

MEMORANDUM TO THE MEMBERS OF THE BOARD

SUBJECT: Transfers of Industrial Power

SUMMARY

The Members of the Economic Development Power Allocation Board (“EDPAB”) are requested to approve and recommend the Power Authority Trustees’ approval of the allocation transfers as detailed below.

BACKGROUND

This is a housekeeping item that comes before the Board several times a year. Economic Development Law (“EDL”) § 186 regarding transfers of economic development power requires that EDPAB approve allocation transfers between facilities in a manner consistent with the criteria and requirements considered in the recommendation of such allocations, as contained in EDL § 184, § 185 and subdivision (g) of § 187, as applicable.

EDPAB is requested to approve transfers of existing economic development allocations to other facilities to reflect business relocations and/ or the movement of personnel and operations of a customer to their other facilities. EDPAB is also requested to approve transfers in the case where a customer has undergone a corporate change of identity. All of the economic development power customers will continue to provide the same products and/or services as they did prior to the transfers. The companies have agreed to continue to honor the terms and conditions of existing contracts with the Authority including job commitments. The reasons for such transfer requests are described below.

EDPAB has approved transfers of this nature in the past.

DISCUSSION

The proposed transferees are as follows:

JP Morgan Chase (“JPMC”), located in Manhattan, provides a broad range of banking and financial products and services around the world. The company has a 24,200 kW allocation of Economic Development Power through the New York City Public Utility Service. The company is requesting a change in how its power allocation is distributed to its facilities to more accurately reflect staffing and operations among its various locations within New York City. JPMC is currently in compliance with their job commitments and will continue to honor all of the terms and conditions of its contract with the Authority.

Kreher’s Poultry Farms (“Kreher’s”), located in Clarence, Erie County, has been in business since 1924. Kreher’s is a third-generation family fresh egg producer in Western New York. The company was originally awarded a 350 kW Power for Jobs (“PFJ”) allocation by the Trustees at their

meeting of April 27, 1999. The business conducted by the company remains unchanged and the Clarence location remains the same as well. Due to restructuring, the company is now named Kreher's Farm Fresh Eggs, LLC. Kreher's is in compliance with their job commitment. The company will continue to honor all of the terms and conditions of its contract with the Authority.

Luvata Buffalo, Inc. ("Luvata"), located in Buffalo, Erie County, has been in business under various owners since 1906, with this facility in operation since that date. Luvata manufactures copper and brass sheets and rolls. The company has 5,000 kW of PFJ in the form of an electricity savings reimbursement and the allocation is in job compliance. The New York-based company's parent, Aurubis AG, has created a new corporate entity called Aurubis Buffalo, Inc. Aurubis Buffalo, Inc. will assume all assets and liabilities of Luvata. The location will remain the same, as will the business carried on at the location. Luvata requests that the PFJ allocation be transferred to Aurubis Buffalo, Inc., where the company will continue to honor all of the terms and conditions of its contract with the Authority.

The American Folk Art Museum ("the Museum") located in Manhattan was founded in 1961, and is a museum devoted to American folk art. The company was originally awarded a 50 kW PFJ allocation by the Trustees at their meeting of May 20, 1999. The company is moving its location to 2 Lincoln Square following the sale of their building to the Museum of Modern Art. The company requests that the Trustees transfer the allocation, including its employment commitment to the Lincoln Square location. The Museum is in compliance with its job commitment. The Museum's name remains the same, and it will continue to honor all of the terms and conditions of its current contract with the Authority.

RECOMMENDATION

It is recommended that EDPAB approve and recommend the Power Authority Trustees' approval of the allocation transfer as detailed above.

James F. Pasquale
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Economic Development