

Economic Development

Since October 2008, NYPA has helped to either preserve or create some nearly 10,000 jobs across the state.

The following highlights some of the actions taken over the last two years to deliver on NYPA's collective goal of focusing on the preservation or creation of "jobs, jobs, jobs."

Hydropower for Business – Western New York

Since October 2008, NYPA has allocated almost 84 megawatts (MW) of hydropower to 24 businesses, 4 municipal electric utilities and 1 rural electric cooperative. The majority of these businesses have been in Western New York where Authority hydropower has been vital in helping to attract new businesses and in incentivize existing ones to stay and expand.

NYPA's hydropower allocations will help create nearly 1,700 new jobs with an average salary of nearly \$50,000 and will bring over \$1 billion in capital investment to Western New York.

Allocations were made to both large, world-class companies and to small, growing businesses.

Yahoo! received two hydro allocations totaling 16 MW that was instrumental in bringing the Internet giant to Western New York. As a result, Yahoo! built a state-of-the-art, energy efficient data center and will create 140 jobs. Additionally, Yahoo! will act as a magnet that will draw other high-technology companies to Western New York, which will further benefit the regional economy and will help jump start a new era of business growth based on the digital sector.

I Squared R Element Co., Inc., a well established western New York manufacturer of silicon carbide heating elements energy systems, received a 500 kW allocation that will help them expand and add 20 new jobs to their existing 73.

Key to sustaining a strong regional western New York economy is the recently approved long-term contract extensions for businesses in the Niagara Frontier. This was a substantial development for supporting and retaining tens of thousands of Western New York jobs and promoting substantial capital investments for future job growth at more than 100 of the Buffalo-Niagara region's foremost businesses. The contract extensions for 106 western New York businesses include higher minimum job thresholds and, for the first time, annual capital investment commitments over the lifetime of the contracts. The business customers will have to meet at least 90 percent of their job commitments and undertake capital investments totaling

approximately \$150 million a year in their Western New York facilities over the seven-year contract term, or more than \$1 billion.

Hydropower for Business – Northern New York

In June, 2010 NYPA made the first allocation of 1.3 MW of Preservation Power - to Florelle Tissue in Jefferson County in the North Country. In May 2011, two additional allocations were made, one for 5 MW to Newton Falls Fine Paper Company, LLC in Newton Falls and the other for 3 MW to Upstate Niagara Cooperative in North Lawrence. Together, these three allocations will help create 246 new jobs, which we hope is among the first of many good things to come for the North Country.

In March 2009, NYPA and Alcoa reached an agreement that saved hundreds of jobs at Alcoa's smelters in Massena, New York in the short-term and potentially preserved hundreds more under its planned long-term modernization project at the plant. Due to the historic 60 percent decline in aluminum prices at the time, Alcoa was considering curtailing operations at both Massena East and West smelters, which would have resulted in elimination of about 1,100 jobs. Recognizing the extraordinary economic circumstances, NYPA and Alcoa worked together to reach an agreement that will allowed the West Plant to remain operational at its current employment level and to retain more than 250 of the approximately 420 East Plant employees.

In order to enable the Alcoa - Massena East Modernization Project to continue to move forward, given the new long-term contract post 2013, NYPA agreed to a more flexible schedule in light of the economic downturn. NYPA and Alcoa officials meet on a regular basis to review business conditions and we are committed to establishing a project schedule that results in the modernization of the East Plant as soon as global aluminum market conditions recover. We understand Alcoa's temporary business situation in the context of the global economy and are confident that they will have a bright future in Massena. We were extremely pleased when Alcoa announced in early 2011 that they were restarting the East smelter and bringing back the employees that were temporarily furloughed.

Working in cooperation with National Grid and New York State Electric and Gas, NYPA provided almost \$10 Million/year for a temporary credit to the monthly electric bills of businesses and other eligible customers in Franklin, Jefferson and St. Lawrence counties. The program was funded from the sale of unused St. Lawrence-FDR power into the State's wholesale electricity market. The power, which was freed up due to the temporary curtailing of operations by Alcoa at the Massena East plant, is from a block of 490 megawatts of electricity known as Preservation Power reserved under a 2005 State law for businesses in St. Lawrence, Jefferson and Franklin counties.

Municipal & Cooperative Economic Development Program

Since October 2008, NYPA has made six allocations of Municipal & Cooperative Economic Development Power. The 9.7 MW allocated will help create and retain 2,039 jobs at businesses

served by the 51 municipal and cooperative electric systems around the state that NYPA supplies.

SKF Aeroengine was very close to moving their Chautauqua County operations to South Carolina. However, a 2 MW allocation of hydropower helped convince SKF to not only keep 691 jobs in Falconer, but to agree to expand and create an additional 40 jobs.

Industrial Incentive Awards

NYPA's Power for Jobs and Energy Cost Savings Benefits Programs, as currently structured by law, are helpful only to those businesses already in the programs. Even with our abilities limited by the program's existing restrictions, NYPA has been able to provide Industrial Incentive Awards to 10 businesses since May 2009 to help companies in the state that were at risk of closing or relocating out of state and could not participate in our existing programs. The awards are helping businesses all over the state: Kolmar Labs in Port Jervis, Owl Wire in Rome, Nucor Steel in Auburn, Buckingham Manufacturing in Binghamton and GE Aviation Systems on Long Island. Overall, the awards helped protect some 3,880 meaningful jobs statewide.

Summary

Over the past two and a half years NYPA's economic development initiatives have helped 40 businesses to stay, grow or locate in New York State. As a result, the Authority's efforts have helped create almost 1,700 jobs and retain over 8,000. From Long Island, to the Southern Tier, to Central New York, to the North Country and especially in Western New York, the Power Authority has ramped up its mission to provide economic development benefits to foster job creation and retention to the maximum extent possible.

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