

***ECONOMIC DEVELOPMENT POWER  
ALLOCATION BOARD***

***MINUTES***

***December 14, 2004  
Video Conference – 10:00 a.m.***

***New York Power Authority Offices:  
30 South Pearl Street, 10<sup>th</sup> Floor, Albany, NY  
123 Main Street, 17<sup>th</sup> Floor, White Plains, NY***

***Louis P. Ciminelli Construction, 369 Franklin Street, Buffalo, NY***

1. Approval of the Minutes of the Meeting of November 23, 2004
2. Economic Development Plan for the Use of Industrial Incentive Awards

***OTHER BUSINESS***

3. Informational Item - Power for Jobs - Status of Approved Applications and Summary of Action on Applications
4. Informational Item – Economic Development Power - Status of Approved Applications and Summary of Action on Applications
5. Next Meeting

A regular meeting of the Economic Development Power Allocation Board was held via video conference at the following participating locations:

- 1) New York Power Authority, 30 South Pearl Street, Albany NY
- 2) New York Power Authority, 123 Main Street, White Plains, NY
- 3) Louis P. Ciminelli Construction, 369 Franklin Street, Buffalo, NY

The following Members of the Board were present at the following locations:

**Louis P. Ciminelli**, Chairman (Albany, NY)  
**James A. Duncan**, Member (Buffalo, NY)  
**Bernard P. McGarry**, Member (Albany, NY)

**Kevin S. Corbett**, Member – Excused

**Also in attendance were:**

David E. Blabey	Executive Vice President, Secretary and General Counsel, NYPA
Louise M. Morman	Senior Vice President – Marketing, Economic Development & Supply Planning, NYPA
Gary Paslow	Vice President – Governmental Affairs & Policy Development
Thomas Warmath	Vice President and Chief Risk Officer, NYPA
James H. Yates	Vice President – Major Account Marketing & Economic Development, NYPA
Angela D. Graves	Deputy Secretary, NYPA
Joseph J. Carline	Assistant General Counsel – Power & Transmission, NYPA
John B. Hamor	Executive Director – State Governmental Relations, NYPA
James F. Pasquale	Manager – Business Power Allocations and Compliance, NYPA
Bonnie Fahey	Executive Administrative Assistant
Mary Jean Frank	Associate Secretary, NYPA
Lorna M. Johnson	Assistant Secretary, NYPA
Michael J. Santarcangelo	Director, Policy, ESDC
Noelle Kinsch	Attorney, LeBoeuf, Lamb, Greene & MacRae

1. **Adoption of Minutes**

The minutes of the meeting of November 23, 2004, were unanimously adopted.

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

**SUMMARY**

The members of the Economic Development Power Allocation Board (“Power Allocation Board”) are requested to approve an Economic Development Plan (“Plan”) for 2004 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 will 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 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. Further, the Board recommended that future Boards act affirmatively on any economic development plan submitted to them by the Authority to the extent it provides for such use of industrial incentive awards.

At their meeting of November 27, 2001, the Trustees of the Authority approved a five-year plan providing for the use of net revenues from the sale of Expansion Power that support the rates for business customers served under power programs associated with the Power Authority’s former James A. Fitzpatrick Nuclear Power Plant (the “Fitzpatrick Power Programs”). These programs include the High Load Factor, Economic Development and Municipal Distribution Agency power programs. The Power Allocation Board previously approved Plans submitted annually by the Authority for 1996 through 2000 that provided for such use of the net revenues. Through calendar year 2002, the Authority reported cumulative net revenues of \$98,787,000.

**DISCUSSION**

The Authority last increased the rates for the Fitzpatrick Power Program customers, by an average of 5% effective January 1, 1993. There were no rate increases for the period 1994-99. Late in 1998, rates were lowered by 10% to Fitzpatrick Power Program customers that selected an Authority long-term contract option. The long-term contract option was selected by 87% of eligible customers.

In order to continue to serve Fitzpatrick Power Program customers on a competitive basis consistent with the aim of the legislation creating the Programs, the rates for these customers must be kept low enough to be of sufficient economic incentive for industries to locate or expand in New York State. The cumulative net revenues of \$98,787,000 produced through 2002 were used in conformance with Plans approved by the Power Allocation Board to support rates for Fitzpatrick Power Program customers.

In calendar year 2003, net revenues of \$8,415,000 were produced from the sale of Expansion Power.

RECOMMENDATION

It is recommended that Power Allocation Board approve the Economic Development Plan submitted by the Authority which provides for the use of net revenues produced in 2003 from the sale of Expansion Power to support rates to Fitzpatrick Power Program customers as described herein.

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

**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 that will 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 rate increases for Fitzpatrick Power Program customers; and**

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

**WHEREAS, the Authority approved a five-year Economic Development Plan for 2001 that provides for the use of net revenues from the sale of Expansion Power to support rates for Fitzpatrick Power Program customers and, further, 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 2003 submitted by the Authority and its implementation are 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 rates for Fitzpatrick Power Program customers, in accordance with the foregoing resolution.**

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

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

5. Next Meeting

The next meeting of the Board is to be determined.