

***ECONOMIC DEVELOPMENT POWER
ALLOCATION BOARD***

MINUTES

***New York Power Authority
123 Main Street, 16th Floor
Executive Conference Room
White Plains, NY
October 3, 2001 – 10 A.M.***

1. Approval of Minutes of Meeting of June 26, 2001

APPLICATIONS FOR ECONOMIC DEVELOPMENT POWER

2. Griffiss Local Development Corporation

OTHER BUSINESS

3. Economic Development Plan for the Use of Industrial Incentive Awards
4. Informational Item - Power for Jobs - Status of Approved Applications and Summary of Action on Applications
5. Informational Item – Economic Development Power - Status of Approved Applications and Summary of Action on Applications
6. Other Business
- Next Meeting
7. Closing

A regular meeting of the Economic Development Power Allocation Board was held at the White Plains Office, 123 Main Street, 16th Floor, Executive Conference Room, White Plains, New York, 10601.

The following Members of the Board were present:

Joseph J. Seymour, Chairman
H. Douglas Barclay, Member
Joseph DelSindaco, Member
James A. Duncan, Member

Also in attendance were:

Eugene W. Zeltmann	President and Chief Operating Officer, NYPA
David E. Blabey	Executive Vice President, Secretary and General Counsel, NYPA
Louise M. Morman	Senior Vice President – Marketing & Economic Development, NYPA
James H. Yates	Vice President - Major Account Marketing and Economic Development, NYPA
Joseph J. Carline	Assistant General Counsel, NYPA
John Hamor	Director Inter-Governmental Relations, NYPA
Gary Paslow	Executive Deputy – Policy Development, NYPA
James Pasquale	Manager – Business Power Allocations and Compliance, NYPA
John L. Murphy	Director – Public Relations, NYPA
Bonnie Fahey	Executive Administrative Assistant, NYPA
Anne Wagner-Findeisen	Deputy Secretary, NYPA
Betty Fennell	Assistant Secretary, NYPA
Eileen Kern	Executive Assistant to the Chairman, NYPA
Andrew McLaughlin	Assistant Secretary - Legal, NYPA
Alice Simon	Assistant Secretary, NYPA
Dorothy V. Lechmanski	NYS Budget Examiner

1. Adoption of Minutes

The minutes of the meeting of June 26, 2001, were unanimously adopted.

2. Griffiss Local Development Corporation

The members of the Board considered the application for Economic Development Power for business revitalization purposes submitted on behalf of Griffiss Local Development Corporation (“GLDC”). Mr. Yates explained that some 1,124 jobs would be impacted and a letter in support of the application was received from Oneida County Industrial Development Agency.

Mr. Yates explained that GLDC, through aggressive development outreach, has been able to transform the Griffiss Air Force Base into a formidable industrial park where private sector jobs represent the majority of employees. This number is growing. As of December 1, 2001, Griffiss Business and Technology announced that two new firms would be moving into the park: TRW Aeronautical Systems and MGS Engineering Corporation. Together these companies represent 295 family supporting manufacturing jobs that will be secure in Oneida County and New York State due to the efforts of GLDC. Overall however, the park is home to over 1,124 private sector jobs. The GLDC application provides a unique circumstance in which start-up businesses can incubate until they can demonstrate their sustainability and mature businesses can locate because of the many resources provided by GLDC.

Mr. Yates further as the number of private tenants grows, so does the electricity needs of the Park. It is critical that the Park be able to offer low cost power as a way to further attract private sector employers. In light of GLDC’s near and long term growth, staff recommends that the Board allocate 2,000 kW to GLDC for the purposes of job retention in exchange for 1,124 jobs. This will result in a healthy jobs/MW ratio of 562. It is stipulated that the use of EDP power will be strictly limited to private sector business and cannot be used to serve Federal or local governmental loads located within the Park. The Griffiss Utility Corporation will be responsible for allocation of EDP power on site. In addition, GLDC will manage the park’s job commitment of 1,124 jobs.

Staff recommends that an allocation of 2,000 kW be approved, subject to availability of wheeling capacity, for business revitalization purposes for a term of five years.

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

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

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 the allocation 2,000 kW to applicant Griffiss Local

Development 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 total of 1,124 jobs for**
- **revitalization purposes;**
- **such allocation shall be subject to the reduction of power, energy conservation and the affirmative action provision set forth in the Power Authority's standard form of contract for Economic Development Power**

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

The members of the Board present approved an Economic Development Plan ("Plan") for 2001 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").

Background

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 which concluded:

NOW THEREFORE BE IT RESOLVED, That the Board hereby Endorses the use, to the extent necessary, of approximately \$83 million of available industrial that the available industrial incentive awards be used for the purpose of assisting Power Authority efforts to limit future Fitzpatrick production rate increases for all industrial, business, and Economic Development Power customers of the plant.; and be it further,

RESOLVED, That the Board recommended that future Boards 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 April 30, 1996, the Trustees of the Authority approved a five year plan that provides 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 1995 that provided for such use of the net revenues. Through calendar year 1999, the Authority has reported net revenues cumulating to \$67,976,000.

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 were no rate increases for the period 1994-1999. Late in 1998 rates were lowered by 10% to industrial and EDP customers that selected a Power Authority long-term contract option. The long-term contract option was selected by 87% of the customers that were eligible.

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 \$67,976,000 produced through 1999, were utilized in conformance with Plans approved by the Power Allocation Board to support industrial rates of the Fitzpatrick Plant.

In calendar year 2000, net revenues of \$9,708,000 were produced from the sale of Expansion Power.

Staff recommended the Power Allocation Board approve the Economic Development Plan submitted by the Authority which provides for the use of net revenues produced in 2000 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 available industrial incentive awards for the purpose of assisting Authority efforts to limit future Fitzpatrick rate increases 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 2000 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 2001, 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 foregoing report.

4. **Informational Item - Power for Jobs - Status of Approved Applications and Summary of Action on Applications**

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

6. Next Meeting

It was determined that the next meeting of the Board would be scheduled at a later date.

7. **Closing**

Upon motion duly made and seconded the meeting was adjourned at 11:10 a.m.