

**MINUTES OF THE REGULAR MEETING
OF THE
POWER AUTHORITY OF THE STATE OF NEW YORK**

November 23, 2004

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the New York Office at 11:00 a.m.

Present: Louis P. Ciminelli, Chairman
Frank S. McCullough, Jr., Vice Chairman
Joseph J. Seymour, Trustee
Timothy S. Carey, Trustee,

Michael J. Townsend, Trustee – Excused

Eugene W. Zeltmann	President and Chief Executive Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Power Generation
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
Joseph Del Sindaco	Senior Vice President and Chief Financial Officer
H. Kenneth Haase	Senior Vice President – Transmission
Louise M. Morman	Senior Vice President – Marketing, Economic Development and Supply Planning
Brian Vattimo	Senior Vice President – Public and Governmental Affairs
Joseph J. Carline	Assistant General Counsel – Power and Transmission
Thomas P. Antenucci	Vice President – Project Management
Arnold M. Bellis	Vice President – Controller
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer
Donald A. Russak	Vice President – Finance
Thomas Warmath	Vice President and Chief Risk Officer
James H. Yates	Vice President – Major Accounts Marketing and Economic Development
Michael E. Brady	Treasurer
Dennis T. Eccleston	Chief Information Officer
Angela D. Graves	Deputy Secretary
Frederick E. Chase	Executive Director – Hydro Relicensing
Paul W. Belnick	Director – Energy Services and Technology
Jordan Brandeis	Director – Supply Planning, Pricing and Power Contracts
Angelo S. Esposito	Director – Energy Services
Michael D. Medvec	Director of Operations
Keith G. Siliman	Director – Niagara Relicensing
Edward Hubert	General Manager – Transmission Maintenance
James F. Pasquale	Manager – Business Power Allocations and Compliance
Mary Jean Frank	Associate Secretary
Lorna M. Johnson	Assistant Secretary
Bonnie Fahey	Executive Administrative Assistant
Teresa M. Barrett	Law Assistant
Bill Helmer	Special Licensing Counsel
John Cashin	Executive Administrator, Battery Park City Authority

Chairman Ciminelli presided over the meeting. Executive Vice President, Secretary and General Counsel Blabey kept the Minutes.

1. Approval of the Minutes of the Regular Meeting and Executive Session held on October 26, 2004

The minutes of the Regular Meeting and Executive Session of October 26, 2004 were unanimously adopted.

2. Financial Reports for the Ten Months Ended October 31, 2004

Mr. Bellis presented an overview of the financial reports to the Trustees. In response to a question from Chairman Ciminelli, Mr. Hiney said that the water flows at the Niagara Project are at their long-term average. The water flow forecast has improved since last year and flows should be good for the next six months. However, since Lake Superior is at its normal level and Lakes Michigan and Huron are each one foot below normal, it would not be wise to count on continuation of favorable river flows for the longer term.

In response to questions from Trustee Seymour, Mr. Bellis informed the Trustees of the remaining book value for the Small Clean Power Plants (“SCPPs”) and gave an estimate of earnings per year going forward. Mr. Hiney added that high New York City energy prices are an important factor in the revenues generated this year by the SCPPs.

3. Report from the President and Chief Executive Officer

President Zeltmann thanked Mr. Haase for all of his years of outstanding service to the Authority and said that he was particularly appreciative of everything Mr. Haase had done for him personally and the Power Authority in general. Mr. Haase responded by thanking the Trustees, President Zeltmann and Mr. Hiney for their support. Chairman Ciminelli added the Trustees' thanks for Mr. Haase's contributions to the Authority, saying that Mr. Haase had made the Trustees proud and that they were going to miss him.

President Zeltmann also said that he and Mr. Vattimo would be joining Governor Pataki in Tupper Lake on November 24th to celebrate the agreement among the Authority, Niagara Mohawk and the Villages of Tupper Lake and Lake Placid to construct a new overhead transmission line and related substation improvements to alleviate serious capacity deficiencies in the Lake Placid, Tupper Lake and Saranac Lake area of the Adirondacks. President Zeltmann said that this project, which will provide economic development opportunities for that area of the Adirondacks, had been 2 -1/2 years in the making, with the Authority playing a key role in the negotiations.

4. Allocations of Hydro Power

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve an allocation of available Replacement Power (‘RP’), totaling 700 kW, to Fujisawa Healthcare, Inc. (‘Fujisawa’).

BACKGROUND

“Under the RP Settlement Agreement, Niagara Mohawk Power Corporation (‘NiMo’), with the approval of the Authority, identifies and selects certain qualified industrial companies to receive delivery of RP. Qualified companies are current or future industrial customers of NiMo that have or propose to have manufacturing facilities for the receipt of RP within 30 miles of the Authority’s Niagara Switchyard. RP is the 445,000 kW of firm hydro power generated by the Authority at its Niagara Power Project (‘Project’) that has been made available to NiMo pursuant to the Niagara Redevelopment Act.

DISCUSSION

“On October 22, 2003, the Authority, NiMo, Empire State Development Corporation and the Buffalo Niagara Enterprise signed a Memorandum of Understanding (‘MOU’) that outlines the process to coordinate marketing and allocating Authority hydro power. The entities noted above have formed the Western New York Advisory Group (‘Group’) with the intent of better using the value of this resource to improve the economy of Western New York and the State of New York. Nothing in the MOU changes the legal requirements applicable to the allocation of hydro power.

“Based on the Group’s discussions, staff recommends that the available power be allocated to Fujisawa, as set forth in Exhibit ‘4-A.’ The Exhibit shows, among other things, the amount of power requested by the company, the recommended allocation and additional employment and capital investment information. The project will help maintain and diversify Western New York’s industrial base and provide new employment opportunities. It is projected to result in the creation of 30 jobs.

“This RP contract will be for a term expiring August 31, 2007, subject to legislation being passed that authorizes extension of the Replacement Power program.

RECOMMENDATION

“The Director – Business Power Allocations, Regulation and Billing recommends that the Trustees approve the allocation of 700 kW of Replacement Power to Fujisawa Healthcare, Inc.

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Accounts – Marketing and Economic Development, and I concur in the recommendation.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the allocation of 700 kW of Replacement Power, as detailed in Exhibit “4-A,” be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

November 23, 2004

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

New York Power Authority
 Replacement Power
 Recommendations for Allocations

Exhibit "4-A"
 November 23, 2004

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage Benefits	Power Recommended (kW)	Contract Term (1)
A-1	Fujisawa Healthcare, Inc.	Grand Island	Erie	700	30	\$9,000,000	\$54,000	700	Until 8/31/07
	Total RP Recommended			700	30	9,000,000	54,000	700	

(1) The Niagara Project license and the resale agreement with Niagara Mohawk (NS-1) expires on August 31, 2007.

APPLICATION SUMMARY**Replacement Power**

Company:	Fujisawa Healthcare, Inc.
Location:	Grand Island, New York
County:	Erie
IOU:	Niagara Mohawk Power Corporation
Business Activity:	Pharmaceutical manufacturer
Project Description:	The project will result in increased production capability from one product to three. This effort will support the introduction of two new product lines and associated manpower. The final results will include expansion of the quality control laboratory facility and modification of the current facility used for manufacturing. The current laboratory's analytical testing capabilities and long-term study capacity will increase by approximately 50% as a result of this project.
Prior Application:	None
Existing Allocations:	None
Power Request:	700 kW
Power Recommended:	700 kW
Job Commitment:	
Existing	109 jobs
New	30 jobs
New Jobs/Power Ratio:	43 jobs/MW
New Jobs - Avg. Wage and Benefits	\$54,000
Capital Investment:	\$9,000,000
Capital Investment Per MW	\$12,857,143/MW
Summary:	Fujisawa Healthcare, Inc. is a research-driven pharmaceutical company with a firm commitment to innovative research in its quest to satisfy unmet medical needs and contribute to the progress of medical care. It is solely focused on its proprietary pharmaceuticals and has positioned itself as a world class leader in the pharmaceutical industry.

5. Annual Review of Job Commitments

The President and Chief Executive Officer submitted the following report:

SUMMARY

“It is recommended that the Trustees reduce the power allocation and job commitment for nine customer contracts and adjust the future job commitment levels for five customers that made productivity improvements as set forth in Exhibit ‘5-A’ attached hereto.

“In addition, staff is providing for informational purposes only brief summaries of 36 customers not meeting their job commitments. Staff will further evaluate these customers before making specific recommendations to the Trustees. They are summarized in Exhibit ‘5-B’ attached hereto.

BACKGROUND

“Each year, Authority staff initiates a review of all business power allocations and the customers’ performance against agreed-upon job commitments. In 2003, the Authority had 301 contracts with 186 business customers, excluding Power for Jobs (‘PFJ’) agreements. This year’s review covers a total of 167 customers with 262 contracts that required the customers to report job levels for 2003. The contracts reviewed by staff represent overall power allocations of 913.707 MW and total employment commitments of 126,236 jobs. In the aggregate, these customers reported actual employment of 144,185.80 jobs. This represents 114.22% of the total job commitment for business customers reporting in 2003. Nevertheless, 45 customers with 51 contracts have actual job levels below the minimum threshold. This past year, one customer did not report, three customers relinquished allocations and two customers were terminated. Five customers with 12 contracts requested productivity reviews to lower their employment commitments.

“The contracts contain a customer commitment to retain or add a specific number of jobs. If the actual job level falls below 90% of that commitment, (80% for ‘vintage’ customers, i.e., those having contract allocations prior to 1988), the Authority may reduce that customer’s power allocation proportionately. A company may request a productivity review to have its job commitment reduced if the reduction in employment is due to increased efficiency or improved technology.

DISCUSSION

“This annual review of business power allocation job commitments covers the period from January through December 2003. According to the Federal Reserve Bank of New York, the state’s economic downturn continued until August 2003. Given the complex mix of cyclical and structural employment adjustments occurring during this period, it is not yet possible to assess the number of temporary job losses among the businesses that did not meet employment commitments. Of the companies reviewed in this item, staff recommends that the Trustees reduce the allocation and jobs commitment of nine contracts, as discussed in Section I in Exhibit ‘5-A,’ and reduce the job commitments and maintain the power allocations of five companies with 12 contracts to reflect productivity improvements, as discussed in Section II in Exhibit ‘5-A.’

“In addition, staff is providing for informational purposes only brief summaries of 36 customers not meeting their job commitments, as discussed in Section III in Exhibit ‘5-B.’

Section I.
Allocations and Job Commitments To Be Reduced

Buffalo Color Corporation, Buffalo, Erie County**Allocation:** 2,673 kW of Replacement Power and 243 kW of Replacement Power**Jobs Commitment:** 107 jobs

Background: Buffalo Color Corporation ('Buffalo Color'), formed in 1977, is the only domestic synthetic indigo dye manufacturer. For the past year, Buffalo Color averaged 51.79 jobs, i.e., 48.40% of each of its contractual commitments. The company, which is suffering from dumping by foreign competitors, has taken its case to court and is awaiting a decision. Meanwhile, Buffalo Color has ceased production of the dye and is in Chapter 11 bankruptcy proceedings. The company cannot survive without its hydro allocations; however, due to its grave situation, the company has requested that its allocations be reduced to a total of 700 kW.

Recommendation: Staff recommends that the Trustees reduce Buffalo Color's 2,673 kW Replacement Power allocation to 700 kW with a corresponding jobs commitment reduction from 107 positions to 28 positions and that the Trustees take back Buffalo Color's 243 kW Replacement Power allocation.

Eagle Electric Manufacturing Co., Long Island City, Queens County**Allocation:** 500 kW of Municipal Distribution Agency Power**Jobs Commitment:** 1,300 jobs

Background: Eagle Electric Manufacturing Co. ('Eagle'), in business for more than 50 years, manufactures commercial and residential electric and electronic equipment, including plastic components, wall outlets, plate covers, plugs, switches, lamp cords and adapters. For the past year, Eagle averaged 653.50 jobs, i.e., 50.27% of its contractual commitment. The company is gradually closing this facility due to foreign competition, which has forced manufacturing abroad. The current 400 jobs will be eliminated entirely by the end of 2005. The New York City Public Utility Service ('NYCPUS') will terminate Eagle's allocation by the end of this year.

Recommendation: Staff recommends that the Trustees take back Eagle's 500 kW Municipal Distribution Agency Power allocation.

Leica Microsystems Inc., Depew, Erie County**Allocation:** 450 kW Expansion Power**Jobs Commitment:** 315 jobs

Background: Leica Microsystems Inc. ('Leica'), in business under various names since 1838, produces microscopes and precision ophthalmic instruments. For the past year, Leica averaged 193.67 jobs, i.e., 61.48% of its commitment. The company moved much of its manufacturing overseas this past year and divested two of its operating divisions, Ophthalmic and Analytical Instruments, to a new company, Reichert Inc. The divestment to Reichert Inc. included a commitment of 110 employees. Currently, the employment level is 190 employees, including Reichert employees.

Recommendation: Staff recommends that the Trustees take back Leica's 450 kW Expansion Power allocation.

Oak-Mitsui, Inc., Hoosick Falls, Rensselaer County**Allocation:** 4,000 kW of Economic Development Power, temporarily reduced to 800 kW in October 2001 and further temporarily reduced to 175 kW in October 2002**Jobs Commitment:** 140 jobs

Background: Oak-Mitsui, Inc. ('Oak-Mitsui'), founded in 1976 as a joint venture, produces electro-deposited copper foil for use in printed wire board applications. For the past year, Oak-Mitsui averaged 44.83 jobs, i.e., 32.02% of its employment commitment. Economic conditions created a sudden drop in demand for Oak-Mitsui's product. In turn, the company had to temporarily reduce its workforce. Oak-Mitsui is in transition now but intends to restart part of its plant in April 2005. The company recently completed research and development for a new product, which it hopes will create 10 new jobs in engineering and production in the next year.

Recommendation: Staff recommends that the Trustees reduce Oak-Mitsui's Economic Development Power allocation from 4,000 kW to 1,300 kW and reduce its jobs commitment from 140 positions to 40 positions.

Prudential Securities, Inc., New York, New York County

Allocation: 5,550 kW of Economic Development Power

Jobs Commitment: 5,000 jobs

Background: Prudential Securities, Inc. ('Prudential'), founded in 1879, is a fully diversified global securities firm. For the past year, Prudential averaged 3,526.67 jobs, i.e., 70.53% of its employment commitment. Prudential's contract was terminated by NYCPUS in April of this year.

Recommendation: Staff recommends that the Trustees take back Prudential's 5,550 kW Economic Development Power allocation.

Rich Products Corporation, Buffalo, Erie County

Allocation: 1,000 kW of Replacement Power

Jobs Commitment: 402 jobs

Background: Rich Products Corporation ('Rich') manufactures non-dairy creamers, toppings and aseptic drink mixes. For the past year, Rich averaged 213.58 jobs, i.e., 53.13% of its contractual commitment. Rich is in the process of moving most of its business out of state and expects to have about 35 employees at this site by the end of next year producing a beverage and a dessert.

Recommendation: Staff recommends that the Trustees reduce Rich's Replacement Power allocation from 1,000 kW to 500 kW and reduce the corresponding jobs commitment from 402 positions to 201 positions.

Sage Enterprises, Inc., Hauppauge, Suffolk County

Allocation: 500 kW of Municipal Distribution Agency Power

Jobs Commitment: 52 jobs

Background: Sage Enterprises, Inc. ('Sage'), originally part of Kraft Foods and sold to private investors in 1989, provided in-flight refrigerated food products to airports in the Northeast. For the past year, Sage averaged 18.92 jobs, i.e., 36.38% of its contractual commitment. Sage went out of business this year.

Recommendation: Staff recommends that the Trustees take back Sage's 500 kW Municipal Distribution Agency Power allocation.

Syroco, Inc., Baldwinsville, Onondaga County

Allocation: 2,000 kW of Economic Development Power

Jobs Commitment: 500 jobs

Background: Syroco, Inc. ('Syroco') manufactures plastic lawn furniture, accessories and home décor. The company has divisions in California and Arkansas. For the past year, Syroco averaged 198.00 jobs, i.e., 39.60% of its contractual commitment. Fiskars, its parent company, currently has Syroco on the market and is not investing in the company. Syroco expects to be sold to a new parent company this year, which will allow it to diversify its product line and recover jobs.

Recommendation: Staff recommends that the Trustees reduce Syroco's Economic Development Power allocation from 2,000 kW to 800 kW and reduce the corresponding job commitment from 500 positions to 198 positions.

Section II.

Allocations To Continue With Job Commitment Changes for Productivity Improvements

American Axle and Manufacturing Inc., Cheektowaga and Tonawanda, Erie County

Allocation: 250 kW of Expansion Power in Cheektowaga and 3,250 kW of Expansion Power in Tonawanda, as well as 2600 kW and 1300 kW of Replacement Power in Tonawanda

Jobs: 120 jobs in Cheektowaga and 686 jobs in Tonawanda

Background: American Axle and Manufacturing Inc. ('American Axle') manufactures automobile driveline and chassis systems and components, including axles and drive-shafts for light trucks and SUVs. The Cheektowaga facility machines various gears, side gears and pinion gears. The Tonawanda facility forges ring gears and axle-shafts. Both facilities requested productivity improvement reductions to their employment commitments of six employees. The Cheektowaga facility installed two new automatic vision inspection units, replacing the need for six workers. The Tonawanda facility installed a new ring roller process with an automated press, replacing the need for six workers. For the past year, American Axle – Cheektowaga averaged 150.58 jobs, i.e., 125.49% of its commitment, and American Axle – Tonawanda averaged 777.75 jobs, i.e., 113.37% of its commitment.

Recommendation: Staff recommends that the Trustees reduce American Axle – Cheektowaga’s Expansion Power allocation’s employment commitment by six jobs to 114 positions and American Axle – Tonawanda’s Expansion Power and Replacement Power allocations’ employment commitment by six jobs to 680 positions.

Delphi Automotive Systems, Lockport, Niagara County

Allocation: 14,300 kW of Expansion Power

Jobs Commitment: 5,610 jobs

Background: Delphi Automotive Systems (‘Delphi’), formerly a division of General Motors, manufactures radiators, condensers and heaters for General Motors automobiles. The company requested a productivity improvement reduction of its job commitment by 130 jobs. The reductions were accomplished through rebalancing job duties (45 jobs), new methods of manufacturing parts (49 jobs) and restructuring of a workstation (36 jobs). For the past year, Delphi averaged 4,696.38 jobs, i.e., 83.71% of its contractual commitment.

Recommendation: Staff recommends that the Trustees reduce Delphi’s Expansion Power allocation’s employment commitment by 130 jobs to 5,480 positions.

FMC Corporation, Tonawanda, Erie County

Allocation: 750 kW of Replacement Power

Jobs Commitment: 134 jobs

Background: FMC Corporation – active oxidants division (‘FMC’), at this site since 1960, manufactures peroxygen chemicals for the food industry, as well as a new line of lawn chemicals. The company requested a productivity improvement reduction of its job commitment by 38 jobs. However, the request included 10 jobs that should have been requested for the 2002 report. Thus, only 28 jobs can be recognized as productivity improvement reductions made in 2003. Reductions were applied across all areas of the company through implementation of a new SAP system that fully monitors and integrates the company’s databases, lean manufacturing processes and installation of new equipment. For the past year, FMC averaged 107.83 jobs, i.e., 80.47% of its contractual commitment.

Recommendation: Staff recommends that the Trustees reduce FMC’s Replacement Power allocation’s employment commitment by 28 jobs to 106 positions.

General Motors Corporation – Powertrain, Buffalo, Erie County

Allocation: 1,100 kW and 800 kW of Expansion Power and 2,000 kW and 725 kW of Replacement Power

Jobs Commitment: 3, 791 jobs (1,100 kW, 800 kW and 725 kW), and 3,791 base jobs and 44 created jobs (2,000 kW)

Background: General Motors Corporation – Powertrain (‘GM Powertrain’) manufactures engines for several of GM’s automobile models, including the Chevy Colorado and Canyon pick-up. The company requested a productivity improvement reduction of its jobs commitment by 321 jobs. The bulk of GM’s reduction comes from replacing an old engine line with the world’s most advanced engine manufacturing facility and process for the new engine, as well as from rebalancing job duties along the assembly lines (27 positions), automation (seven positions) and new manufacturing processes (287 positions). For the past year, GM Powertrain averaged 3,433.08 jobs, i.e., 89.52% of its contractual commitment.

Recommendation: Staff recommends that the Trustees reduce GM Powertrain’s Expansion Power and Replacement Power allocations’ employment commitment by 321 jobs to a base of 3,470 positions. The Replacement Power allocation that is not due to report yet will have its employment commitment reduced to 3,470 base jobs with 44 created jobs (3,514).

Goodyear Dunlop Tire Company N.A. Ltd., Tonawanda, Erie County

Allocation: 850 kW and 250 kW of Replacement Power

Jobs Commitment: 1,475 jobs and 1,454 jobs

Background: Goodyear Dunlop Tire Company N.A. Ltd. (‘Goodyear Dunlop’) manufactures tires for automobiles and all-terrain vehicles at its Tonawanda facilities. The company requested a productivity improvement reduction of its jobs commitment by 26 jobs. Goodyear Dunlop accomplished the productivity improvements through rebalancing job duties (nine positions), automation (one position) and new manufacturing processes and equipment (16 positions). For the past year, Goodyear Dunlop averaged 1,533.67 jobs, i.e., 103.98% and 105.48% of its commitments, respectively.

Recommendation: Staff recommends that the Trustees reduce Goodyear Dunlop's employment commitment by 26 jobs for the 850 kW Replacement Power allocation to 1,449 positions and by five jobs for the 250 kW Replacement Power allocation to 1,449 positions.

Section III.
Information Provided for Informational Purposes Only

Brenner Paper Products Company, Inc., Glendale, Queens County

Allocation: 600 kW of Municipal Distribution Agency Power

Jobs Commitment: 140 jobs

Background: Brenner Paper Products Company, Inc. ('Brenner') manufactures dry office supply paper products. Currently, Brenner is maintaining its employment level even in the face of tough economic times. For the past year, Brenner averaged 119.50 jobs, i.e., 85.36% of its contractual commitment. While the company does not foresee growth in its immediate future, it is proud that it has not laid any workers off despite poor business conditions.

Bristol-Myers Squibb – Buffalo Technical Operations, Buffalo, Erie County

Allocation: 750 kW of Expansion Power

Jobs Commitment: 450 jobs

Background: Bristol-Myers Squibb ('BMS') manufactures dry skin, anti-inflammatory and anti-fungal dermatological products, in addition to various cold medicines. Currently, the company's product line-up is in transition. For the past year, BMS averaged 294.42 jobs, i.e., 65.43% of its contractual commitment. Though BMS is below its commitment, the facility this past year added a new product line for a nasal spray and received new extensions of contracts to make high-volume-sale cold medicines. The company is now pursuing third-party business that it hopes will increase volume and employment. BMS is transferring several prescription formulations from another facility outside New York State to Buffalo in 2005, which should increase employment as well. At the September 28, 2004 Trustees' meeting, this contract was extended and its job commitment reduced from 450 jobs to 265 jobs.

Buffalo Newspress Inc., Buffalo, Erie County

Allocation: 250 kW of Expansion Power

Jobs Commitment: 200 jobs

Background: Buffalo Newspress Inc. ('Buffalo Newspress'), founded in 1979, prints advertising inserts, brochures and weekly newspapers. For the past year, Buffalo Newspress averaged 136.46 jobs, i.e., 68.23% of its contractual commitment. Buffalo Newspress lost its biggest account in 2003. The company is trying hard to replace the lost business but it has been difficult to do. Buffalo Newspress foresees employment remaining level or possibly modestly growing in the near future.

Client Logic Corporation, Buffalo, Erie County

Allocation: 250 kW of Expansion Power

Jobs Commitment: 507 jobs

Background: Client Logic Corporation ('Client'), formerly Upgrade Corporation of America, was founded in 1990. The company's call center in Buffalo provides technology processing services to the high-tech industry, including inbound and outbound telemarketing, product warehousing and fulfillment, customer service, remittance transacting and technical support. For the past year, Client averaged 314.75 jobs, i.e., 62.08% of its employment commitment. After a companywide review, the Buffalo facility was kept in operation. Currently, the company is seeing some growth, with employment up slightly, but it does not expect additional employment growth.

Coyne Textile Services, Buffalo, Erie County

Allocation: 350 kW of Expansion Power

Jobs Commitment: 93 jobs

Background: Coyne Textile Services ('CTS') is a family-owned business incorporated in 1929 that provides textile rental products and laundering services. The textile rentals range from work uniforms and protective clothing to shop towels and floor mats. CTS specializes in environmentally safe cleaning of heavily soiled garments that require special processing due to the nature of the stain – petroleum, printing dyes etc. Of the printing companies in

the eastern United States, 75% use CTS as their preferred provider of textile cleaning services. For the past year, CTS averaged 55.75 jobs, i.e., 59.95% of its contractual commitment. With bankruptcies and business closures at an all-time high in the Buffalo area, CTS has lost business due to customer downsizing. However, the company has aggressive plans to recoup business, including hiring a whole new management team for sales and marketing.

Dielectric Laboratories, Inc., Cazenovia, Madison County

Allocation: 600 kW of Economic Development Power

Jobs Commitment: 494 jobs

Background: Dielectric Laboratories, Inc. ('Dielectric'), founded in 1978, manufactures capacitors, filters and other components for the optical networking and wireless communications industries. For the past year, Dielectric averaged 163.50 jobs, i.e., 33.10% of its contractual commitment. This industry suffered an economic downturn prior to the current recession and is slowly recovering. Dielectric believes that, even if the industry recovers, the company will not be able to meet the employment commitment, as the competitive environment does not allow for such growth. The company has had to automate processes in order to stay competitive, which has resulted in job reductions. Productivity improvements and automation led to a reduction of 154 positions. The company has grown in 2004 and has increased employment to 205 workers.

Ellanef Manufacturing Corp., Bohemia, Suffolk County

Allocation: 1,300 kW of Municipal Distribution Agency Power

Jobs Commitment: 195 jobs

Background: Ellanef Manufacturing Corp. ('Ellanef'), founded in 1940, is the largest privately held manufacturer of aerospace machined parts and assemblies in the nation. Ellanef manufactures parts for the commercial aerospace and defense industries, with Boeing, NASA and IBM as major customers. For the past year, Ellanef averaged 124.33 jobs, i.e., 63.76% of its contractual commitment. The company has been struggling as the aerospace industry as a whole has for the past several years. Although Boeing, Ellanef's biggest customer, has suspended and/or canceled orders, the company is doing its best to stay in business without downsizing. Currently, Ellanef has 124 full-time employees at this location. The company does not foresee significant growth in the near future.

Ellanef Manufacturing Corp., Corona, Queen County

Allocation: 1,100 kW of Economic Development Power

Jobs Commitment: 251 jobs

Background: Ellanef Manufacturing Corp. ('Ellanef'), founded in 1940, is the largest privately held manufacturer of aerospace machined parts and assemblies in the nation. Ellanef manufactures parts for the commercial aerospace and defense industries, with Boeing, NASA and IBM as major customers. For the past year, Ellanef averaged 220.83 jobs, i.e., 87.98% of its contractual commitment. The company has been struggling as the aerospace industry as a whole has for the past several years. Although Boeing, Ellanef's biggest customer, has suspended and/or canceled orders, the company is doing its best to stay in business without downsizing. Currently, Ellanef has 208 full-time employees at this location. The company does not foresee significant growth in the near future.

Endicott Interconnect Technologies, Inc., Endicott, Broome County

Allocation: 20,000 kW of Economic Development Power

Jobs Commitment: 5,500 jobs

Background: In 2002, Endicott Interconnect Technologies, Inc. ('Endicott') purchased this microelectronics manufacturing facility, which had been in operation since 1906, from IBM. Endicott manufactures electronics panels and boards and develops data processing equipment, such as PC panels and banking systems. For the past year, Endicott averaged 4,351.92 jobs, i.e., 79.13% of its contractual commitment. Due to the sluggish electronics industry, the company has not grown as much as it expected, but it has broadened its product line and customer base. A homeland security initiative to develop and produce, in conjunction with another firm, a high-speed explosive detection system, is expected to bring 700 new jobs to the facility this year.

Excelsior Transparent Bag Manufacturing, Inc., Yonkers, Westchester County

Allocation: 700 kW of Municipal Distribution Agency Power

Jobs Commitment: 180 jobs

Background: Excelsior Transparent Bag Manufacturing, Inc. ('Excelsior'), a privately held company founded in 1946, prints and converts plastic film mainly for the food industry. For the past year, Excelsior averaged 85.25 jobs, i.e., 47.36% of its contractual commitment. In order to stay competitive, Excelsior has invested millions of dollars

in a complete equipment overhaul. The new equipment requires fewer workers, but the company is now poised to be much more productive and competitive. Excelsior expects job growth in the near future.

Ferro Electronic Materials, Niagara Falls, Niagara County

Allocation: 3,115 kW and 1,000 kW of Replacement Power and 3,000 kW of Expansion Power

Jobs Commitment: 276 jobs, 257 jobs and 220 jobs

Background: Ferro Electronic Materials ('Ferro') is a supplier of dielectric powder to the passive electronic component industry and zirconia-based ceramic powders to industry. For the past year, Ferro averaged 159.00 jobs, i.e., 57.61%, 61.87% and 72.27% of its employment commitments, respectively. Ferro is coming out of the worldwide electronics industry slump. A dramatic upsurge in business since the end of 2003 has allowed the company to bring new equipment on-line that had remained idle. Two new product lines were successfully implemented in 2003 and Ferro made heavy investments in R&D for new products. Furthermore, the company is looking at diversifying its product line to minimize the problems associated with market swing. More than 20 new employees were hired in 2004, with more growth expected.

Fiber Conversion, Inc., Broadalbin, Fulton County

Allocation: 1,000 kW of Economic Development Power

Jobs Commitment: 47 jobs

Background: Fiber Conversion, Inc. ('Fiber'), founded in 1909, recycles textile scraps and separates out the cotton from those scraps, which is then used to manufacture paper products. For the past year, Fiber averaged 36.00 jobs, i.e., 76.60% of its employment commitment. While the company's business decreased in 2003, it has taken aggressive steps to counter that, increasing business by diversifying its services to include a foam reprocessing technique that has brought in new customers. While the company is not sure whether it is ready to increase employment, it expects its employment level to at least remain stable.

Graphic Controls Corp., Buffalo, Erie County

Allocation: 250 kW of Replacement Power

Jobs Commitment: 408 jobs

Background: Graphic Controls Corp. ('Graphic Controls'), formed in 1957, is a leader in the design, manufacture and distribution of industrial and medical recording charts. For the past year, Graphic Controls averaged 306.25 jobs, i.e., 75.06% of its contractual commitment. Many of Graphic Control's customers have gone out of business. However, the company has invested in new equipment and a new product line that it is marketing aggressively. Graphic Controls is cautiously optimistic about job growth this year.

H. M. Quackenbush, Inc., Herkimer, Herkimer County

Allocation: 400 kW of Economic Development Power

Jobs Commitment: 110 jobs

Background: H. M. Quackenbush, Inc. ('HMQ'), in business since 1871, manufactures housewares and also provides metal plating and finishing services for other companies. For the past year, HMQ averaged 63.00 jobs, i.e., 57.27% of its commitment. HMQ is coming out of a very difficult 2003 with much hope. A new contract required 8-10 new workers by early September and several new contracts set to begin later in the year should require even more workers. The company sees growth as a slow process, but it expects to meet its commitment by the end of 2005.

HSBC Holdings PLC, Brooklyn, Kings County

Allocation: 700 kW of Economic Development Power

Jobs Commitment: 350 jobs at One Hanson Place, Brooklyn
(part of an overall commitment of 1,462 jobs citywide)

Background: Republic National Bank of New York, founded in 1966 with its headquarters on Fifth Avenue in Manhattan and its back office at One Hanson Place in Brooklyn, was purchased by HSBC Holdings PLC ('HSBC') in 1999. For the past year, HSBC averaged 257.13 jobs at One Hanson Place, 73.47% of its commitment for that site. HSBC does not foresee adding any new jobs at the Hanson Place site.

Habasit Globe, Inc., Buffalo, Erie County**Allocation:** 250 kW of Replacement Power**Jobs Commitment:** 123 jobs**Background:** Habasit Globe, Inc. ('Habasit'), in business since 1916, manufactures conveyor belts primarily for the food industry. The company uses a non-rubber, non-woven specially treated fabric that is lighter, stronger and easier to clean than rubber. For the past year, Habasit averaged 79.00 jobs, i.e., 64.23% of its contractual commitment. Habasit is optimistic about its employment outlook in 2004, as the company modestly increased employment in 2003 and recently made a major investment in modernizing the facility with new equipment.**Honeywell International**, Buffalo, Erie County**Allocation:** 300 kW of Replacement Power**Jobs Commitment:** 168 jobs**Background:** Honeywell International ('Honeywell'), formerly Allied-Signal Inc., has been a research and development lab since the early 1900s. Honeywell develops and produces atmospherically safe fluorocarbons. For the past year, Honeywell averaged 117.17 jobs, i.e., 69.74% of its contractual commitment. Since the site is a research facility, it depends on continued funding from Honeywell businesses. The facility has grown in 2004, continuing the growth trend that began in 2003, to a current employment level of 126 people and the company expects to add a few more positions by the end of the year. Honeywell is committed to the facility, as evidenced by its large investment that began in 2003 in a new steam plant. While the company is growing, it does not foresee meeting its commitment in the next year or two.**Ingram Micro Corporation**, Williamsville, Erie County**Allocation:** 900 kW of Expansion Power**Jobs Commitment:** 1,525 jobs**Background:** Ingram Micro Corporation ('Ingram') is a leading wholesale distributor of microcomputer products worldwide, including hardware, software and networking equipment. For the past year, Ingram averaged 1,213.92 jobs, i.e., 79.60% of its job commitment. Ingram is in transition, as it just moved to a new facility across from its former site. At present, the company is not receiving power while it resolves outstanding issues with Niagara Mohawk Power Corporation.**Chase Manhattan Bank, N.A. (JP MorganChase)**, Brooklyn, Kings County**Allocation:** 24,200 kW of Economic Development Power**Jobs Commitment:** 5,000 jobs**Background:** Chase Manhattan Bank's roots go back to 1799. Chase Manhattan Corp. was formed in a 1955 merger and JP MorganChase was formed in a 2000 merger. For the past year, Chase Manhattan Bank, N.A. averaged 3840.17 jobs, i.e., 76.80% of its employment commitment. The MetroTech site, a key operations center for the bank, as well as the rest of the bank, saw job reductions in 2003 due to economic conditions. While the MetroTech site's employment commitment dropped to 2,500 in 2004, it will have many more employees than that for the foreseeable future.**Lockheed Martin**, Niagara Falls, Niagara County**Allocation:** 250 kW of Replacement Power**Jobs Commitment:** 45 jobs**Background:** Lockheed Martin ('Lockheed') manufactures gravity gradiometer technology for the Navy and commercial use. For the past year, Lockheed averaged 26.29 jobs, i.e., 58.43% of its contractual commitment. The company's products, which are new and very high-tech, have not been accepted by the intended market as rapidly as had been expected. While Lockheed's workforce needs fluctuate, the company's business has not allowed for hiring personnel to perform the work in-house, so the work is outsourced. The company expects to hire a few people this year, bringing the number of employees to around 30.**Mele Manufacturing Co.**, Utica, Oneida County**Allocation:** 650 kW of Economic Development Power**Jobs Commitment:** 224 jobs**Background:** Mele Manufacturing Co. ('Mele'), founded in 1912, manufactures jewelry cases, custom packaging and desk accessories, legal binders and custom injection molding. For the past year, Mele averaged 144.23 jobs, i.e., 64.39% of its contractual commitment. Mele has not been able to successfully recruit and retain qualified

production and warehouse workers, relying instead on temporary and Oneida Association of Retarded Citizens workers in order to stay in business.

Metropolitan Life Insurance Company, Troy, Rensselaer County

Allocation: 2,800 kW of Economic Development Power

Jobs Commitment: 350 jobs

Background: In 1992, Metropolitan Life Insurance Company ('Met Life'), the insurance and financial services giant which has been in business for more than 110 years, built a computer center in the Rensselaer Technology Park to provide disaster recovery/back-up capabilities to the company's other computer centers, as well as to perform development work. For the past year, Met Life averaged 304.50 jobs at the site, i.e., 87.00% of its commitment. Jobs were down in 2003 due to outsourcing of some functions. Currently, the company has 310 workers at this site. By the end of 2004, Met Life will have moved more than 20 workers from Boston to the Troy site, which will then meet the commitment.

Monitor Aerospace Corporation, Amityville, Suffolk County

Allocation: 2,000 kW of Economic Development Power

Jobs Commitment: 322 jobs

Background: Monitor Aerospace Corporation ('Monitor') manufactures machined parts and structural sub-assembly components for the aerospace industry. Monitor's core business is precision milling of structural aircraft components out of aluminum, titanium and steel. For the past year, Monitor averaged 226.17 jobs, i.e., 70.24% of its commitment. The company, which is growing as the aerospace industry begins to recover, now has 250 workers and foresees some more job growth.

Monofrax Inc., Falconer, Chautauqua County

Allocation: 2,082 kW of Expansion Power

Jobs Commitment: 380 jobs

Background: Monofrax Inc. ('Monofrax') has an electric furnace ceramic foundry that manufactures fused cast refractories primarily used to line melting furnaces for manufacturing of glass products. For the past year, Monofrax averaged 239.00 jobs, i.e., 62.89% of its contractual commitment. Monofrax grew in 2003 by a few employees and in 2004 has grown by many more to a current level of 260 employees. The company is cautiously optimistic that it will have some more job growth.

Motorola Inc., Elma, Erie County

Allocation: 4,600 kW of Expansion Power

Jobs Commitment: 600 jobs

Background: Motorola Inc. ('Motorola'), one of the world's leading manufacturers of electronic equipment, systems and components, built its automotive and industrial electronics plant in 1989. The plant primarily manufactures high-tech sensors and power controls. For the past year, Motorola averaged 520.33 jobs, i.e., 86.72% of its contractual commitment. At its March 2004 meeting, the Authority's Trustees lowered the company's allocation to 3,600 kW and its job commitment to 400 jobs in conjunction with extending its contract by five years.

Native Textiles, Inc., Glens Falls, Warren County

Allocation: 1,200 kW of Economic Development Power

Jobs Commitment: 100 jobs

Background: Native Textiles, Inc. ('Native'), in business for more than 100 years, produces textiles, especially lace and tricot. For the past year, Native averaged 83.42 jobs, i.e., 83.42% of its contractual commitment. The slow economy affected Native's employment level in 2003. However, 2004 has seen sales growth and, as a result, the company expects to hire approximately eight people this year, which would bring it into compliance.

North American Höganäs, Inc., Niagara Falls, Niagara County

Allocation: 1,000 kW of Replacement Power and 4,000 of Expansion Power

Jobs Commitment: 67 jobs and 71 jobs

Background: North American Höganäs, Inc. ('NAHI'), formerly Pyron Corporation, which was founded in 1940, manufactures sponge iron powder and atomized steel powder for powder metallurgical processes. For the past year, NAHI averaged 45.17 jobs, i.e., 67.42% and 63.62% of its employment commitments respectively. Last year, NAHI restructured the organization, which accounted for the employment drop. However, sales were not good even

after the restructuring. Although the sales outlook is improving in 2004, the company does not foresee any employment growth.

Oswego Wire, Inc., Oswego, Oswego County

Allocation: 1,000 kW of Economic Development Power

Jobs Commitment: 102 jobs

Background: Oswego Wire, Inc. ('Oswego Wire') manufactures drawn copper, copper-clad steel, copper alloy, nickel-plated copper and stainless steel wire. For the past year, Oswego Wire averaged 90.50 jobs, i.e., 88.73% of its employment commitment. The company is less than one job short of its commitment.

Racemark International, Inc., Malta, Saratoga County

Allocation: 1,000 kW of Economic Development Power

Jobs Commitment: 197 jobs

Background: Racemark International, Inc. ('Racemark'), a family-owned business founded more than 35 years ago, manufactures premium auto mats for top automakers, such as Mercedes and BMW. Operations include extrusion, pressing, cutting, sewing, embroidering, packaging and shipping. For the past year, Racemark averaged 165.08 jobs, i.e., 83.80% of its commitment. The company's lower-than-expected sales in 2003 account for the below-commitment job level. Racemark plans to add 10 new employees in 2004, which would bring the company to within one job of meeting its commitment.

Revere Copper Products, Rome, Oneida County

Allocation: 6,000 kW of Economic Development Power

Jobs Commitment: 490 jobs

Background: Revere Copper Products ('Revere') manufactures rolled copper, rolled alloys and milled bars and rods. For the past year, Revere averaged 410.75 jobs, i.e., 83.83% of its commitment. Revere suffered this past year from the overall recession in the copper and brass industry. The company did not reduce any product lines, but competition is tight. This year has seen a rebound and both sales and employment have increased, with employment currently at 423 jobs.

Servotronics, Inc., Elma, Erie County

Allocation: 500 kW of Expansion Power

Jobs Commitment: 145 jobs

Background: Servotronics, Inc. ('Servotronics'), founded in 1959, designs, manufactures and markets servo-control components and cutlery for government and industry. For the past year, Servotronics averaged 124.00 jobs, i.e., 85.51% of its commitment. The company's business has rebounded this year and employment is currently at 128.50 full-time equivalents, only two jobs short of the commitment.

Sherwood, A Division of Harsco Corp., Lockport, Niagara County, and Wheatfield, Niagara County

Allocation: 240 kW of Expansion Power and 260 kW of Expansion Power

Jobs Commitment: 364 jobs and 207 jobs

Background: Sherwood, A Division of Harsco Corp. ('Sherwood'), founded in 1923, manufactures gas control valves and regulators for compressed gas, refrigerants and scuba diving gear. For the past year, Sherwood – Lockport averaged 197.75 jobs, i.e., 54.78% of its employment commitment, and Sherwood – Wheatfield averaged 145.17 jobs, i.e., 70.13% of its employment commitment. While 2003 was not a good year for Sherwood, business is rebounding. At the Wheatfield plant, a new medical valve was introduced, resulting in 13 more employees being hired, with another 25 expected to be hired by the end of the year. At the Lockport plant, manufacturing of a new industrial valve has just started this year, resulting in seven new people being hired.

Special Metals Corporation, Dunkirk, Chautauqua County

Allocation: 1,000 kW of Expansion Power

Jobs Commitment: 81 jobs

Background: Special Metals Corporation ('Special Metals'), founded in 1952, is a world leader in super-alloy technology. The company pioneered the vacuum induction melting method to produce super-alloys for military and civilian use in jet engine turbines. Nearly every jet engine in the free world has some alloy in it produced by Special Metals. For the past year, Special Metals averaged 48.75 jobs, i.e., 60.19% of its commitment. The company was in

bankruptcy until November 2003, which accounts for the drop in employment that year. This year, business has improved and Special Metals expects some job growth.

Syracuse China Company, Syracuse, Onondaga County

Allocation: 2,000 kW of Economic Development Power

Jobs Commitment: 500 jobs

Background: Syracuse China Company ('Syracuse China'), founded in 1871, manufactures high-end china for restaurants, hotels, universities and health care facilities. For the past year, Syracuse China averaged 434.08 jobs, i.e., 86.82% of its commitment. Although Syracuse China has been planning growth, the slow economy has hampered those plans. The company did increase employment in 2003 as compared to 2002 and is continuing to grow. Furthermore, the company has made major capital investments to the facility in order to remain competitive.

The Gunlocke Company, Wayland, Steuben County

Allocation: 5,000 kW of Economic Development Power

Jobs Commitment: 765 jobs

Background: The Gunlocke Company ('Gunlocke'), which was founded in 1902 and has changed ownership several times, manufactures high-end wooden office furniture. Gunlocke recently added a new steel office furniture product line. For the past year, Gunlocke averaged 562.58 jobs, i.e., 73.54% of its commitment. While the company experienced a serious sales decline last year, it is optimistic that it will grow. This year, Gunlocke has seen order rates increase. The company added a new production cell and management has recently made heavy investments in the business to promote its growth.

Ultra Flex Packaging Corporation, Brooklyn, Kings County

Allocation: 1,100 kW of Municipal Distribution Agency Power

Jobs Commitment: 294 base jobs and 100 created jobs by 2005, with 334 jobs committed for 2003

Background: Ultra Flex Packaging Corporation ('Ultra Flex'), in business for more than 25 years, converts plastic film and bags into printed stock to be used as commercial product packages. For the past year, Ultra Flex averaged 251.08 jobs, i.e., 75.17% of its commitment. Ultra Flex believes that its below-commitment headcount is a result of the September 11 attacks and the war in Iraq. However, the company has continued to invest in new equipment that will enable it to produce its own extruded and laminated film, which should result in new jobs.

RECOMMENDATION

"The Director – Business Power Allocations, Regulation and Billing recommends that the Trustees approve reductions in power allocations and job commitments for nine contracts as described above and that the Trustees adjust the job commitments for 12 contracts due to productivity improvements as described above and set forth in Exhibit '5-A.'

"The Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Account – Marketing and Economic Development, and I concur in the recommendation."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Authority hereby approves the reduction of power allocations and job commitments for nine contracts and adjusts the future job commitment levels for five customers with 12 contracts that made productivity improvements as described in the foregoing report of the President and Chief Executive Officer and as set forth in Exhibit "5-A"; and be it further

RESOLVED, That the Director – Business Power Allocations, Regulation and Billing be, and hereby is, authorized to provide written notice to those companies whose allocations and job commitments are being reduced; and be it further

November 23, 2004

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolutions, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

I. ALLOCATIONS AND JOB COMMITMENTS TO BE REDUCED

Company	Location	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment (# of jobs)	Average 2003 Jobs	Average Annual % Achieved	Revised Allocation kW	Revised Jobs
Buffalo Color Corporation	Buffalo	May 93	RP	2,673	107	51.79	48.40	700	28
Buffalo Color Corporation	Buffalo	May 93	RP	243	107	51.79	48.40	0	0
Eagle Electric Manufacturing Co./ Copper Wiring Devices	Long Island City	Nov 92	MDA	500	1,300	653.50	50.27	0	0
Leica Microsystems, Inc.	Depew	May 93	EP	450	315	193.67	61.48	0	0
Prudential Securities, Inc.	New York	Nov 92	EDP	5,550	5,000	3,526.67	70.53	0	0
Oak-Mitsui, Inc.	Hoosick Falls	Nov 92	EDP	4,000/175	140	44.87	32.02	1,300	40
Rich Products Corporation	Buffalo	Jul 86	RP	1,000	402	213.58	53.13	500	201
Sage Enterprises, Inc.	Hauppauge	Jan 94	MDA	500	52	18.92	36.38	0	0
Syroco, Inc.	Baldwinsville	Jul 94	EDP	2,000	500	198.00	39.60	800	198

EP = Expansion Power

RP = Replacement Power

EDP = Economic Development Power

II. ALLOCATIONS TO CONTINUE WITH JOB COMMITMENT CHANGES FOR PRODUCTIVITY IMPROVEMENTS

Company	Location	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment (# of jobs)	Average 2003 Jobs	Average Annual % Achieved	Revised Jobs
American Axle & Mfg Inc. – Cheektowaga	Cheektowaga	May 99	EP	250	120	150.58	125.49	114
American Axle & Mfg Inc. – Tonawanda	Tonawanda	May 94	EP	3,250	686	777.75	113.37	680
American Axle & Mfg Inc. – Tonawanda	Tonawanda	Apr 94	RP	2,600	686	777.75	113.37	680
American Axle & Mfg Inc. – Tonawanda	Tonawanda	Apr 91	RP	1,300	686	777.75	113.37	680
Delphi Automotive Systems LLC	Lockport	Dec 88	EP	14,300	5,610	4,696.38	83.71	5,480
Goodyear Dunlop Tires N.A. Ltd.	Tonawanda	Jun 00	RP	850	1,475	1,533.67	103.98	1,449
Goodyear Dunlop Tires N.A. Ltd.	Tonawanda	Apr 91	RP	250	1,454	1,533.67	105.48	1,449
FMC Corporation	Tonawanda	Jul 86	RP	750	134	107.83	80.47	106
G. M. Powertrain – Tonawanda Plant	Buffalo	Sep 97	EP	1,100	3,791	3,433.08	90.56	3,470
G. M. Powertrain – Tonawanda Plant	Buffalo	Jun 96	EP	800	3,791	3,433.08	90.56	3,470
G. M. Powertrain – Tonawanda Plant	Buffalo	Aug 97	RP	725	3,791	3,433.08	90.56	3,470
G. M. Powertrain – Tonawanda Plant	Buffalo	Jun 00	RP	2,000	3,835	3,433.08	89.52	3,514

EP = Expansion Power

RP = Replacement Power

MDA = Municipal Distribution Agency Power

III. INFORMATION PROVIDED FOR INFORMATIONAL PURPOSES ONLY

Company	Location	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment (# of jobs)	Average 2003 Jobs	Average Annual % Achieved
Brenner Paper Products Company Inc.	Glendale	Sep 90	MDA	600	140	119.50	85.36
Bristol-Myers Squibb Buffalo Technical Operations	Buffalo	Aug 89	EP	750	450	294.42	63.43
Buffalo Newspress Inc.	Buffalo	Jan 94	EP	250	200	136.46	68.23
Client Logic	Buffalo	Mar 95	EP	250	507	314.75	62.08
Coyne Textile Services	Buffalo	Mar 95	EP	350	93	55.75	59.95
Dielectric Laboratories, Inc.	Cazenovia	Nov 00	EDP	600	299	163.50	33.10
Ellanef Manufacturing Corporation	Bohemia	May 95	MDA	1,300	195	124.33	63.76
Ellanef Manufacturing Corporation	Corona	Dec 93	EDP	1,100	251	220.83	87.98
Endicott Interconnect Technologies, Inc.	Endicott	Aug 93	EDP	20,000	5,500	4,351.92	79.13
Excelsior Transparent Bag Mfg. Inc.	Yonkers	Dec 93	MDA	700	180	85.25	47.36
Ferro Electronic Materials	Niagara Falls	Apr 94	RP	3,115	276	159.00	57.61
Ferro Electronic Materials	Niagara Falls	Jan 89	RP	1,000	257	159.00	61.87
Ferro Electronic Materials	Niagara Falls	Dec 88	EP	3,000	220	159.00	72.27
Fiber Conversion, Inc.	Broadalbin	Jul 94	EDP	1,000	47	36.00	76.60
FMC Corporation	Tonawanda	July 86	RP	750	134	107.83	80.47
Graphic Controls Corp.	Buffalo	Nov 98	RP	250	408	306.25	75.06
H.M. Quackenbush, Inc.	Herkimer	Jan 95	EDP	400	110	63.00	57.27
HSBC Holdings PLC	Brooklyn	Apr 93	EDP	700	350/1462	257.13	73.47
Habasit Globe, Inc.	Buffalo	Jul 86	RP	250	123	79.00	64.23
Honeywell International	Buffalo	Apr 89	RP	300	168	117.17	69.74
Ingram Micro Corporation	Williamsville	Sep 97	EP	900	1,525	1,213.92	79.60
J.P. MorganChase	Brooklyn	Feb 89	EDP	24,200	5,000	3,840.17	76.80
Lockheed Martin	Niagara Falls	Feb 93	RP	250	45	26.29	58.43
Mele Manufacturing Co., Inc.	Utica	Jul 94	EDP	650	224	144.23	64.39
Metropolitan Life Insurance Company	Troy	May 91	EDP	2,800	350	304.50	87.00
Monitor Aerospace Corporation	Amityville	Jun 92	EDP	2,000	322	226.17	70.24
Monofrax Inc.	Falconer	Sep 97	EP	2,082	380	239.00	62.89
Motorola Inc.	Elma	Aug 89	EP	4,600	600	520.33	86.72
Native Textiles	Glens Falls	Jul 94	EDP	1,200	100	83.42	83.42
North American Hogānās Corporation	Niagara Falls	Jan 89	RP	1,000	67	45.17	67.42
North American Hogānās Corporation	Niagara Falls	Oct 88	EP	4,000	71	45.17	63.62
Oswego Wire, Inc.	Oswego	May 93	EDP	1,000	102	90.50	88.73
Racemark International, Inc.	Malta	Sep 95	EDP	1,000	197	165.08	83.80
Revere Copper Products	Rome	May 93	EDP	6,000	490	410.75	83.83
Servotronics, Inc.	Elma	May 90	EP	500	145	124.00	85.51
Sherwood, A Div. of Harsco Corp.	Wheatfield	May 99	EP	260	207	145.17	70.13
Sherwood, A Div. of Harsco Corp.	Lockport	May 94	EP	240	364	197.75	54.78
Special Metals Corporation	Dunkirk	May 91	EP	1,000	81	48.75	60.19
Syracuse China Company	Syracuse	Jul 94	EDP	2,000	500	434.08	86.82
The Gunlocke Company	Wayland	Dec 93	EDP	5,000	765	562.58	73.54
Ultra Flex Packaging Corporation	Brooklyn	Oct 01	MDA	1,100	394 (334)	251.08	75.17

EP = Expansion Power **RP** = Replacement Power **EDP** = Economic Development Power
MDA = Municipal Distribution Agency Power

6. Informational Item – Quarterly Review of Power for Jobs Employment Commitments

The President and Chief Executive Officer submitted the following report:

SUMMARY

“At their meeting of February 24, 2004, the Trustees approved a one-year extension to the moratorium against taking enforcement action against customers when their actual employment levels fall short of their agreed-upon employment commitments. Customers are having difficulty meeting their commitments as a result of the national economic downturn. The Trustees approved the moratorium extension retroactive to January 1, 2004. As a result, the following discussion of Power for Jobs (‘PFJ’) customers is for informational purposes only. A summary of all contracts discussed in this memorandum is provided as Exhibit ‘6-A.’.

BACKGROUND

“All of the PFJ contracts contain a customer commitment to retain or add a specific number of jobs. If the actual job level falls below 90% of that commitment, the Authority may reduce that customer’s power allocation proportionately.

“In order to ensure compliance with agreed-upon job commitments, Authority staff initiates a review of all PFJ power allocations that have an ‘anniversary date’ within the quarter being reported. This quarterly review covers companies that began receiving power during the 4th Quarter of 1998, 1999, 2000, 2001 and 2002. The Authority had 54 customers with 58 contracts first receiving power in the 4th Quarter of 1998, eight customers with eight contracts first receiving power in the 4th Quarter of 2000, 23 customers with 24 contracts first receiving power in the 4th Quarter of 2001 and six customers with six contracts first receiving power in the 4th Quarter of 2002.

DISCUSSION

“Staff reviewed a total of 91 customers with 96 contracts. The 96 contracts reviewed represent overall power allocations of 63,349 MW and total employment commitments of 40,853 jobs. In the aggregate, these customers reported actual employment of 40,906 positions, which represents some 100.13% of the total job commitments for PFJ customers reporting on their anniversary dates. Notwithstanding, 33 customers’ actual job levels are below the minimum threshold. They are discussed below and summarized in Exhibit ‘6-A.’

A.T. Reynolds & Sons, Inc., Kiamesha Lake, Sullivan County

Allocation: 500 kW of Power for Jobs power

Jobs Commitment: 116 jobs

Background: A.T. Reynolds & Sons, Inc. (‘A.T. Reynolds’) is a fourth-generation family-owned business begun in 1885 that originally manufactured ice products. The company has since expanded to bottling water and making containers for the water. For the past year, A.T. Reynolds averaged 90.04 jobs, i.e., 77.62% of its employment commitment. A.T. Reynolds had a difficult year because the summer was cool and demand for ice was down, in addition to strong competition from Canadian companies. The company decided to eliminate two work shifts to respond to the lower demand. While A.T. Reynolds lost jobs compared to the year before, the company is cautiously optimistic about economic growth and foresees hiring people slowly.

Alken Industries Inc., Ronkonkoma, Suffolk County

Allocation: 125 kW of Power for Jobs power

Jobs Commitment: 57 jobs

Background: Alken Industries Inc. (‘Alken’), founded in 1964, is a small machine shop that manufactures many parts, such as fittings and assemblies, for the aerospace industry. For the past year, Alken averaged 46.75 jobs, i.e., 82.01% of its employment commitment. Currently, the company is meeting its commitment with 51.25 employees and it is still growing.

American Pipe & Plastics, Inc., Binghamton, Broome County**Allocation:** 500 kW of Power for Jobs power**Jobs Commitment:** 65 jobs**Background:** American Pipe & Plastics, Inc., ('American Pipe'), founded in 1977, manufactures PVC pipe and related fabricated products for the plumbing, sewer maintenance, telecommunications and power industries. For the past year, American Pipe averaged 54.83 jobs, i.e., 84.36% of its employment commitment. Although employment is currently level, the company expects growth that should enable it to meet its commitment by mid-2005, since a large new contract is set to begin in the winter.**Asia Society**, Manhattan, New York County**Allocation:** 225 kW of Power for Jobs power**Jobs Commitment:** 120 jobs**Background:** The Asia Society ('Asia Society'), founded in 1956, is a non-profit organization dedicated to increasing American understanding of the culture, history and contemporary affairs of Asia, as well as fostering communication between Asians and Americans. For the past year, Asia Society averaged 101.25 jobs, i.e., 84.38% of its commitment. Asia Society is currently meeting its commitment with 108.75 employees, which it was able to achieve through improved fundraising.**Avirex Ltd.**, New York, New York County**Allocation:** 160 kW of Power for Jobs power**Jobs Commitment:** 63 jobs**Background:** Avirex Ltd. ('Avirex'), founded in 1975, manufactures outerwear and sportswear for specialty shops in the U.S., Europe and Japan. Avirex has a few retail stores and a mail order business as well. For the past year, Avirex averaged 32.00 jobs, i.e., 50.79% of its employment commitment. Avirex shifted its operations from Long Island City, Queens, to other buildings in New York City but did not contractually shift where its workers should be counted. If the company counted all of its New York City facilities, it would be meeting its commitment.**BSU, Inc.**, Ithaca, Tompkins County**Allocation:** 100 kW of Power for Jobs power**Jobs Commitment:** 50 base jobs and 30 jobs to be created by the end of third year**Background:** BSU, Inc. ('BSU'), in business since 1989, designs and manufactures electronic assemblies for the electric industry. For the past year, BSU averaged 37.08 jobs, i.e., 74.16% of its contractual commitment. BSU has increased employment to a current level of 45 workers and the company is slowly growing. However, it will never attain the 80-job level, since that commitment was made when it seemed like the company would grow dramatically, but the growth never materialized. BSU believes it could meet its base commitment level of 50 employees.**Carrier Corporation**, Syracuse, Onondaga County**Allocation:** 1,500 kW of Power for Jobs power**Jobs Commitment:** 948 jobs**Background:** Carrier Corporation ('Carrier') has been in business for more than 85 years. Carrier manufactures air-conditioning and industrial and transport refrigeration products, as well as air conditioner and refrigerator compressors. For the past year, Carrier averaged 815.50 jobs, i.e., 86.02% of its contractual commitment. Carrier underwent some organizational restructuring in 2002, which resulted in a reduction of Syracuse-based employees. The company does not expect to add any new jobs at the facility.**CEN Electronics Inc.**, Caledonia, Livingston County**Allocation:** 300 kW of Power for Jobs power**Jobs Commitment:** 121 jobs**Background:** CEN Electronics Inc./Applied Energy Solutions ('CEN/Applied') began in 1949 as a magnetics, coils and transformer manufacturer. Today, the company produces industrial battery chargers, high-tech magnetics for both commercial and military use and electronic assemblies. For the past year, CEN/Applied averaged 58.00 jobs, i.e., 47.93% of its commitment. The slow economy and the lagging effects of September 11 during the reporting period resulted in a continued difficult business situation for the company. However, the company is currently growing; sales are up and so is employment, with 70 employees and more to come.

Chapin Watermatics Inc., Watertown, Jefferson County**Allocation:** 400 kW of Power for Jobs power**Jobs Commitment:** 82 jobs**Background:** Chapin Watermatics Inc. ('Chapin'), a family-owned business, pioneered drip irrigation. The company designs and manufactures row-crop drip irrigation hoses and specialty items from its Watertown facility and distributes them worldwide. For the past year, Chapin averaged 52.59 jobs, i.e., 64.14% of its employment commitment. Chapin is still struggling, but its sales volume has increased.**Cherry Creek Woodcraft, Inc.**, South Dayton, Cattaraugus County**Allocation:** 500 kW of Power for Jobs power**Jobs Commitment:** 115 jobs**Background:** Cherry Creek Woodcraft, Inc. ('Cherry Creek'), founded in 1976, was a wooden giftware and trophy component manufacturer that has since become a fiberboard product manufacturer. For the past year, Cherry Creek averaged 78.08 jobs, i.e., 67.90% of its commitment. The company's sales were down from the year before and only half of the projected new business materialized for its new product line. Cherry Creek believes it will take longer to meet its commitment due to its downward revision of expected business growth.**Cooper Industries**, Syracuse, Onondaga County**Allocation:** 3,000 kW of Power for Jobs power**Jobs Commitment:** 958 jobs**Background:** Cooper Industries ('Cooper'), founded in 1897, began as an electrical switch manufacturer. Today, the company does machining, metal forming, iron casting and finishing operations to manufacture electrical power distribution products and lighting systems. For the past year, Cooper averaged 634.28 jobs, i.e., 66.28% of its contractual commitment. A slow economy reduced demand for electrical construction projects, forcing the company to reduce jobs, with no growth foreseen under current market conditions.**Corning, Inc.**, Corning, Chemung County**Allocation:** 2,500 kW of Power for Jobs power**Jobs Commitment:** 1,035 jobs**Background:** Corning, Inc. ('Corning'), established in 1851 and located in Corning since 1868, is a global market leader in optical fiber and photonic technology, glass and ceramics and opto-electronic products. The Northside facility includes corporate offices, Steuben crystal manufacturing and the Museum of Glass. For the past year, Corning, Inc. averaged 917.00 jobs, i.e., 88.60% of its employment commitment. Many operational changes at the Northside facility resulted in jobs being moved to various other Corning sites. Thus, Northside will likely remain at its current level of employment.**Dielectric Laboratories, Inc.**, Canastota, Madison County**Allocation:** 400 kW of Power for Jobs power**Jobs Commitment:** 248 jobs**Background:** Dielectric Laboratories, Inc. ('Dielectric'), a family-owned business founded in 1920, manufactures molded, assembled and machined plastic products for the automotive and medical industries. For the past year, Dielectric averaged 149.00 jobs, i.e., 60.08% of its contractual commitment. Although Dielectric reported having 205 jobs in the spring of this year, its largest customer stopped orders in late spring, and employment was reduced to a current level of 173. However, the company is very optimistic that it will not only get those orders back from that customer but also that it will grow beyond that, with an expected job level of around 225 in 2005.**Dynabrade, Inc.**, Clarence, Erie County**Allocation:** 300 kW of Power for Jobs power**Jobs Commitment:** 148 jobs**Background:** Dynabrade, Inc. ('Dynabrade'), founded in 1969, designs, manufactures and sells a complete line of power abrasive tools worldwide. For the past year, Dynabrade averaged 128.71 jobs, i.e., 86.97% of its employment commitment. Dynabrade met its commitment in the last month reported. The company had both employment and sales gains during the reporting year, but sales growth was weak. Dynabrade has introduced new products, is trying to penetrate new markets and is working hard to reduce costs. The company is optimistic about continued sales and employment growth.

F.P. Pla Tool & Manufacturing Co., Buffalo, Erie County**Allocation:** 100 kW of Power for Jobs power**Jobs Commitment:** 40 jobs**Background:** F.P. Pla Tool & Manufacturing Co. ('F.P. Pla'), founded in 1944, is a machine shop functioning on a job-order basis, machining miscellaneous details on small-volume lots. For the past year, F.P. Pla averaged 25.75 jobs, i.e., 64.38% of its employment commitment. The company has grown slightly, with a current employment level of 27 jobs. The company is remaining stable at its current level and does not foresee growth.**Fermer Precision**, Ilion, Herkimer County**Allocation:** 200 kW of Power for Jobs power**Jobs Commitment:** 80 jobs**Background:** Fermer Precision ('Fermer'), in business for more than 15 years, provides machining applications for the metal and plastics industry, specializing in parts for firearms, brakes and gears. For the past year, Fermer averaged 68.00 jobs, i.e., 85.00% of its commitment. Fermer had good job growth during the reporting year and met its commitment in the last quarter reported.**Flower City Printing, Inc.**, Rochester, Monroe County**Allocation:** 1150 kW of Power for Jobs power**Jobs Commitment:** 267 jobs**Background:** Flower City Printing, Inc. ('Flower City'), founded in 1971, is a premier packaging and commercial printer of items such as catalogues for consumer-oriented manufacturing companies. For the past year, Flower City averaged 220.17 jobs, i.e., 82.46% of its employment commitment. Last year, employment grew, since the company is bringing jobs that had been transferred to North Carolina back to New York State. To stay competitive, Flower City uses a strategy of overtime rather than new employment as much as it can; this overtime would equal the equivalent of approximately 30-40 full-time employees. The company is optimistic about both sales and job growth.**Gaylord Brothers**, Liverpool, Onondaga County**Allocation:** 600 kW of Power for Jobs power**Jobs Commitment:** 304 base jobs and 24 created jobs by end of third year**Background:** Gaylord Brothers ('Gaylord'), in business since 1896, manufactures and markets library supplies and information systems, providing libraries with everything from supplies and furniture to software management systems. For the past year, Gaylord averaged 234.00 jobs, i.e., 76.97% of its employment commitment. Because a portion of the business was sold in 2003, resulting in a reduction in the number of jobs, Gaylord does not foresee growth at this facility.**Higbee Inc.**, Syracuse, Onondaga County**Allocation:** 100 kW of Power for Jobs power**Jobs Commitment:** 61 jobs**Background:** Higbee Inc. ('Higbee'), founded in 1932, makes gaskets and sealing products using a die-cutting process, and also distributes o-rings and extruded and molded parts. For the past year, Higbee averaged 49.25 jobs, i.e., 80.74% of its commitment. Higbee had significant sales growth in the reporting year. The company implemented lean manufacturing, resulting in significant sales increases without much employment growth. However, Higbee currently has 52 employees with three more planned hires in the next few months that would bring the company into compliance.**Indian Country Inc.**, Deposit, Delaware County**Allocation:** 450 kW of Power for Jobs power**Jobs Commitment:** 182 jobs**Background:** Indian Country Inc. ('Indian Country'), a family-owned business operating since 1972, makes wood components. For the past year, Indian Country averaged 71.42 jobs, i.e. 39.24% of its employment commitment. In January 2001, the company sold off an unprofitable division, resulting in a reduction of 40 jobs. Indian Country hired a new president, vice president and manager in the last year to work on turning the company around. Sales have not grown as anticipated, but Indian Country is hopeful that it will add several jobs this coming year.

Levonian Brothers, Inc., Troy, Rensselaer County

Allocation: 350 kW of Power for Jobs power

Jobs Commitment: 121 jobs

Background: Levonian Brothers, Inc. ('Levonian') has been in business since 1947 and is a meat distributor, as well as a manufacturer of meat products. For the past year, Levonian averaged 66.75 jobs, i.e., 55.17% of its commitment. Levonian was never able to attain job growth of 50 jobs from the original commitment due to difficult economic conditions. However, the company expects to meet its base of 75 jobs from the original contract this year, as it has new customers. Levonian adds temporary workers beyond that to handle the busy seasons for meat processing – December and the summer.

Lydall Manning Corporation, Green Island, Albany County

Allocation: 1,200 kW of Power for Jobs power

Jobs Commitment: 133 jobs

Background: Lydall Manning Corporation ('Lydall'), founded in 1846, is the world leader in manufacturing technical and non-woven paper. For the past year, Lydall averaged 109.41 jobs, i.e., 82.27% of its contractual commitment. Lydall is currently at 113.50 employees and foresees some further growth in 2005, as it will have some new products.

McLane Eastern, Inc., Baldwinsville, Onondaga County

Allocation: 1,000 kW of Power for Jobs power

Jobs Commitment: 1,040 jobs

Background: McLane Eastern, Inc. ('McLane'), a subsidiary of McLane Company, Inc., is a wholesale grocery distributor of food and non-food products. McLane has been doing business in Baldwinsville, where it has a large distribution center, since 1984. For the past year, McLane averaged 883.08 jobs, i.e., 84.91% of its employment commitment. McLane's has had difficulty in filling open jobs with appropriately qualified people. However, the company is trying out some innovative recruiting techniques that it is hopeful will be successful.

MGI Products, Inc., East Syracuse, Onondaga County

Allocation: 180 kW of Power for Jobs power

Jobs Commitment: 70 jobs

Background: MGI Products, Inc. ('MGI'), founded in 1967, fabricates quartz products for use in the semiconductor industry. For the past year, MGI averaged 40.92 jobs, i.e., 58.45% of its contractual commitment. MGI, as well as the rest of the semiconductor industry, has been hurt by the slow economy. The company had a sales decrease in the reporting year and has gone on a shared work plan to try to save jobs until the industry improves. MGI is cautiously optimistic about growth, as sales are starting to improve.

Oak-Mitsui, Inc., Hoosick Falls, Rensselaer County

Allocation: 500 kW of Power for Jobs power

Jobs Commitment: 140 jobs

Background: Oak-Mitsui, Inc. ('Oak-Mitsui'), founded in 1976, produces electro-deposited copper foil for use in printed wire board applications. For the past year, Oak-Mitsui averaged 44.83 jobs, i.e., 32.02% of its employment commitment. Oak-Mitsui temporarily reduced its workforce and ceased production due to a sudden drop in demand for its product, which was caused by the downturn in the economy. There are plans to bring a research and development lab to the Hoosick Falls location for product development. Oak-Mitsui is trying to create a new market for a new copper solution for impregnating pressure-treated wood. The company is hopeful that these new initiatives will create business growth and plans to reopen part of the facility next year.

Paul T. Freund Corp., Palmyra, Wayne County

Allocation: 500 kW of Power for Jobs power

Jobs Commitment: 123 jobs

Background: Paul T. Freund Corp. ('Freund'), founded in 1891 in Rochester and moved to Palmyra in 1968, manufactures set-up boxes, graphic arts corrugated film boxes and folding boxes. For the past year, Freund averaged 106.58 jobs, i.e., 86.65% of its employment commitment. Currently, Freund is meeting its commitment with 140 employees.

Purolator Products Co., Elmira, Chemung County**Allocation:** 400 kW of Power for Jobs power**Jobs Commitment:** 132 jobs**Background:** Purolator Products Co. ('Purolator'), founded in 1895, manufactures starter drive parts or assemblies for the automotive industry and electric fuel pumps. For the past year, Purolator averaged 94.08 jobs, i.e., 71.28% of its contractual commitment. Purolator invested heavily in new equipment meant to reduce costs and improve efficiency in the reporting year. The automation reduced the company's employment level, but Purolator's long-term plans are for employment growth.**Richards Machine Tool Co., Inc.**, Lancaster, Erie County**Allocation:** 60 kW of Power for Jobs power**Jobs Commitment:** 24 jobs**Background:** Richards Machine Tool Co., Inc. ('Richards') was founded in 1973 and is a precision machine shop that manufactures many items out of various materials. For the past year, Richards averaged 16.58 jobs, i.e., 69.10% of its employment commitment. The poor economy has kept the company from meeting its' commitment. Richards took a new approach to dealing with its problem this past year by linking with the Buffalo State College Small Business Development Center and creating a new long-term plan. This past year, Richards signed a new large contract with General Motors that required a very costly investment to become ISO TS16949 Certified. The new GM contract will ensure job growth in the near future.**Snyder Industries, Inc., North** Tonawanda, Niagara County**Allocation:** 350 kW of Power for Jobs power**Jobs Commitment:** 70 jobs**Background:** Snyder Industries, Inc. ('Snyder') has been operating since 1971 and is a major original equipment manufacturer for the underground mining industry. For the past year, Snyder averaged 54.66 jobs, 78.10% of its commitment. Snyder was below commitment because the company lost its largest customer last year but it is now meeting its commitment with 96 employees, as the company has recovered much of that customer's business and has added new customers.**Soucy USA Inc.**, Champlain, Clinton County**Allocation:** 400 kW of Power for Jobs power**Jobs Commitment:** 203 jobs**Background:** Soucy USA Inc. ('Soucy'), in business for 16 years, provides storage, shipping and handling for Canadian businesses. For the past year, Soucy averaged 156.08 jobs, i.e., 76.89% of its contractual commitment. The new mix of business in its warehouse requires fewer workers, which is why employment is down.**Streamline Plastics Co., Inc.**, Bronx, Bronx County**Allocation:** 200 kW of Power for Jobs power**Jobs Commitment:** 60 base jobs and 7 created jobs by end of third year**Background:** Streamline Plastics Co., Inc. ('Streamline'), in business since 1940, extrudes and molds plastic parts. For the past year, Streamline averaged 48.83 jobs, i.e., 81.38% of its employment commitment. The company grew during the past year. Currently, Streamline is at 55 employees, which would have met the employment commitment for this reporting period and is at more than 82% of the combined base and created commitments.**The Harlem School of the Arts, Inc.**, Manhattan, New York County**Allocation:** 50 kW of Power for Jobs power**Jobs Commitment:** 76 jobs**Background:** The Harlem School of the Arts, Inc. ('HSA') provides training in the visual and performing arts (music, dance and theater) for children ages 4 to 21. HSA has over 3,000 students, with the largest segment of them in the after-school and Saturday programs. The school offers on-site arts training to PS District 5 for grades 1 through 3, as well as college prep for conservatory and arts college-bound students. For the past year, HSA averaged 58.67 jobs, i.e., 77.19% of its employment commitment. The school's employment grew significantly in the past year, but due to the nature of the school and the fact that the school's programs are semester based, the conversion to FTE did not reflect this dramatic growth.

Vesuvius USA Corp., Buffalo, Erie County

Allocation: 750 kW of Power for Jobs power

Jobs Commitment: 133 jobs

Background: Vesuvius USA Corp. ('Vesuvius') purchased the site from Ferro Corp. in 1992. The company manufactures refractory cements, crucible and retorts, kiln furniture, wear-resistant shapes, pressure pour refractories, investment casting and refractory tubes. For the past year, Vesuvius averaged 97.42 jobs, i.e., 73.25% of its employment commitment. The company lost a significant amount of business in 2003 due to businesses seeking product from China and Mexico. The company is looking to eliminate inefficiencies in its process, but cannot compete with labor costs in those countries. Many of Vesuvius's customers have gone out of business. Vesuvius' implementation of productivity improvements and cost-saving measures has lowered its employment level somewhat.

ALLOCATIONS TO CONTINUE WITH NO CHANGE

Company	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment	Average '02-'03 Jobs	Average Annual % Achieved
A. T. Reynolds & Sons, Inc.	9/28/98	PFJ	500	116	90.04	77.62
Alken Industries Inc.	9/28/98	PFJ	125	57	46.75	82.01
American Pipe & Plastics, Inc.	3/30/99	PFJ	500	65	54.83	84.36
Asia Society	4/28/98	PFJ	225	120	101.25	84.38
Avirex Ltd.	9/28/98	PFJ	160	63	32.00	50.79
BSU, Inc.	6/26/01	PFJ	100	50	37.08	74.16
Carrier Corporation	10/27/98	PFJ	1,500	948	815.50	86.02
CEN Electronics	9/28/98	PFJ	300	121	58.00	47.93
Chapin Watermatics Inc.	9/28/98	PFJ	400	82	52.59	64.14
Cherry Creek Woodcraft Inc.	9/28/98	PFJ	500	115	78.08	67.90
Cooper Industries	9/28/98	PFJ	3,000	958	634.28	66.28
Corning, Inc.	9/28/98	PFJ	2,500	1,035	917.00	88.60
Dielectric Laboratories, Inc.	9/28/98	PFJ	400	248	149.00	60.08
Dynabrade, Inc.	9/28/98	PFJ	300	148	128.71	86.97
F. P. Pla Tool & Manufacturing Co.,	9/28/98	PFJ	100	40	25.75	64.38
Fermer Precision	9/28/98	PFJ	200	80	68.00	85.00
Flower City Printing, Inc.	3/31/98	PFJ	1,150	267	220.17	82.46
Gaylord Brothers	6/26/01	PFJ	600	304	234.00	76.97
Higbee Inc.	9/28/98	PFJ	100	61	49.25	80.74
Indian Country Inc.	9/28/98	PFJ	450	182	71.42	39.24
Levonian Brothers, Inc.	9/28/98	PFJ	350	121	66.75	55.17
Lydall Manning	9/28/98	PFJ	1,200	133	109.41	82.27
McLane Eastern	1/25/00	PFJ	1,000	1,040	883.08	84.91
MGI Products, Inc.	9/28/98	PFJ	180	70	40.92	58.45
Oak-Mitsui, Inc.	9/28/98	PFJ	500	140	44.83	32.02
Paul T. Freund Corp.	3/30/99	PFJ	500	123	106.58	86.65
Purolator Products Co.	3/30/99	PFJ	450	132	94.08	71.28
Richards Machine Tool Co., Inc.	9/28/98	PFJ	60	24	16.58	69.10
Snyder Industries, Inc.	12/16/97	PFJ	350	70	54.66	78.10
Soucy USA	9/28/98	PFJ	400	203	156.08	76.89
Streamline Plastics Co., Inc.	6/26/01	PFJ	200	60	48.83	81.38
The Harlem School of the Arts, Inc.	5/25/99	PFJ	50	76	58.67	77.19
Vesuvius USA Corp.	9/28/98	PFJ	750	133	97.42	73.25

7. Power for Jobs Extended Benefits

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve extended benefits for 10 Power for Jobs (‘PFJ’) customers as listed in Exhibits ‘7-A’ and ‘7-B.’ These customers have been recommended such extended benefits by the Economic Development Power Allocation Board (‘EDPAB’).

BACKGROUND

“In July 1997, Governor George E. Pataki and the New York State Legislature approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants receive three-year contracts for PFJ electricity.

“The PFJ program originally made available 400 megawatts (‘MW’) of power. The program was to be phased in over three years, with approximately 133 MW being made available each year. In July 1998, as a result of the initial success of the program, Governor Pataki and the Legislature amended the PFJ statute to accelerate the distribution of the power, making a total of 267 MW available in Year One. The 1998 amendments also increased the size of the program to 450 MW, with 50 MW to become available in Year Three.

“In May 2000, legislation was enacted that authorized another 300 MW of power to be allocated under the PFJ program. The additional MW were described in the statute as ‘phase four’ of the program. Customers who received allocations in Year One were authorized to apply for reallocations. Over 95% reapplied. The balance of the power was awarded to new applicants.

“In July 2002, legislation was signed into law by Governor Pataki that authorized another 183 MW of power to be allocated under the program. The additional MW were described in the statute as ‘phase five’ of the program. Customers who received allocations in Year Two or Year Three were given priority to reapply for the program. Any remaining power was made available to new applicants. The program’s sunset date is December 31, 2005.

“In 2004, provisions of the approved New York State budget extended the benefits for PFJ customers whose contracts expire before the end of the program in 2005. Such customers may choose to receive an ‘electricity savings reimbursement’ rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates if deemed feasible and advisable by the Trustees.

“PFJ customers whose contracts will have expired on or prior to November 30, 2004 are eligible for a rebate from the date their contract expired through December 31, 2005. As an alternative, such customers may choose to receive a rebate from the date their contract expired as a bridge to a new contract extension, with the contract extension commencing December 1, 2004. The new contract would be in effect from a period no earlier than December 1, 2004 through the end of the PFJ program on December 31, 2005.

“PFJ customers whose contracts will expire after November 30, 2004 will be able to apply for a rebate or contract extension from the date their contracts expire through the sunset of the program at the end of 2005.

“An approved contract extension will entitle a customer to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer’s local utility. A separate allocation contract between the customer and the Authority will contain job commitments enforceable by the Authority.

DISCUSSION

“As a result of its meeting, the EDPAB recommended that the Authority’s Trustees approve the allocations and/or electricity savings reimbursement rebates to the 10 businesses listed in Exhibits ‘7-A’ and ‘7-B.’ Exhibit ‘7-A’ lists businesses that have requested and are being recommended for contract extensions, while Exhibit ‘7-B’ lists those businesses that have requested and were recommended to receive an electricity savings reimbursement. Collectively, these organizations have agreed to retain more than 6,300 jobs in New York State in exchange for the contract extension or rebate. The contracts will be extended and the rebate program in effect until December 31, 2005, the program’s sunset. The power will be wheeled by the investor-owned utilities as indicated in the exhibits.

“The Trustees are requested to approve contract extensions for the companies listed in Exhibit ‘7-A’, and the payment and funding of rebates for the companies listed in Exhibits ‘7-A’ and ‘7-B’ through November 30, 2004, in a total amount currently not expected to exceed \$900,000. Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of such amount, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. In the future, the staff expects to present to the Trustees requests for additional funding for rebates for the companies listed on Appendix ‘7-B’.

“Completed applications were reviewed by EDPAB and recommendations were made at their meeting on November 23, 2004.

RECOMMENDATION

“The Senior Vice President and Chief Financial Officer and the Director – Business Power Allocations, Regulation and Billing recommend that the Trustees approve the contract extensions for, and the payment of electricity savings reimbursements to, the Power for Jobs customers listed in Exhibits ‘7-A’ and ‘7-B.’

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President, Public and Governmental Affairs, the Vice President – Major Account Marketing and Economic Development and I concur in the recommendation.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve contract extensions and electricity savings reimbursements to the Power for Jobs customers listed in Exhibits “7-A” and “7-B”;

NOW THEREFORE BE IT RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves contract extensions for those companies listed in Exhibit “7-A,” and approves the payment of electricity savings reimbursements to the companies listed in Exhibits “7-A” and “7-B,” as submitted to this meeting, and that the Authority finds that such extensions and payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the Power for Jobs program and in the public interest; and be it further

RESOLVED, That based on the recommendation of staff, it is hereby authorized that payments be made for electricity savings reimbursements as described in the foregoing resolution of the President and Chief Executive Officer in the aggregate amount of up to \$900,000 and it is hereby found that amounts may properly be withdrawn from the Operating Fund for such payments; and be it further

RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Vice President – Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503 (1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee be, and hereby is, authorized to negotiate and to execute any and all documents necessary or desirable to effectuate the foregoing; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

**New York Power Authority
Power for Jobs Extended Benefits
Recommendations for Contract Extensions**

**Exhibit "7-A"
November 23, 2004**

	<u>Company</u>	<u>City</u>	<u>County</u>	<u>IOU</u>	<u>KW</u>	<u>Jobs</u>	<u>Jobs/ MW</u>	<u>Business Type</u>	<u>Description</u>
1	EDO/AIL Systems, Inc.	Deer Park	Suffolk	LIPA	2,700	589	218	Large	Aerospace Electronics
2	Diversified Manufacturing, Inc.	Lockport	Niagara	NYSEG	255	116	455	Small	Manufacturer of heat exchanges
3	Fiber Glass Industries, Inc.	Amsterdam	Montgomery	NIMO	700	142	203	Large	Weaver of glass yarn
4	New Venture Gear, Inc.	East Syracuse	Onondaga	NIMO	5,000	4,000	800	Large	Manufacturers automobile parts
5	Ultralife Batteries, Inc.	Newark	Wayne	NYSEG	<u>1,440</u>	<u>468</u>	325	Large	Manufacturers batteries
					10,095	5,315	526		

**New York Power Authority
 Power for Jobs Extended Benefits
 Recommendations for Electricity Savings Reimbursements**

**Exhibit "7-B"
 November 23, 2004**

	<u>Company</u>	<u>City</u>	<u>County</u>	<u>IOU</u>	<u>Jobs</u>	Business <u>Type</u>	<u>Description</u>
1	Commercial Envelope Manufacturing Co	Deer Park	Suffolk	LIPA	188	Large	Manufacturer of envelopes
2	Kozy Shack, Inc.	Hicksville	Nassau	LIPA	209	Large	Manufacturer of puddings and snacks
3	Hughes-Treitler Military Corp.	Garden City	Nassau	LIPA	189	Large	Manufacturer of heat exchanges
4	Mohawk Paper Mills	Cohoes	Albany	NIMO	389	Large	Manufacturer of text and cover papers
5	Queensboro Farm Products, Inc.	Canastota	Madison	NIMO	79	Large	Milk processors
					1,054		

8. Use of Operating Fund Monies for Payment, Purchase, Defeasance and/ or Redemption of Authority Debt

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize the use of up to \$150 million of additional Operating Fund monies through 2006 for the purpose of payment, purchase, defeasance and/or redemption of Revenue Bonds, Subordinate Revenue Bonds, Commercial Paper Notes and Extendible Municipal Commercial Paper Notes.

DISCUSSION

“The Trustees are requested to expand the authorizations previously granted by the Trustees in February and October 1998, July 2000, September 2001, February 2003 and January 2004, which allowed for the use of Operating Fund monies for the payment, purchase and/or defeasance of Revenue Bonds, Subordinate Revenue Bonds, Commercial Paper Notes and Extendible Municipal Commercial Paper Notes.

“To date, all but \$3 million of the authorization has been used. The Trustees are requested to authorize the use of up to an additional \$150 million of Operating Fund monies for the payment, purchase, defeasance and/or redemption of Revenue Bonds, Subordinate Revenue Bonds, Commercial Paper Notes and Extendible Municipal Commercial Paper Notes. Such authorization would remain in effect through 2006. Prior to any withdrawal for such purpose, Authority staff would determine that the funds to be withdrawn are not needed to pay for operating expenses, debt service or any of the other purposes specified in the Authority’s General Resolution Authorizing Revenue Obligations and would obtain approval of such withdrawal from the Chairman.

RECOMMENDATION

“The Treasurer recommends that the Trustees authorize the use of up to \$150 million of additional Operating Fund monies through 2006 for the payment, purchase, redemption and/or defeasance of Revenue Bonds, Subordinate Revenue Bonds, Commercial Paper Notes and Extendible Municipal Commercial Paper Notes.

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President and Chief Financial Officer, the Vice President – Finance and I concur in the recommendation.”

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Trustees hereby authorize the use of up to \$150 million in Operating Fund monies through 2006 for the payment, purchase, defeasance and/or redemption of Revenue Bonds, Subordinate Revenue Bonds, Commercial Paper Notes and Extendible Municipal Commercial Paper Notes, which authorization shall be in addition to the authorizations set forth in the resolutions adopted by the Trustees in February and October 1998, July 2000, September 2001, February 2003 and January 2004; and be it further

RESOLVED, That as a prerequisite to any withdrawal pursuant to the foregoing resolution, the Treasurer shall obtain approval of such withdrawal from the Chairman and shall certify that such amount to be withdrawn is not then needed for any of the purposes specified in Section 503 (1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended; and be it further

November 23, 2004

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Vice President – Finance, the Treasurer and the Deputy Treasurer are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval as to the form of such certificates, agreements and other documents by the Executive Vice President, Secretary and General Counsel.

9. Motion to Conduct an Executive Session

“Mr. Chairman, I move that the Authority conduct an executive session to discuss matters leading to the award of contracts to particular corporations and potential administrative litigation relating to particular persons and corporations.” On motion duly made and seconded an Executive Session was held.

10. Motion to Resume Meeting in Open Session

“Mr. Chairman, I move to resume the meeting in Open Session.” On motion duly made and seconded the meeting resumed in open session.

11. Informational Item – Niagara Power Project – Status of the Relicensing Process

The President and Chief Executive Officer submitted the following report:

Introduction

“The license issued to the New York Power Authority (‘Authority’) under the Federal Power Act to construct and operate the Niagara Power Project (‘Project’) expires on August 31, 2007. By law, the Authority must file its application for a new Project license no later than August 31, 2005.

“Consistent with its approach to the St. Lawrence relicensing proceeding, the Authority publicly committed itself at the beginning of the Niagara Alternative Licensing Process (‘ALP’) to securing a settlement agreement or agreements that would bring together as many parties as reasonably possible.

“A ‘Settlement Schedule’ timeline showing the projected course of the ALP through October 2007 is attached to this report as an exhibit.

“Negotiations with stakeholders in the ALP began in August 2004. In order to guide the development of a comprehensive settlement, separate stakeholders and groups of stakeholders were identified and associated with ‘packages’ of ‘issues’ that reflected the concerns expressed by stakeholders during the ALP. During the early fall of 2004, very significant progress was made with respect to negotiating the packages associated with the State agency stakeholders, certain stakeholders concerned with ecological issues and the ‘Host Community’ stakeholders.¹ Progress was also made with respect to negotiating other packages.

“The conceptual agreements reached with respect to ecological issues, recreational issues and Host Community benefits are described separately below.

Status of Settlement Negotiations

“(All costs discussed are expressed in Net Present Value [‘NPV’] 2007\$)

Recreation

“The Authority has reached agreement with the New York State Office of Parks, Recreation and Historic Preservation regarding a program of capital improvements to be made in the vicinity of the Project. Reservoir State Park, constructed by the Authority as part of the Project, will be reconfigured and rehabilitated. In the area of the Niagara Gorge, the Gorge Discovery Center and associated areas and trails will be rehabilitated. At the Earl W. Brydges Artpark, River access and an elevated causeway will be improved. The total estimated cost for this package is \$9.26 million.

Ecological

“The Authority has reached agreement with federal and state environmental resource agencies, including the New York State Department of Environmental Conservation (‘DEC’), and certain environmental organizations regarding a suite of enhancement measures. Ten identified habitat improvement projects will be undertaken and a Fish and Wildlife Habitat Enhancement and Restoration Fund, intended to address needs identified over the term of the Project’s new 50-year license, will be established. Improved public access to the Upper and Lower River and to the Lewiston Reservoir will also be provided. A Land Acquisition Fund will allow DEC to acquire properties that meet criteria set forth in the Environmental Conservation Law and applicable regulations.

¹ The Host Communities are represented by the Niagara Power Coalition and consist of the seven municipal entities that exercise taxing jurisdiction over areas encompassed by the Project boundary established by FERC. These communities are the City of Niagara Falls, Niagara County, the Towns of Lewiston and Niagara and three school districts: Lewiston-Porter, Niagara-Wheatfield and the City of Niagara Falls.

Host Communities

“The Authority has reached agreement with the Host Communities through discussions with the Niagara Power Coalition. The settlement consists of the return of approximately 104 acres of surplus land not needed for continued Project operations; the allocation of 25 MW of power to be sold at the Authority’s cost-based rate for power and energy; the establishment of a community fund consisting of an \$8.0 million one-time payment and \$5.0 million annual payments thereafter and the creation of a fund supporting Niagara County projects related to the Niagara River Greenway in the amount of \$3.0 million annually.

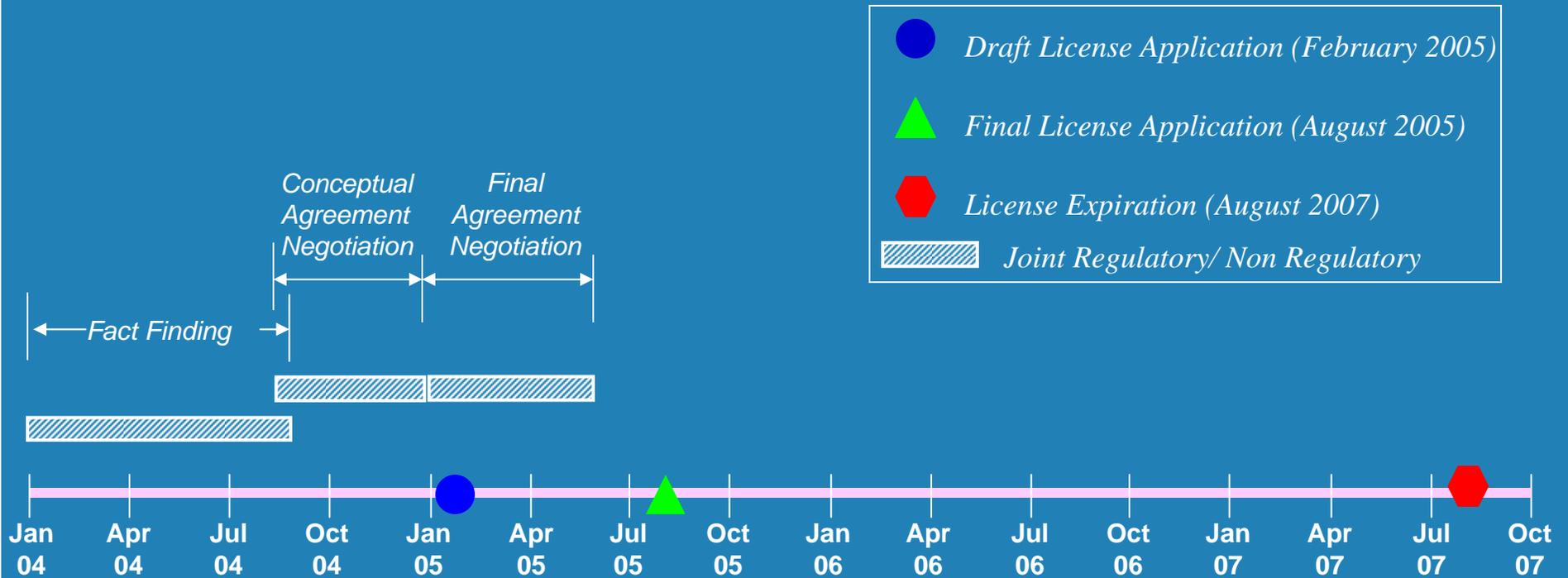
Other pending packages

“In addition to the settlements described above, negotiations have begun, or are expected to begin soon, with Erie County and the City of Buffalo, Niagara University, the Niagara Falls Water Board and the Tuscarora Nation.

Stakeholder Obligations

“In exchange for all settlements, stakeholders are obligated to support FERC’s issuance of a 50-year license to the Authority and no changes to project operations or expansion of the project’s FERC boundary.”

Settlement Schedule



12. Next Meeting

The next Regular Meeting of the Trustees will be held on **Tuesday, December 14, 2004, at 11:00 a.m., at the Albany Office**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

13. Closing

Upon motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 1:30 p.m.

A handwritten signature in black ink that reads "David E. Blabey". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

David E. Blabey
Executive Vice President,
Secretary and General Counsel