

June 26, 2012

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

SUBJECT: Transitional Electricity Discount Payments for Certain Power for Jobs and Energy Cost Savings Benefit Customers

SUMMARY

The Trustees are requested to authorize an initial amount of money, not to exceed \$9 million, that would be available to fund Transitional Electricity Discount (“TED”) payments to certain Power of Jobs (“PFJ”) and Energy Cost Savings Benefit (“ECSB”) customers in accordance with the statutory authority provided to the Authority by Chapter 60 of the Laws of 2011, Part CC, §6 (“Chapter 60”). The funds would be used to fund TED payments to PFJ and ECSB customers who: (1) applied for a Recharge New York (“RNY”) Power allocation; and (2) the Economic Development Power Allocation Board (“EDPAB”) determined at its April 24, 2012 meeting or June 25, 2012 meeting would not receive a recommendation for an allocation of RNY Power (“Qualified Transitional Customers”). In accordance with Chapter 60, EDPAB, at its June 25, 2012 meeting, recommended that all businesses determined to be Qualified Transitional Customers should receive a TED. A listing of businesses that have been determined by EDPAB, to date, to be Qualified Transitional Customers is attached as Exhibit “A.”

BACKGROUND

Chapter 60 created the RNY Power program and provided for the expiration of the PFJ and ECSB programs. In addition, Chapter 60 provides that:

Notwithstanding any provision of title 1 of article 5 of the public authorities law or article 6 of the economic development law to the contrary, with respect to applicants who are in substantial compliance with all contractual commitments and receiving benefits under the power for jobs, energy cost savings benefit, economic development, high load factor or municipal distribution agency programs, but do not receive a recommendation from the New York state economic development power allocation board for a recharge New York power allocation pursuant to section 188-a of the economic development law, such board shall recommend that the power authority of the state of New York provide for a transitional electricity discount to such applicants. The power authority of the state of New York is authorized, as deemed feasible and advisable by the trustees, to provide such transitional electricity discounts as recommended by the New York state economic development power allocation board. The power authority of the state of New York shall identify and advise such board whether sufficient funds are available for the funding of such transitional electricity discounts through June 30, 2016. The amount of the transitional electricity discount for the period July 1, 2012 through June 30, 2014 shall be equivalent to 66 percent of the unit (per kilowatt-hour) value of the savings received by

the applicant under the power for jobs or energy cost savings benefit programs during the 12 months ending on December 31, 2010. The amount of the transitional electricity discount for the period July 1, 2014 through June 30, 2016 shall be equivalent to 33 percent of the unit (per kilowatt-hour) value of the savings received by the applicant under the power for jobs or energy cost savings benefit programs during the 12 months ending on December 31, 2010.

DISCUSSION

The Trustees are requested to authorize an initial amount of money for the period from July 1, 2012 through June 30, 2013 (“Year One”), not to exceed \$9 million (the “Authorized Amount”), that would be available to fund TED payments to Qualified Transitional Customers for Year One.

In accordance with Chapter 60, EDPAB, at its June 25, 2012 meeting, determined that the businesses listed on Exhibit “A” are Qualified Transitional Customers and recommended that these businesses receive a TED.

Staff intends to make TED payments to Qualified Transitional Customers on a semiannual basis. TED payments will be subject to a certification on the date of such payment by the Authority’s Treasurer or Deputy 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 Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented.

Staff has reviewed the effects of the TED payments of up to \$9 million on the Authority’s projected financial position and reserve requirements. In addition, in accordance with the Trustees’ Policy Statement dated May 24, 2011, staff calculated the impact of these payments on the Authority’s debt service coverage ratio and determined that it would not fall below the 2.0 reference point level. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to make the payments of up to \$9 million at this time.

While the Trustees will not be asked to approve individual payment amounts on a semiannual basis, such information will be made available to the Trustees when requested. Staff intends to return to the Trustees, as may be necessary, to address such matters as necessary modifications to the Authorized Amount and additional recommendations made by EDPAB for Qualified Transitional Customers not yet considered for TED payments.

FISCAL INFORMATION

At this time, staff estimates that the total amount needed for Year One for TED payments to (i) Qualified Transitional Customers listed on Exhibit “A” and (ii) potential additional Qualified Transitional Customers who will be identified pending later evaluation, is not expected to exceed the Authorized Amount (\$9 million). Payments would be made from the Operating Fund.

RECOMMENDATION

The Senior Vice President – Economic Development and Energy Efficiency and the Director – Market Analysis and Administration recommend that the Trustees approve the Authorized Amount for Transitional Electricity Discount payments to businesses that are determined to be Qualified Transitional Customers.

For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

Gil C. Quiniones
President and Chief Executive Officer

Att.
TED payments

RESOLUTION

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority approve the Transitional Electricity Discount (“TED”) payments to the businesses listed in Exhibit “A” (“Qualified Transitional Customers”);

RESOLVED, That the Trustees hereby authorize the use of up to \$9 million (the “Authorized Amount”) to fund TED payments to Qualified Transitional Customers, including those listed in Exhibit “A,” as discussed in the attached memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That it is hereby found that the foregoing amount may properly be withdrawn from the Operating Fund to fund such TED 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 Treasurer or the Deputy 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 – Economic Development and Energy Efficiency or his designee be, and hereby is, authorized to prepare and execute any and all documents necessary or desirable to effectuate the foregoing, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating 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 certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

New York Power Authority
 ReCharge New York Power Program
 Transitional Electricity Discounts

Exhibit "A"
 June 26, 2012

Line	Company	City	County	Economic Development Region	IOU	Description
1	Albany Institute of History & Art	Albany	Albany	Capital District	NGRID	Museum
2	Eastern Casting Company	Cambridge	Washington	Capital District	NGRID	Aluminum foundry
3	NYSARC, Inc. Columbia County Chapter	Mellenville	Columbia	Capital District	NYSEG	Training and educational facility
4	The College of Saint Rose	Albany	Albany	Capital District	NGRID	Post Secondary education facility
5	Trans World Entertainment Corporation	Albany	Albany	Capital District	NGRID	Corporate offices and distribution
Subtotal Capital District					5	
6	Auburn Vacuum Forming Co., Inc.	Auburn	Cayuga	Central New York	NYSEG	Manufacturer of plastic components
7	Coyne International Enterprises Corp-DE	Syracuse	Onondaga	Central New York	NGRID	Laundry, cleaning, & garment services
8	Meloon Foundries, Inc.	Syracuse	Onondaga	Central New York	NGRID	Non-Ferrous Sand Casting Foundry
9	Precision Systems Mfg Inc	Liverpool	Onondaga	Central New York	NGRID	Manufactures sheet metal
10	STK Electronics, Inc.	Cazenovia	Madison	Central New York	NGRID	Manufactures electronic components
11	Syracuse Heat Treating Corporation.	Syracuse	Onondaga	Central New York	NGRID	Provides heat treating services
Subtotal Central New York					6	
12	Empire Coating, Inc.	Albion	Orleans	Finger Lakes	NGRID	Surface coater for many manufacturers
13	Morgood Tools Inc	Rochester	Monroe	Finger Lakes	RGE	Tools for metal cutting & precision machining
Subtotal Finger Lakes					2	
14	Bemis Company, Inc.	Edgewood	Suffolk	Long Island	LIPA	Manufacturer of packaging materials
15	Enzo Clinical Labs	Farmingdale	Suffolk	Long Island	LIPA	Medical Lab
16	Good Samaritan Hospital Medical Center	West Islip	Suffolk	Long Island	LIPA	Healthcare Center
17	Kleer-Fax, Inc.	Amityville	Suffolk	Long Island	LIPA	Manufacturing of paper and plastic products
18	Maloya Laser Inc	Commack	Suffolk	Long Island	LIPA	Metal cutting and shaping
19	Oceanside Institutional Industries, Inc.	Oceanside	Nassau	Long Island	LIPA	Commercial laundry services
20	Silver Lake Cookie Company, Inc.	Islip	Suffolk	Long Island	LIPA	Manufactures specialty cookies
Subtotal Long Island					7	
21	J.J. Cassone Bakery Inc.	Port Chester	Westchester	Mid-Hudson	CONED	Commercial bakery
22	Montefiore Medical Center	Yonkers	Westchester	Mid-Hudson	CONED	Hospital
23	NYSARC, Inc. Westchester County Chapter	Hawthorne	Westchester	Mid-Hudson	CONED	Agency provides support services
24	Phelps Memorial Hospital Association	Sleepy Hollow	Westchester	Mid-Hudson	CONED	Hospital
25	Sigmund Cohn Corp.	Mount Vernon	Westchester	Mid-Hudson	CONED	Manufactures precious metal wire
26	Spellman High Voltage Electronics Corporation	Valhalla	Westchester	Mid-Hudson	CONED	Manufactures electronic subsystems.
Subtotal Mid-Hudson					6	
27	Carville National Leather Corp	Johnstown	Fulton	Mohawk Valley	NGRID	Specializes in tanning leathers
28	Di Highway Sign Structure Corp	New York Mills	Oneida	Mohawk Valley	NGRID	Bridge and guide railing and sign structures
29	Fiber Glass Industries, Inc.	Amsterdam	Montgomery	Mohawk Valley	NGRID	Produces high strength woven fabrics

30	Gehring Tricot Corp.	Dolgeville	Herkimer	Mohawk Valley	NGRID	Dyeing & finishing of knitted fabrics
31	Helmont Mills Inc.	St. Johnsville	Montgomery	Mohawk Valley	NGRID	Knitted Fabric Production
32	Sitrin Health Care Center, Inc.	New Hartford	Oneida	Mohawk Valley	NGRID	Health Care Center
33	W W Custom Clad Inc.	Canajoharie	Montgomery	Mohawk Valley	NGRID	Manufactures metal finishes
Subtotal Mohawk Valley					7	
34	American Cancer Society, Eastern Division, Inc	New York	New York	New York City	CONED	Social Services
35	Asia Society	New York	New York	New York City	CONED	Educational and Cultural Organization
36	Ballet Theatre Foundation, Inc.	New York	New York	New York City	CONED	Theater
37	BRIC Arts Media Bklyn, Inc.	Brooklyn	Kings	New York City	CONED	Contemporary and performing arts programs
38	Children's Museum of Manhattan GAME Inc.	New York	New York	New York City	CONED	Museum
39	Comco Plastics,inc	Woodhaven	Queens	New York City	CONED	Makes precision plastic parts
40	Dontis Produce Company Inc.	Brooklyn	Kings	New York City	CONED	Meat and produce producer
41	Downtown Community Television Center	New York	New York	New York City	CONED	Video production and exhibition services
42	Film Forum, Inc.	New York	New York	New York City	CONED	Theater
43	Greater Jamaica Development Corporation	Jamaica	Queens	New York City	CONED	Urban & Community Development
44	Haleakala Inc	New York	New York	New York City	CONED	Theaters
45	Home for Contemporary Theater and Art	New York	New York	New York City	CONED	Arts venue
46	Jacmel Jewelry Inc.	Long Island City	Queens	New York City	CONED	Makes & ships fine jewelry
47	Kingsbrook Jewish Medical Center	Brooklyn	Kings	New York City	CONED	Not for Profit Medical and Research Institution
48	Kips Bay Boys and Girls Club	Bronx	Bronx	New York City	CONED	Social Service for youth development
49	Lincoln Center for the Performing Arts, Inc.	New York	New York	New York City	CONED	Performing Arts Center
50	Museum of Arts and Design	New York	New York	New York City	CONED	Museum
51	National Academy of Design	New York	New York	New York City	CONED	Museums & art galleries
52	New Museum of Contemporary Art	New York	New York	New York City	CONED	Art Center
53	New York College of Podiatric Medicine	New York	New York	New York City	CONED	Services in medical disciplines
54	Solomon R. Guggenheim Foundation	New York	New York	New York City	CONED	Museum
55	Streamline plastics Company Inc.	Bronx	Bronx	New York City	CONED	Manufactures plastics products
56	Symphony Space Inc	New York	New York	New York City	CONED	Performing arts theater
57	The 122 Community Center, Inc.	New York	New York	New York City	CONED	Community Services
58	The Diller-Quaile School of Music, Inc.	New York	New York	New York City	CONED	Music education programs
59	The Jewish Museum	New York	New York	New York City	CONED	Museum
60	The Museum of Modern Art	New York	New York	New York City	CONED	Museum
61	The Paley Center for Media	New York	New York	New York City	CONED	Museum
62	The Trustees of Columbia University in the City	New York	New York	New York City	CONED	Medical Center
63	The Writers Room	New York	New York	New York City	CONED	Provides\ writers work space
64	The Young Men's & Young Women's Hebrew A	New York	New York	New York City	CONED	Community Services
65	Theater for the New City Foundation, Inc	New York	New York	New York City	CONED	Social Services - Theater
66	Town Hall Foundation, Inc.	New York	New York	New York City	CONED	Provides educational programs
67	United Jewish Appeal-Federation of Jewish Phi	New York	New York	New York City	CONED	Charitable and social services
Subtotal New York City					34	
68	Caron Fine Wood Products Inc.	Champlain	Clinton	North Country	NYSEG	Wood product manufacturer
69	Interface Sealing Solutions, Inc.	Croghan	Lewis	North Country	NGRID	Packaging and presentation products
70	Lewis County General Hospital	Lowville	Lewis	North Country	NGRID	Hospital
71	The William H Miner Agricultural Research Ins	Chazy	Clinton	North Country	NYSEG	Educational/agricultural
72	World Warehouse & Distribution, Inc.	Champlain	Clinton	North Country	NYSEG	Warehousing, storage and freight transportation
Subtotal North Country					5	

73	Cameron Manufacturing & Design, Inc.	Horseheads	Chemung	Southern Tier	NYSEG	Producer of metal fabrications
74	Egli Machine Co Inc.	Sidney	Delaware	Southern Tier	NYSEG	Injected molds
75	SEPP Management Inc	Binghamton	Broome	Southern Tier	NYSEG	Low income elderly housing
Subtotal Southern Tier					3	
76	Cherry Creek Woodcraft. Inc.	South Dayton	Cattaraugus	Western New York	NYSEG	Manufacturer of trophies and plaques
77	Consumers Beverages, Inc.	Buffalo	Erie	Western New York	NGRID	Beverage Producer
78	Consumers Beverages, Inc.	Buffalo	Erie	Western New York	NYSEG	Beverage Producer
79	Gernatt Asphalt Products, Inc.	Collins	Erie	Western New York	NGRID	Asphalt products
80	Greatbatch Ltd	Alden	Erie	Western New York	NYSEG	Manufactures electronic medical components
81	IPAC Inc	Amherst	Erie	Western New York	NGRID	Manufactures compressed air products
82	Lancaster Knives, inc.	Lancaster	Erie	Western New York	NYSEG	Manufacturer of industrial knives
83	Manitoba Corporation	Lancaster	Erie	Western New York	NYSEG	Metal Recycling for non-ferrous metals
84	Merritt Machinery, LLC	Lockport	Niagara	Western New York	NYSEG	Machinery for hardwood, veneer and plywood
85	Milward Alloys Inc.	Lockport	Niagara	Western New York	NYSEG	Produces copper and aluminum based alloys
86	Niagara Fiberboard Inc.	Lockport	Niagara	Western New York	NYSEG	Makes recycled paperboard products
87	Niagara Gear Corporation	Kenmore	Erie	Western New York	NGRID	Precision ground spur and helical gears
88	Norampac Industries, Lancaster Division	Lancaster	Erie	Western New York	NYSEG	Manufactures paper products
89	Oehlers Welding and Fabricating Inc.	Buffalo	Erie	Western New York	NGRID	Steel fabrications
90	Ontario Knife Company	Franklinville	Cattaraugus	Western New York	NGRID	Manufactures cutlery products
91	R & J Metal Finishing, Inc.	Depew	Erie	Western New York	NYSEG	Metal Finishing
92	Sentry Metal Blast, Inc.	Niagara Falls	Niagara	Western New York	NGRID	Metal blasting and industrial coating
93	Watson Bowman Acme Corp.	Amherst	Erie	Western New York	NGRID	Manufactures expansion joint systems
Subtotal Western New York					18	
Total New York State					93	