

***MINUTES OF THE REGULAR
MEETING OF
THE ECONOMIC DEVELOPMENT POWER
ALLOCATION BOARD
June 22, 1999***

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Clemente Sot Velez Culture Center
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D.C. Wholesale
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Dance Theatre of Harlem
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E. G. Foods
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Lesbian & Gay Community Services
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Meidi Ya, Inc.
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National Academy of Design
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Ruby Freeman, Inc.
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Symphony Space
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The Kitchen
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The Moving Image
New York City - New York County – CON EDISON

Urban Glass
Brooklyn – Kings County – CON EDISON

Vineland Kosher Poultry
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The Lawrence Ripak Company
West Babylon – Suffolk County – LIPA

Maloya Laser
Commack – Suffolk County – LIPA

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Superior Washer
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Niagara Mohawk Service Territory

American Diamond Tool

Buffalo – Erie County – NIMO

Boston Scientific (NAMIC)

Glens Falls – Warren County – NIMO

C. R. Bard, Inc.

Queensbury – Warren County – NIMO

Clarkson University

Potsdam – St. Lawrence County – NIMO

Community Baseball Club of Central New York

Syracuse – Onondaga County – NIMO

CTX Printing

Cambridge – Albany County – NIMO

Curtis Screw

Buffalo – Erie County – NIMO

CWM Chemical

Model City – Niagara County - NIMO

Jewitt, Inc.

Buffalo – Erie County – NIMO

Milligan & Higgins

Johnstown – Fulton County – NIMO

Oberdorfer Industries

Syracuse – Onondaga County – NIMO

Oehler Industries, Inc.

Buffalo – Erie County – NIMO

Paul Bunyan Products

Preble – Cortland County - NIMO

Specialized Packaging Radisson

Baldwinsville – Onondaga County – NIMO

St. Clair's Hospital of Schenectady

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Custom Electronics
Oneonta – Otsego County – NYSEG

Diversified Controls & Systems, Inc.
Orchard Park – Erie County – NYSEG

Fingerlakes Aquaculture
Freeville – Tompkins County - NYSEG

Forsyth Industries
East Aurora – Erie County – NYSEG

Imaging & Sensing Technology Corporation
Horseheads – Chemung County – NYSEG

Mayer Brothers Products
Barker – Niagara County - NYSEG

Newcut, Inc.
Newark – Wayne County – NYSEG

Sanyo Sewing America
Oneonta – Otsego County – NYSEG

The Martisco Paper Company
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June 22, 1999

A regular meeting of the Economic Development Power Allocation Board was held at the New York City office of the Power Authority of the State of New York at 1633 Broadway, Board Room at 3:00 p.m.

The following Members of the Board were present:

Clarence D. Rappleyea - Chairman
H. Douglas Barclay
James A. Duncan

Also in attendance were:

David E. Blabey	Executive Vice President, Secretary and General Counsel, NYPA
Louise M. Morman	Senior Vice President – Marketing & Economic Development, NYPA
Joseph J. Carline	Assistant General Counsel, NYPA
James H. Yates	Director – Business Marketing and Economic Development, NYPA
James Pasquale	Manager – Business Power Allocation and Compliance, NYPA
Gary Paslow	Executive Director – Policy Development, NYPA
Vernadine E. Quan-Soon	Senior Assistant Secretary, NYPA
Laura M. Badamo	Assistant Secretary, NYPA
Michael Petralia	Vice President – Public Affairs, NYPA

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June 22, 1999

Chairman Rappleyea presided at the meeting and Mr. Blabey kept the minutes.

June 22, 1999

1. **Adoption of Minutes**

The minutes of the meeting of May 18, 1999 were unanimously adopted by the Members of the Board present.

June 22, 1999

2. **Opening Remarks of Chairman Clarence D. Rappleyea**

Chairman Rappleyea welcomed the Board Members to the fifth meeting of Year Two of the Power for Jobs program. Chairman Rappleyea noted that at its meeting of May 19, the Board had acted on 59 allocations totaling 21 MW, and that since the onset of the program in December of 1997, the Board has approved 540 allocations totaling 377.4 of the 400 MW available through the end of the current program year. Of the 22.6 MW remaining, there are currently 204 pending applications requesting a total of 295.4 MW.

Chairman Rappleyea further noted that these totals include 53 not-for-profit and 73 small business applications requesting over 62 MW, and that the recommended allocations now before the Board will use the remainder of the power available under the 100 MW set-aside for small business and not-for-profits.

Chairman Rappleyea noted that the review process for recommendations includes participation by the Empire State Development Corporation and the Public Service Commission's Office of Business Advocate. Each application has been reviewed to assess the jobs created, jobs retained, energy savings, investment, payroll, and community impact.

The Chairman stated that today's agenda includes recommendations for allocations that exceed the territorial distribution of the program's megawatts and that the Board is authorized by the "Power for Jobs" statute to consider such recommendations. Specifically, the law states that:

[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.

Mr. Yates then presented the applications as set forth below, and also stated that in addition to the Power for Jobs, the Board would also be asked to consider several proposed allocations of Economic Development Power.

June 22, 1999

3. Consolidated Edison Service Territory

The Members of the Board considered the twenty-eight applications listed below for Power for Jobs.

The following resolution was unanimously adopted by the Members of the Board present.

WHEREAS, the following entities in Consolidated Edison's service territory have applied for allocations of Power for Jobs Service:

**A. L. Bazzini
Bronx – Bronx County**

**Alex Meat Corporation
Brooklyn - Kings County**

**Brooklyn Historical Society
Brooklyn - Kings County**

**Brooklyn Information & Culture
Brooklyn - Kings County**

**Children's Museum
New York City – New York County**

**Chow Brothers
Brooklyn - Kings County**

**Clemente Sot Velez Culture Center
New York City - New York County**

**D.C. Wholesale
Brooklyn - Kings County**

**Dance Theatre of Harlem
New York - New York County**

**E. G. Foods
Brooklyn – Kings County**

**Fort Meat Wholesale
Brooklyn - Kings County**

**Gary Plastic Packaging
Bronx - Bronx County**

**L. Dontis Produce
Brooklyn - Kings County**

**Legion Lighting Company
Brooklyn - Kings County**

**Lesbian & Gay Community Services
New York City - New York County**

**Meidi Ya, Inc.
Brooklyn - Kings County**

**National Academy of Design
New York City – New York County**

**Orazio & Sons Meat Company
Brooklyn – Kings County**

**Ruby Freeman, Inc.
Brooklyn – Kings County**

**Symphony Space
New York City – New York County**

**The 122 Community Center, Inc.
New York City – New York County**

**The Bank of New York
New York City – New York County**

**The Kitchen
New York City – New York County**

**The Moving Image
New York City - New York County**

**Urban Glass
Brooklyn – Kings County**

**Vineland Kosher Poultry
Brooklyn – Kings County**

**Washington Garter Corporation
Brooklyn - Kings County**

**YWCA of the City of New York
New York City – New York County**

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997 and Chapter 386 of the Laws of 1998; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the twenty-eight allocations discussed herein totaling 7,065 kW for Consolidated Edison’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 8,049 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.**

June 22, 1999

4. Long Island Power Authority Service Territory

The Members of the Board considered five applications listed below for Power for Jobs.

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

WHEREAS, the following entities in Long Island Power Authority's service territory have applied for allocations of Power for Jobs Service:

**Atlas Diecasting
Farmingdale – Suffolk County**

**The Lawrence Ripak Company
West Babylon – Suffolk County**

**Maloya Laser
Commack – Suffolk County**

**Sage Enterprises
Hauppauge – Suffolk County**

**Superior Washer
Hauppauge – Suffolk County**

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997 and Chapter 386 of the Laws of 1998; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the five allocations discussed herein totaling 1,225 kW for Long Island Power Authority'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 299 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.**

June 22, 1999

5. Niagara Mohawk Service Territory

The Members of the Board considered seventeen applications listed below for Power for Jobs.

Following consideration of such applications, the Members of the Board present voted to adopt the resolution with the exception of Board Member Duncan, who abstained from voting on the proposed allocations to Curtis Screw and Oberdorfer Industries:

WHEREAS, the following entities in Niagara Mohawk's service territory have applied for allocations of Power for Jobs Service:

**American Diamond Tool
Buffalo – Erie County**

**Boston Scientific (NAMIC)
Glens Falls – Warren County**

**C. R. Bard, Inc.
Queensbury – Warren County**

**Clarkson University
Potsdam – St. Lawrence County**

**Community Baseball Club of Central New York
Syracuse – Onondaga County**

**CTX Printing
Cambridge – Albany County**

**Curtis Screw
Buffalo – Erie County**

**CWM Chemical
Model City – Niagara County**

**Jewitt, Inc.
Buffalo – Erie County**

**Milligan & Higgins
Johnstown – Fulton County**

**Oberdorfer Industries
Syracuse – Onondaga County**

**Oehler Industries, Inc.
Buffalo – Erie County**

**Paul Bunyan Products
Preble – Cortland County**

**Specialized Packaging Radisson
Baldwinsville – Onondaga County**

**St. Clair's Hospital of Schenectady
Schenectady – Schenectady County**

**Stature Electric
Watertown – Jefferson County**

**Strandflex
Oriskany – Oneida County**

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997 and Chapter 386 of the Laws of 1998 and would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the seventeen allocations discussed herein totaling 6,690 kW 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 3,997 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.**

June 22, 1999

6. **New York State Electric & Gas Service Territory**

The Members of the Board considered twelve applications listed below for Power for Jobs.

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

WHEREAS, the following entities in New York State Electric & Gas' services territory have applied for allocations of Power for Jobs Service:

**Auburn Vacuum Forming
Auburn – Cayuga County**

**Borg Warner Automotive Morse TEC Corporation
Ithaca – Tompkins County**

**Corning – Erwin Plant
Corning – Steuben County**

**Custom Electronics
Oneonta – Otsego County**

**Diversified Controls & Systems, Inc.
Orchard Park – Erie County**

**Fingerlakes Aquaculture
Freeville – Tompkins County**

**Forsyth Industries
East Aurora – Erie County**

**Imaging & Sensing Technology Corporation
Horseheads – Chemung County**

**Mayer Brothers Products
Barker – Niagara County**

**Newcut, Inc.
Newark – Wayne County**

**Sanyo Sewing America
Oneonta – Otsego County**

**The Martisco Paper Company
Marcellus – Onondaga County**

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997 and Chapter 386 of the Laws of 1998 and would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the twelve allocations discussed herein totaling 7,655 kW for New York State Electric & Gas' 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 2,425 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.**

June 22, 1999

7. **Granny's Kitchens, Ltd.**

Chairman Rappleyea circulated to the Board Members a letter in support of the application for Economic Development Power for business expansion purposes submitted on behalf of ("Granny's Kitchens"), Ltd. from the Herkimer County Area Development Agency.

Chairman Rappleyea explained that on May 18, 1993 and November 9, 1993, the Board had approved allocations of 600 kW and 1,400 kW, respectively, for Granny's Kitchens for Phases I – III of an expansion project. Granny's Kitchens is now ready to make an additional commitment for Phase III of the project, which involves a doubling of the facility size and increasing production capacity. Over the past five years, Granny's Kitchens has increased its employment level of 89 jobs to 145 jobs. The company would also commit to create an additional 40 jobs over the next five years. An additional allocation of Economic Development Power will allow Granny's Kitchens to meet the increased demand for its existing product lines and accommodate the development of new product lines. The Herkimer County Industrial Development Agency supports this application. Staff recommends that an additional allocation of 750 kW be approved for business expansion purposes for a term ending December 31, 2008.

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

WHEREAS, Granny's Kitchens has applied for an allocation of Economic Development Power for business expansion purposes; and

WHEREAS an additional allocation of 750 kW would result in 67 (145 retained and 40 new) jobs committed per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirements of Section 187 of the Economic Development Law that it be for a new electrical demand at facilities at which new jobs are created; and be it further

RESOLVED, That such application be, and hereby is, approved; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an additional allocation of 750 kW to applicant Granny's Kitchen for a term ending December 31, 2008 and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:

- applicant is to maintain 145 existing jobs and create 40 new jobs.**

8. The Gunlocke Company

The Members of the Board present approved a modification to The Gunlocke Company's allocation of Economic Development Power.

BACKGROUND

At its meeting on November 9, 1993, the Board approved an Economic Development Power allocation to Gunlocke of 5,000 kW. Two-thousand kilowatts (2,000 kW) of the allocation were for business revitalization purposes and 3,000 kW were for a business expansion. The power allocation was conditioned on the retention of 565 jobs and the creation of 200 additional jobs.

When the power allocation was first approved by the Board, delivery service arrangements were not finalized between New York State Electric & Gas ("NYSE&G"), the delivery agent, and the Authority. Further, NYSE&G had not yet developed a service tariff to effectuate the sale. On October 14, 1994, the New York State Public Service Commission approved the NYSE&G tariffs.

Prior to the approval of such tariffs, Gunlocke commenced Economic Development Power service from the Authority. However, as a result of splitting the allocation into two blocks, one for revitalization and one for expansion, there were some unintended NYSE&G billing consequences which resulted in reduced savings to Gunlocke. Briefly, the customer cannot realize savings relating to power allocated for expansion purposes until the load grows above a predetermined base or "historic load". Revitalization power, on the other hand, allows the customer to access its full allocation immediately, resulting in lower power costs.

With the benefit of hindsight and after reviewing Gunlocke's original power request, it now appears that allocations of 3,200 kW of revitalization power and 1,800 kW of expansion power should have been made to Gunlocke in 1993. These allocations would have been more consistent with the company's business plans and, on account of the "historic load" situation, will enable it to realize more of the savings that were expected when the allocations were first made.

Accordingly, staff requests that the Board approve a modification to Gunlocke's existing revitalization power allocation by increasing the amount from 2,000 kW to 3,200 kW. At the same time, the allocation for expansion purposes would be reduced by the same amount. Specifically, this action will restore the full savings to Gunlocke that were initially intended by the Board. This higher level of revitalization power is supported by Gunlocke's original revitalization plan as

submitted to the Board in 1993. Staff has reviewed that plan and determined that it continues to support Gunlocke's request for 3,000 kW of revitalization power. The demonstration made by Gunlocke in support of this request, including its 1993 revitalization plan, in all respects meets the allocation criteria set forth in Section 184 and 185 of the Economic Development Law. Copies of Gunlocke's 1993 application have been distributed to the Board.

The Board's Economic Development Power allocation to Gunlocke has proven to be quite successful. Gunlocke has implemented its revitalization plan, initiated a program to improve productivity and has met the initial job retention/creation criteria by stabilizing 565 jobs and creating 200 additional jobs. In fact, the company has now introduced new product lines and has exceeded an employment level of 1,000 jobs for year-end 1998.

RECOMMENDATION

Following due consideration, the Members of the Board present approved the modification to Gunlocke's power allocation as outlined in the attached memorandum.

June 22, 1999

9. Job Commitment Revisions – Power for Jobs

The members of the Board approved job commitment revisions to the nine companies listed in Exhibit “A”

BACKGROUND

The companies listed in Exhibit “A” had been approved for a Power for Jobs allocation by the Board. Their allocations were based on the companies' commitment to retain or create jobs as indicated in the application they submitted to the Board. Subsequent to the Board's approval, but before entering into contract with the Authority, the companies requested that their job commitment be revised to more accurately reflect their existing employment levels. The revisions are mainly due to confusion in accounting for part time and seasonal employees. The job number changes are insignificant in total and do not require changes to the amount of the allocation.

RECOMMENDATION

Following consideration, the Board approved the revisions to the job commitments as listed in Exhibit “A”.

June 22, 1999

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

June 22, 1999

**11. Informational Item – Economic Development Power
Status of Approved Applications an Summary of Action**

June 22, 1999

12. Closing Remarks of Chairman Clarence D. Rappleyea

Chairman Rappleyea noted that this month's action will bring Power for Jobs over the quarter million jobs mark, which represents 210,000 more jobs than the original estimates for full three year term of the program, and that there remain 50 MW to allocate next year.

Chairman Rappleyea explained that of the allocations presented to this meeting, 17.165 MW were for 19 business allocations; 2.400 MW were for 28 small business allocations; and 3,070 MW were for 15 not-for-profit entities. He also noted that this month's actions included commitments for 14,766 jobs (including 349 new jobs) for 22.6 MW, a 652 jobs per MW ratio.

The Chairman noted that under the program to date, the Board has allocated 400 MW to 600 employers for job commitments of more than 257,000 jobs. Lastly, the Chairman underscored the outstanding job/MW impact: 257,000 jobs for 400 MW's; 640 jobs/MW ratio, six times the originals expected impact.

Chairman Rappleyea stated that staff has more applications already on hand than can be satisfied by the 50 MW available next year, and that this number does not include the applications that have been requested but have yet to be returned.

Lastly, Chairman Rappleyea stated that since the full set-aside for small businesses and not-for-profits has been allocated with this month's action, staff cannot reach any of those applicants unless the legislature acts to increase the set-aside portion of this meritorious program.

June 22, 1999

**13. Briefing on Power for Jobs -
Legislative Proposals**

At the Chairman's request, Mr. Paslow provided the following briefing.

Status

Both the Senate and the Assembly have passed bills increasing the size of the program and modifying the set-asides. The bills are not identical. The Senate bill (S.2425B), which passed unanimously, deals exclusively with Power for Jobs. Assembly bill (A.8800) is an omnibus energy bill that contains Power for Jobs provisions.

Program Size

The Senate legislation would increase the program by 400 MW, adding 160 MW this year and 240 MW next year. The Assembly legislation would increase the program by 200 MW. All 200 MW would be added to next year's total.

The Senate bill would increase MW for large business by 200MW. The Assembly bill would increase MW for large business by 50MW.

The Senate bill would increase set-asides by 200 MW, increasing the small business/NFP set aside from 100MW to 200MW – with 100 MW for each category, rather than shared. The Senate bill would also add two new set-asides – 50 MW for farms and 50MW for retail/commercial establishments.

The Assembly bill would create a new 150MW set-aside for local and regional economic development. All counties and cities with populations of 30,000 or more would be eligible to compete for portions of the 150MW.

June 22, 1999

14. Next Meeting

It was agreed that the next meeting of the Board would be held on July 22nd at 11:00 a. m.

Upon motion duly made and seconded, the meeting was adjourned at 3:15 p.m.