baker of breads, hard and soft rolls for over 60 years, serving customers throughout the states of New York, Ohio, Pennsylvania and the province of Ontario, Canada.

Net sales, which amounted to approximately \$22 million for the year ended December 1996, are both to retail and institutions, such as hospitals, restaurants and schools, with a concentration of business with the institutions. The new loading dock project will enable Kaufman's to load its trailers quicker and therefore delivery will be made on a more timely fashion. The construction of the dock and the acquisition of an adjacent road and building are dependent on Kaufman's obtaining low-cost power. Without this power, management will not increase its current high operating costs by making the investment into an old building located in the inner city of Buffalo.

**Mohawk Paper Mills, Inc.** - Mohawk Paper Mills, Inc. is an independent family owned manufacturer of specialty printing and writing papers. The company owns and operates the Waterford and Cohoes paper mills which together house approximately 500,000 square feet of manufacturing space and contains three paper machines and two converting and packaging operations. Current annual production is expected to reach approximately 75,000 tons. The company has recently begun to expand its export markets with approximately 8% of its products shipped internationally.

To achieve sales objectives planned for the next two years, it is imperative that operating costs be reduced to the level of Mohawk's competition. The company's survival is largely dependent upon its ability to control operating costs while competing in a very price sensitive market. Staff recommends that an allocation of power be approved for business retention for three years.

**Queensboro Farm Products, Inc.** - Queensboro Farm Products is a family owned, privately held corporation founded in 1909. The company has yearly sales in excess of \$60 million. Queensboro is a major supplier to milk, cream, ice cream and cheese manufacturers in the Eastern United States. It is considering investing in equipment to upgrade its refrigeration process to increase capacity and reduce operations costs. It is also in discussions with John Burke Agrimark Cooperative in West Springfield, Massachusetts to take over manufacturing operations because of high operations costs in NYS. This would result in the loss of 40 jobs.

**Revere Copper Products, Inc.** - Revere is a manufacturer of copper and brass coils, sheets, bus bar, extruded shapes, and large plates. The company is the largest non-government employee in Rome, with 140 million pounds of its product sold annually, generating nearly \$200 million in revenue. Electrical power represents over 10 percent of the company's operating costs. Without competitive power rates from the Authority,

Revere would have discontinued operations in 1993. At that time, the company reached an agreement with Niagara Mohawk for an Economic Revitalization Incentive Rider (“ERIR”) rate reduction which will expire at the end of 1997. The company also received a five year Power Authority for 6 megawatts of Economic Development Power (“EDP”) which expires December 31, 1999. Revere is seeking to replace all of Niagara Mohawk's supplied power.

This represents approximately 9 MW to go along with the Authority's current 6 MW of EDP. Receiving a Power for Jobs allocation will help stabilize Revere's financial condition and allow the company to make needed capital investments to secure the company's future. Staff recommends that a Power for Jobs allocation be approved for business retention for three years.

Following consideration of such applications, the members of the Board present voted unanimously to adopt the following resolution, except that Board member Duncan abstained from voting on the proposed allocations to: Air-Lock Plastics, Inc.; Avon Injected Rubber and Plastics, Inc.; Ford Motor Company – Buffalo Stamping Plant; and Revere Copper Products, Inc.

**WHEREAS, Air-Lock Plastics, Inc.; Appleton Papers, Inc.; Avon Injected Rubber and Plastics, Inc.; Fiber Glass Industries, Inc.; Ford Motor Company – Buffalo Stamping Plant; Homogeneous Metals, Inc.; International Filler Corporation; Kaufman’s Bakery, Inc.; Mohawk Paper Mills, Inc.; Queensboro Farms Products, Inc.; and Revere Copper Products, Inc.; have applied for allocations of Power for Jobs Service for job retention purposes; and**

**WHEREAS, an allocation of 400 kW would result in a ratio of 245 jobs per MW for Air-Lock Plastics, Inc.; an allocation of 3,000 kW would result in a ratio of 132 jobs per MW for Appleton Papers, Inc.; an allocation of 400 kW would result in a ratio of 243 jobs per MW for Avon Injected Rubber and Plastics, Inc.; an allocation of 700 kW would result in a ratio of 186 jobs per MW for Fiber Glass Industries, Inc.; an allocation of 5,000 kW would result in a ratio of 407 jobs per MW for Ford Motor Company – Buffalo Stamping Plant; an allocation of 500 kW would result in a ratio of 236 jobs per MW for Homogeneous Metals, Inc.; an allocation of 400 kW would result in a ratio of 205 jobs per MW for International Filler Corporation; an allocation of 400 kW would result in a ratio of 635 jobs per MW for Kaufman’s Bakery, Inc.; an allocation of 2,250 kW would result in a ratio of 147 jobs per MW for Mohawk Paper Mills, Inc.; an allocation of 500 kW would result in a ratio of 154 jobs per MW for Queensboro Farm Products, Inc.; and an allocation of 2 MW would result in a ratio of 246 jobs per MW for Revere Copper Products, Inc.**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further**

**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York allocations totalling 15.55 MWs for Niagara Mohawk’s service**

**territory for three years, and that the following terms be incorporated into the Power Authority's contracts for Power for Jobs Service:**

- **applicants to maintain a total of 4,109 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

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5. **Diversified Manufacturing, Inc.**  
**Hammond and Irving, Inc.**  
**IBM – Endicott**  
**Seneca Knitting Mills Corporation**  
**Toshiba Display Devices, Inc.**  
**Ultralife Batteries, Inc.**

The Members of the Board considered the application for Power for Jobs for retention purposes submitted on behalf of Diversified Manufacturing, Inc.; Hammond and Irving, Inc.; IBM – Endicott; Seneca Knitting Mills Corporation; Toshiba Display Devices, Inc.; and Ultralife Batteries, Inc. in the New York State Electric and Gas service territory.

**Diversified Manufacturing, Inc.** Ownership of Diversified Manufacturing is held by two partners with no holding company or subsidiary. Diversified is a highly skilled job shop, specializing in designing, machining and fabricating for variety of customers. The recent increase in sales orders for the vessel manufacturing part of the company went from ten a year to over 20 the following year. DMI's business has continued to grow and a new, modern 30,000 square foot building which was constructed previously on Ohio Street, was enlarged to 100,000 square foot, and serves as the company headquarters. In 1995, a 3,700 square feet of additional warehouse space was leased in order to free up manufacturing space. This request for low-cost power is critical in controlling operating costs and competitive pricing.

**Hammond & Irving, Inc.** - Hammond & Irving is a privately held corporation that began in 1919. It manufactures seamless rolled rings and open die Hammond & Irving forgings, mainly for the bearing industry.

Hammond & Irving has embarked on an aggressive expansion program which will add an additional 20 jobs over the next three years.

**IBM – Endicott** IBM has relocated segments of its product lines previously manufactured at Endicott to Bromont, Quebec and Boulder, CO where the cost of electricity is less than 5 cents/kWh. The company has recently announced a restructuring program due to competition in several product lines. Receipt of a PFJ of allocation would greatly enhance its competitive position in the industry. It is recommended that an allocation of 3,500 kilowatts be approved for a term of three years.

**Seneca Knitting Mills Corporation** Seneca Knitting Mills is owned by Ridgeview Mills, which is a public company based in Newton, North Carolina. Senior management is currently reviewing a proposal to possibly relocate Seneca to Alabama or North Carolina. Meanwhile, there are plans to try to avoid the relocation through effective savings from a low cost power allocation. There are plans of capital investment to purchase a new Lanoti knitting machine, a new yarn twister, a new extractor for the washroom and a climate control for the knitting room, if Seneca were to receive the allocation requested.

**Toshiba Display Devices, Inc. (“TDD”)** - TDD is a Japanese owned company with identical plants in Japan and Thailand. The production capacity could be transferred to these locations in short order. Further, Korean, (Samsung, Orion and Japanese (Sony) Color Picture Tubes (“CPT”)) manufacturers have built state-of-the-art production facilities in Mexico. Additionally, tremendous business opportunities are quickly developing in Mainland China. Therefore, Toshiba is not only in jeopardy of moving out of New York but subject to relocation outside of the United States.

The challenge for Toshiba is to find ways to operate the company despite the business disadvantages of operating in New York State. At a minimum, if the company can minimize the competitive advantages with regard to energy costs, it will be able to focus on competing on the merits of operating efficiency.

The primary benefit of an allocation will be to maintain employment levels. Toshiba’s employment levels are at an all time high, growing from 1400 in January 1997 to 1550 by September 1997. This job growth stems from increased sales prospects from large size picture tubes. Provided the company can control operating costs and sales prices, future prospects remain promising.

**Ultralife Batteries, Inc.** - Ultralife Batteries, Inc. has grown from 3 employees in 1991 to over 300 employees today. The company is currently working with the Wayne County Industrial Development Agency (“WCIDA”) and the Empire State Development Corporation to purchase the campus on which it resides in order to establish a worldwide manufacturing headquarters. An allocation would further the applicant’s ability to proceed with its plans. By reducing operating costs it is anticipated that approximately 180 new jobs could be added by year 2001.

Ultralife is also investigating alternatives to the Newark, New Jersey site including potential headquarters in Raleigh, North Carolina or County Cork, Ireland.

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

**WHEREAS, Diversified Manufacturing, Inc.; Hammond and Irving, Inc.; IBM – Endicott; Seneca Knitting Mills Corporation; Toshiba Display Devices, Inc.; and Ultralife Batteries Inc. have applied for an allocation of Power for Jobs Service for job retention purposes; and**

**WHEREAS, an allocation of 320 kW would result in a ratio of 453 jobs per MW for Diversified Manufacturing, Inc.; an allocation of 600 kW would result in a ratio of 190 jobs per MW for Hammond and Irving, Inc.; an allocation of 3,500 kW would result in a ratio of 1,594 jobs per MW for International Business Machines, Inc.; an allocation of 400 kW would result in a ratio of 508 jobs per MW for Seneca Knitting Mills Corporation; an allocation of 3,500 kW would result in 449 jobs per MW for Toshiba Display Devices, Inc.; and an allocation of 1,800 kW would result in a ratio of 247 jobs per MW for Ultralife Batteries Inc.;**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further**

**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York allocations of totalling 10.12 kW/MW for NYSE&G's service areathree years, and that the following terms be incorporated into the Power Authority's contracts for Power for Jobs Service:**

- **applicants to maintain a total of 8,057 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

6. AIL Systems, Inc.  
Commercial Envelope Manufacturing Co., Inc.  
Curtiss-Wright Flow Control Corporation  
I. W. Industries, Inc.  
Kozy Shack  
Photocircuits Corporation

The Members of the Board considered the application for Power for Jobs for retention purposes submitted on behalf of AIL Systems, Inc.; Commercial Envelope Manufacturing Co., Inc.; Curtiss-Wright Flow Control Corporation; I. W. Industries, Inc.; Kozy Shack; and Photocircuits Corporation in the Long Island Lighting Company service territory.

AIL Systems, Inc. - AIL Systems, Inc. is a leading systems integrator and producer of high technology electronic products for defense and commercial applications. The company has been supplying advanced electronic solutions to this nation's military and other governmental agencies for the past 50 years. On October 1, 1997, AIL became an employee- owned company, with majority ownership being transferred from Eaton Corp., the parent company of AIL, to an AIL Employee Stock Ownership Plan (ESOP). AIL has a 773,000 square foot facility which is not being occupied to its full capacity. The company is aggressively pursuing acquisitions which are intended to be relocated to this facility to allow it to be more efficiently utilized. The power savings will have a positive impact on increasing earnings and reducing overhead.

Commercial Envelope Manufacturing Co., Inc. In 1995, Commercial Envelope completed a 120,000 sq. ft. facility in Altoona, Pennsylvania which is large enough to immediately accept 40% of its Long Island production. The allocation would allow the company to retain existing employment levels within New York State. It is recommended that an allocation of 700 kilowatts be approved for a term of three years.

Curtiss-Wright Flow Control Corporation Curtiss-Wright Flow Control Corporation is a wholly owned subsidiary of Curtiss-Wright Corporation. While the organization is very profitable (sales of \$25 million are projected for 1997, 1998 and 1999), it is looking to lower its energy costs to remain competitive. It is investing \$1.4 million in equipment to upgrade its facility and retain jobs on Long Island; however, because of high operating costs, it is considering moving its operation to Fairfield, New Jersey in 1999. This would mean a loss of 170 jobs with an annual payroll of \$11 million. It would also mean a loss of millions in revenue and possibly of jobs the company subcontracts to various local Long Island vendors.

**I. W Industries, Inc.** - I. W. Industries has acquired a 40,000 square foot building on 3.9 acres. The company expects to hire at least 30 people in the next three years. Approval of allocation would greatly enhance its competitive position in the industry. It is recommended that an allocation of 1,200 kilowatts be approved for a term of three years.

**Kozy Shack** - Kozy Shack was founded 30 years ago in Brooklyn, New York. It has operations in Hicksville, Long Island and a facility in Turlock, California, which opened in 1995. The company is growing at an annual rate of 30%. It needs to increase production volume to keep pace with customer demand. Therefore, it must either automate its existing manufacturing facility on Long Island, or start a new facility in Springfield, Missouri. Its management has visited potential sites there and is interested in the “advantages” the state offers. Power for Jobs would enable Kozy Shack to boost its current employment level in NYS by 50%.) Kozy Shack submitted an addendum on December 9, 1997 to its original application, modifying its status to retention. The company’s owner has reevaluated the necessity and cost of operating on L.I. He is now considering Springfield for a total relocation. The company forecasts production increases of 30% a year for the next 4 years. Since 8% of Kozy’s overhead is electricity related, the company would realize significant decreases in operations with a total relocation.

**Photocircuits Corporation** - Photocircuits Corporation is a large manufacturer of single-sided, tow-sided and multi-layer printed circuit boards. The company is one of the largest independent manufacturers of printed circuit boards in North America and the leading supplier to the U.S. automotive industry. In addition, the company also serves many market segments within the electronic industry and continues to expand its customer base in the computer hardware and telecommunications industries. It is recommended that an allocation of Power for Jobs be approved for business retention for three years.

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

**WHEREAS, AIL Systems, Inc.; Commercial Envelope Manufacturing Co., Inc.; Curtiss-Wright Flow Control Corporation; I. W. Industries, Inc.; Kozy Shack and Photocircuits Corporation have applied for an allocation of Power for Jobs Service for job retention purposes; and**

**WHEREAS, an allocation of 2,700 kW would result in a ratio of 328 jobs per MW for AIL Systems, Inc.; an allocation of 700 kW would result in a ratios of 249 jobs per MW for Commercial Envelope Manufacturing Co., Inc.; an allocation of 600 kW would result in a ratio of 297 jobs per MW for Curtiss-Wright Flow Control Corporation; an allocation of 1,200 kW would result in a ratio of 320 jobs per MW for I. W. Industries, Inc.; an allocation of 1,000 kW would result in a ratio of 139 jobs per MW for Kozy Shack; and an allocation of 4,000 kW would result in a ratio of 507 jobs per MW for Photocircuits Corporation;**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further**

**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York allocations totalling 10.2 MW for Long Island Lighting Company's service areas for three years, and that the following terms be incorporated into the Power Authority's contract for Power for Jobs Service:**

- **applicants to maintain a total of 3,789 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

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7. Alvin J. Bart & Sons, Inc.  
IBM – Mt. Pleasant  
IBM – 590 Madison Avenue  
IBM – 33 Maiden Lane  
IBM – North Castle  
IBM – 1133 Westchester Avenue  
IBM – 44 South Broadway  
Sprint Communications, LP  
Northeast Solite Corporation

The Members of the Board considered the application for Power for Jobs for retention purposes submitted on behalf of Alvin J. Bart & Sons, Inc.; IBM – Pleasant; IBM – 590 Madison Avenue; IBM – 33 Maiden Lane; IBM – North Castle; IBM – 1133 Westchester Avenue; IBM – 44 South Broadway; and Sprint Communications, LP in the Consolidated Edison territory, and Northeast Solite Corporation in the Central Hudson territory.

Alvin J. Bart & Sons, Inc. - Alvin J. Bart & Sons, Inc., is a service oriented printing firm with its own printing facilities, including 14 printing presses, a large desk-top publishing department, a complete pre-press department, and a fully equipped bindery. The company is faced with competitive pricing pressures and reduced profit margins. Alvin J. Bart & Sons, Inc. is seriously considering relocating to New Jersey or Connecticut where electricity costs are lower.

IBM - Mt. Pleasant - IBM - Mt. Pleasant is an office complex that houses corporate staff, sales, and marketing organizations and supports both internal and external customers throughout New York State, the U.S. and worldwide. IBM is continuously looking at ways to reduce operating expenses to improve its competitiveness in a world-wide market place for IBM's hardware, software, and services businesses. IBM has approximately 10 million square feet of vacant space in the United States. Because of IBM's data networks and connectivity, this facility's staff could easily be relocated to a location which has lower operating costs. An allocation of lower cost Power for Jobs power will help stabilize employment by reducing the cost of IBM's facilities operations. It is recommended that an allocation of Power for Jobs power be approved for business retention for three years.

IBM 590 - Madison Avenue - IBM - 590 Madison Ave. provides internal and external direct marketing and marketing support functions for its large list of customers throughout the tri-state region. The building is considered a field location housing corporate staff, sales, marketing, services, education, and administrative personnel. In addition to its assigned population, up to 400 additional people visit the facility daily for classes, meetings and briefings. IBM is continuously looking at ways to reduce operating expenses to improve its competitiveness in a world-wide market place for IBM's hardware, software, and services businesses. IBM is considering a relocation of its 590 Madison Ave. facilities to Dayton,

New Jersey where there are approximately 300,000 square feet of vacant space ready to be occupied. It is recommended that an allocation of Power for Jobs power be approved for a term of three years.

**IBM 33 - Maiden Lane** - IBM - 33 Maiden Lane is a marketing and services location in New York City, supporting the banking, finance and securities industries. Its primary mission is to provide consulting services and product sales to the various clients in downtown New York. IBM currently has approximately 257,000 square feet of space on lease of which 189,000 is currently sublet to various companies and about 67,000 is retained for IBM use. An allocation of lower cost Power for Jobs power will allow the retention of existing administrative services to remain in New York rather than relocating to Dayton, New Jersey, which would be able to house administrative services there. It is recommended that an allocation of Power for Jobs power be approved for a term of three years.

**IBM - North Castle** - The IBM - North Castle facility is an office complex that houses IBM's corporate staff organizations. A Power for Jobs allocation will help stabilize employment by reducing the cost of operations and assist in reducing overall employee overhead costs. Reduced overhead costs make the services produced at the North Castle facility more competitive in the external market place. It is recommended that an allocation of Power for Jobs power be approved for business retention purposes for three years.

**IBM - 1133 Westchester Avenue** - The IBM - 1133 Westchester Avenue facility is an office complex that houses IBM's sales and distribution organization for North America as well as other corporate staff organizations. A Power for Jobs allocation will help stabilize employment by reducing the cost of operations and assist in reducing overall employee overhead costs. Reduced overhead costs make the services produced at 1133 Westchester Avenue more competitive in the external market place. It is recommended that an allocation for Power for Jobs power be approved for business retention for three years.

**IBM - 44 South Broadway** - The IBM - 44 South Broadway facility is an office complex that houses IBM's corporate staff organizations which support both internal and external customers. A Power for Jobs allocation will help stabilize employment by reducing the cost of operations and assist in reducing overall employee overhead costs. Reduced overhead costs make the services produced at the 44 South Broadway facility more competitive in the external market place. It is recommended that a Power for Jobs allocation be approved for business retention for three years.

**Sprint Communications LP** - Sprint Communications LP is looking into various estate options because its current lease expires in 1999. One of the sites being considered is Weehawken, New Jersey, which offers lower rent and about 40% lower cost of electricity based on analysis done by PSE&G. It is recommended that an allocation of 700 kW be approved for a term of three years.

**Northeast Solite** Established in 1961, Northeast Solite is a subsidiary of Solite Corp., which is headquartered in Richmond, Virginia. Solite is used from New England to Florida and as far west as Chicago. Other plants use waste fuel, while NE Solite purchases coal for fuel. Therefore, its cost of production has been higher. Power for Jobs will enable the company to

eliminate a winter shutdown (2-3 weeks), planned for '97-'98 and to shorten shutdowns planned for future years. The company states that if it cannot reduce operating costs, it runs the risk of losing existing and potential business and ultimately, 48 jobs in New York State.

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

**WHEREAS, Alvin J. Bart, Inc.; IBM – Mt. Pleasant; IBM –590 Madison Avenue; IBM – 33 Maiden Lane; IBM – North Castle; IBM – 1133 Westchester Avenue; IBM – 44 South Broadway; and Sprint Communications, L. P have applied for an allocation of Power for Jobs Service for job retention purposes; and**

**WHEREAS, an allocation of 700 kW would result in a ratio of 244 jobs per MW for Alvin J. Bart, Inc.; an allocation of 2,400 kW would result in a ratio of 422 jobs per MW for IBM – Mt. Pleasant; an allocation of 750 kW would result in a ratio of 958 jobs per MW for IBM –590 Madison Avenue; an allocation of 600 kW would result in a ratio of 613 jobs per MW for IBM – 33 Maiden Lane; an allocation of 2,200 kW would result in a ratio of 386 jobs per MW for IBM – North Castle; an allocation of 4,400 kW would result in a ratio of 428 jobs per MW for IBM – 1133 Westchester Avenue; an allocation of 400 kW would result in a ratio of 1,205 jobs per MW for IBM – 44 South Broadway; an allocation of 700 kW would result in a ratio of 106 jobs per MW for Sprint Communications,;**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further**

**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York allocation totalling 12.15 MW for the Consolidated Edison service areas for three years, and that the following terms be incorporated into the Power Authority's contracts for Power for Jobs Service:**

- **applicants to maintain a total of 5,561 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service; and**

**WHEREAS, Northeast Solite Corporation has applied for an allocation of Power for Jobs Service for job retention purposes; and**

**WHEREAS, an allocation of 600 kW would result in a ratio of 80 jobs per MW for Northeast Solite Corporation;**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further**

**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 0.6 MW for the Central Hudson service area for three years, and that the following terms be incorporated into the Power Authority's contract for Power for Jobs Service:**

- **applicant to maintain a total of 48 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

Chairman Rappleyea underscored that the recommended allocations represent an excellent geographic mix, and an assortment of types of industries each of which presented serious re-location options and/or solid expansion plans. The result is an outstanding job/MW impact of: 21,564 jobs for 48.62 MW and 444 job/MW ratio, i.e., four times the EDPAB's 100 jobs/MW benchmark.

As a result of the high jobs/MW ratio, the PFJ program is far exceeding expectations. It was originally estimated that it could affect 40,000 jobs over the full three-year term of the program. Only two months into the process, Power for Jobs is already protecting 27,000 jobs.

This round of allocations (48.62 MW) combined with the first allocations (10.9 MW) amounts to a total 59 MW -- roughly half the amount of MW available in the first year for allocations to business.

The applications received to date request more than 400 MW -- more than the entire three-year total of the program. Of the 160 completed applications on hand, about half of the MW's requested are from the NIMO service area: yet, only 21% of the allocations are targeted by statute to the NIMO area. In contrast, less than one-tenth of the MW's requested are from the Con Edison territory. Forty-one percent of the total allocation is targeted by statute to the Con Edison region.

This set of recommended allocations bring the total very close to the annual allocation limits in the Niagara Mohawk and NYSEG regions.

Chairman Rappleyea further noted that the EDPAB is authorized by the "Power for Jobs" statute to re-allocate under certain conditions, and cited the following provision:

[T]he board may recommend an allocation which exceeds any proportional distribution if it determines that such an allocation would advance the public policy set forth in this section to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State.

The Chairman also noted that if the pattern of demand continues, the Board may consider such a reallocation option at a future meeting.

January 26, 1998

8. Informational Item – Economic Development Power - Status of Approved Applications and Summary of Action on Applications

January 26, 1998

9. Informational Item – Power for Jobs – Status of Approved Applications and Summary of Action on Applications

**January 26, 1998**

**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.

**Closing**

The meeting was adjourned at 11:30 a.m.