

***MINUTES OF THE REGULAR MEETING OF THE  
ECONOMIC DEVELOPMENT POWER  
ALLOCATION BOARD***

***Dormitory Authority  
One Penn Plaza - 52<sup>nd</sup> Floor  
New York, NY  
November 28, 2000 - 10:00 A.M.***

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Brooklyn - Kings County

Blythedale Childrens Hospital  
Valhalla - Westchester County

Charmer Industries, Inc.  
Astoria - Queens County

International Business Machines  
White Plains - Westchester County

International Business Machines  
New York - New York County

J.J. Cassone Bakery, Inc.  
Port Chester - Westchester County

Montefiore Medical Center  
Bronx - Bronx County

Reader's Digest Association, Inc.  
Pleasantville - Westchester County

Sisters of Charity - Bayley Seton Hospital  
Staten Island - Richmond County

Sisters of Charity - St. Elizabeth Ann's  
Staten Island - Richmond County

Sisters of Charity - St. Vincent's Hospital  
Staten Island - Richmond County

The Jewish Museum  
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Hauppauge - Suffolk County

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Batavia - Genessee County

Bomax, Inc.  
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Buffalo Technologies Corporation  
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C.O.T. Plywood Corporation  
Whitehall - Washington County

Capitol Vial, Inc.  
Fultonville - Montgomery County

Carrier Corporation  
Syracuse - Onondaga County

Deck Brothers, Inc.  
Buffalo - Erie County

Ethan Allen, Inc.  
Frewsburg - Chautauqua County

Ethox Corp.  
Buffalo - Erie County

Hebeler Corporation  
Tonawanda - Erie County

Indium Corporation of America, Inc.  
Utica - Oneida County

Loretex Corporation  
Guilderland Center - Albany County

Louis Levin Corp./Lake Erie Recycling  
Buffalo - Erie County

Mercy Hospital of Buffalo  
Buffalo - Erie County

MGI Products, Inc.  
East Syracuse - Onondaga County

Mohawk LTD  
Chadwicks - Oneida County

Natrium Products, Inc.  
Cortland - Cortland County

Nestle Confections and Snacks  
Fulton - Oswego County

Niagara Falls Memorial Medical Center  
Niagara Falls - Niagara County

Norlite Corporation  
Cohoes - Albany County

Oak-Mitsui, Inc.  
Hoosick Falls - Rensselaer County

Oberdorfer Pumps, Inc.  
Syracuse - Onondaga County

Peak Resorts, Inc. - d/b/a/ Peak Resorts  
Cortland - Cortland County

Snyder Industries, Inc.  
North Tonawanda - Niagara County

Standard Manufacturing Company, Inc.  
Troy - Rensselaer County

Tompkins Metal Finishing, Inc.  
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W.W. Custom Clad, Inc.  
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Cherry Creek Woodcraft, Inc.  
South Dayton - Cattaraugus County

Elrae Industries, Inc.  
Alden - Erie County

Emerson Power Transmission  
Ithaca - Tompkins County

Frito-Lay, Inc.  
Binghamton - Broome County

Merritt Plywood Machinery, Inc.  
Lockport - Niagara County

Mold-A-Matic Corp.  
Oneonta - Otsego County

Racemark International, LP  
Malta - Saratoga County

Southern Tier Plastics, Inc.  
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**November 28, 2000**

A regular meeting of the Economic Development Power Allocation Board was held at the Dormitory Authority, One Penn Plaza - 52<sup>nd</sup> Floor, New York, NY, at 10:00 a.m.

The following Members of the Board were present:

Clarence D. Rappleyea – Chairman  
H. Douglas Barclay  
James A. Duncan

Also in attendance were:

Eugene W. Zeltmann	President and Chief Operating Officer, NYPA
David E. Blabey	Executive Vice President, Secretary and General Counsel, NYPA
Louise M. Morman	Senior Vice President – Marketing & Economic Development, NYPA
Daniel Berical	Vice President - Policy and Governmental Affairs, NYPA
James H. Yates	Vice President - Major Account Marketing and Economic Development, NYPA
James Pasquale	Manager – Business Power Allocations and Compliance, NYPA
C. John Clemente	Deputy General Counsel, NYPA
Anne Wagner-Findeisen	Deputy Secretary, NYPA
Angela Graves	Assistant Secretary, NYPA

**November 28, 2000**

1. **Adoption of Minutes**

The minutes of the meeting of September 26, 2000, were unanimously adopted.

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2. **Opening Remarks of Chairman Clarence D. Rappleyea**

Chairman Rappleyea welcomed the Board Members to the second meeting of “Phase Four” of the Power for Jobs program.

Chairman Rappleyea noted that the Omnibus Tax Reduction Act of 2000 included provisions authorizing another 300MW to be allocated under “phase four” of the Power for Jobs program. By statute, the allocation of “phase four” power must meet the following deadlines:

- 100MW by October 1, 2000
- 100MW by February 1, 2001
- 100MW by July 1, 2001

Chairman Rappleyea explained that since many of the customers who received allocations in Year One (December 1997-November 1998) will see their three-year allocations expire next year, the new statute makes them eligible for re-allocations in “phase four.”

Chairman Rappleyea further recalled that in September, the Board approved re-allocations totaling more than 100 MW in compliance with the October 1 deadline.

Chairman Rappleyea further explained that to begin to meet the February 2001 deadline, today’s agenda includes recommendations for 52 re-allocations, totaling more than 40 MW.

Chairman Rappleyea noted that, as usual, the review process for today’s recommendations included input from the Empire State Development Corporation and the Public Service Commission's Office of Business Advocate.

Lastly, Chairman Rappleyea explained that the EDPAB is authorized by the "Power for Jobs" statute to consider recommendations for allocations that exceed the territorial distribution of the program's megawatts. Specifically, the law states:

*"the board may recommend an allocation which exceeds any proportional distribution if it determines that such an allocation would advance the public policy set forth in this section to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State.*

At the Chairman's request, Mr. Yates then presented the applications as set forth below, and also stated that in addition to the Power for Jobs, the Board would also be asked to consider several proposed allocations of Economic Development Power.

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**3. Consolidated Edison - Service Territory**

The members of the Board considered the 12 applications listed below for Power for Jobs. Mr. Yates explained that some 18,884 jobs would be impacted.

The following resolution was adopted by the Members of the Board:

**WHEREAS, the following entities in Con Edison's service territory have applied for allocations of Power for Jobs service:**

**Acme Architectural Products, Inc.  
Brooklyn - Kings County**

**Blythedale Childrens Hospital  
Valhalla - Westchester County**

**Charmer Industries, Inc.  
Astoria - Queens County**

**International Business Machines  
White Plains - Westchester County**

**International Business Machines  
New York - New York County**

**J.J. Cassone Bakery, Inc.  
Port Chester - Westchester County**

**Montefiore Medical Center  
Bronx - Bronx County**

**Reader's Digest Association, Inc.  
Pleasantville - Westchester County**

**Sisters of Charity - Bayley Seton Hospital  
Staten Island - Richmond County**

**Sisters of Charity - St. Elizabeth Ann's  
Staten Island - Richmond County**

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**Sisters of Charity - St. Vincent's Hospital  
Staten Island - Richmond County**

**The Jewish Museum  
New York - New York County**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meets the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997, Chapter 386 of the Laws of 1998 and Chapter 63 of the Laws of 2000; and would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further**

**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the 12 allocations discussed herein totaling 14,100 kW for Consolidated Edison's service territory for three years, and that the following terms be incorporated into the Power Authority's contract for Power for Jobs Service:**

- **applicants to maintain a total of 18,884 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

**4. Long Island Power Authority - Service Territory**

The members of the Board considered the two applications listed below for Power for Jobs. Mr. Yates explained that some 101 jobs would be impacted.

The following resolution was unanimously adopted by the Members of the Board:

**WHEREAS, the following entities in Long Island Power Authority's service territory have applied for allocations of Power for Jobs service:**

**Multimatic Products, Inc.  
Hauppauge - Suffolk County**

**W&H Stampings, Inc.  
Hauppauge - Suffolk County**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meets the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997, Chapter 386 of the Laws of 1998 and Chapter 63 of the Laws of 2000; and would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further**

**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the two allocations discussed herein totaling 365 kW for Long Island Power Authority's service territory for three years, and that the following terms be incorporated into the Power Authority's contract for Power for Jobs Service:**

- **applicants to maintain a total of 101 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

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**5. Niagara Mohawk - Service Territory**

The members of the Board considered the 28 applications listed below for Power for Jobs. Mr. Yates explained that some 6,738 jobs would be impacted.

The following resolution was unanimously adopted by the Members of the Board:

**WHEREAS, the following entities in Niagara Mohawk's service territory have applied for allocations of Power for Jobs service:**

**Batavia Industrial Center  
Batavia - Genessee County**

**Bomax, Inc.  
Watertown - Jefferson County**

**Buffalo Technologies Corporation  
Buffalo - Erie County**

**C.O.T. Plywood Corporation  
Whitehall - Washington County**

**Capitol Vial, Inc.  
Fultonville - Montgomery County**

**Carrier Corporation  
Syracuse - Onondaga County**

**Deck Brothers, Inc.  
Buffalo - Erie County**

**Ethan Allen, Inc.  
Frewsburg - Chautauqua County**

**Ethox Corp.  
Buffalo - Erie County**

**Hebeler Corporation  
Tonawanda - Erie County**

**Indium Corporation of America, Inc.  
Utica - Oneida County**

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**Loretex Corporation  
Guilderland Center - Albany County**

**Louis Levin Corp./Lake Erie Recycling  
Buffalo - Erie County**

**Mercy Hospital of Buffalo  
Buffalo - Erie County**

**MGI Products, Inc.  
East Syracuse - Onondaga County**

**Mohawk LTD  
Chadwicks - Oneida County**

**Natrium Products, Inc.  
Cortland - Cortland County**

**Nestle Confections and Snacks  
Fulton - Oswego County**

**Niagara Falls Memorial Medical Center  
Niagara Falls - Niagara County**

**Norlite Corporation  
Cohoes - Albany County**

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

**Oberdorfer Pumps, Inc.  
Syracuse - Onondaga County**

**Peak Resorts, Inc. - d/b/a/ Peak Resorts  
Cortland - Cortland County**

**Snyder Industries, Inc.  
North Tonawanda - Niagara County**

**Standard Manufacturing Company, Inc.  
Troy - Rensselaer County**

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**Tompkins Metal Finishing, Inc.  
Batavia - Genessee County**

**Vesuvius USA Corporation  
Buffalo - Erie County**

**W.W. Custom Clad, Inc.  
Canjoharie - Montgomery County**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997, Chapter 386 of the Laws of 1998, and Chapter 63 of the Laws of 2000; and would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further**

**RESOLVED, That the Board commends to the Power Authority of the State of New York the 28 allocations discussed herein totaling 20,224 kW for Niagara Mohawk's service territory for three years, and that the following terms be incorporated into the Power Authority's contracts for Power for Jobs Service:**

- **applicants to maintain a total of 6,738 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

**6. NYSEG - Service Territory**

The members of the Board considered the nine applications listed below for Power for Jobs. Mr. Yates explained that some 1,973 jobs would be impacted.

The following resolution was unanimously adopted by the Members of the Board:

**WHEREAS, the following entities in NYSEG's service territory have applied for allocations of Power for Jobs service:**

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

**Cherry Creek Woodcraft, Inc.  
South Dayton - Cattaraugus County**

**Elrae Industries, Inc.  
Alden - Erie County**

**Emerson Power Transmission  
Ithaca - Tompkins County**

**Frito-Lay, Inc.  
Binghamton - Broome County**

**Merritt Plywood Machinery, Inc.  
Lockport - Niagara County**

**Mold-A-Matic Corp.  
Oneonta - Otsego County**

**Racemark International, LP  
Malta - Saratoga County**

**Southern Tier Plastics, Inc.  
Binghamton - Broome County**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997, Chapter 386 of the Laws of 1998, and Chapter 63 of the Laws of 2000: and be it for that.**

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**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the nine allocations discussed herein totaling 4,550 kW for NYSEG's service territory for three years, and that the following terms be incorporated into the Power Authority's contracts for Power for Jobs Service:**

- **applicants to maintain a total of 1,973 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

**7. Rochester Gas & Electric - Service Territory**

The members of the Board considered the application listed below for Power for Jobs. Mr. Yates explained that some 178 jobs would be impacted.

The following resolution was unanimously adopted by the Members of the Board:

**WHEREAS, the following entity in Rochester Gas & Electric's service territory have applied for allocations of Power for Jobs service:**

**Spectronic Instruments, Inc.  
Rochester - Monroe County**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997, Chapter 386 of the Laws of 1998, and Chapter 63 of the Laws of 2000; and would advance the public policy set forth in Section 189(i) of the Economic Development Law to provide effective incentives to promote economic development, maintain and develop jobs, and encourage new capital investment throughout New York State; and be it further**

**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York the allocation discussed herein totaling 800 kW for Rochester Gas & Electric's service territory for three years, and that the following terms be incorporated into the Power Authority's contracts for Power for Jobs Service:**

- **applicant to maintain a total of 178 jobs;**
- **such allocations shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

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8. **Economic Development Power Allocation - Dielectric Laboratories**

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Following consideration of such application, the members of the Board present voted unanimously to adopt the following resolution:

**WHEREAS, Dielectric Laboratories has applied for an allocation of Economic Development Power for business expansion purposes; and**

**WHEREAS an allocation of 600 kW would result in 494 (299 retained and 195 new) jobs committed per MW;**

**NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirements of Section 187 of the Economic Development Law that it be for a new electrical demand at facilities at which new jobs are created; and be it further**

**RESOLVED, That such application be, and hereby is, approved; and be it further**

**RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 600 kW to applicant Dielectric Laboratories for a term of ten years and that the following terms be incorporated into the Power Authority's contract for Economic Development Power:**

- **applicant is to maintain 299 existing jobs and create 195 new jobs.**

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

### **SUMMARY**

The members of the Economic Development Power Allocation Board (Power Allocation Board) are requested to approve an Economic Development Plan ("Plan") for 2000 submitted by the Power Authority of the State of New York ("Authority") for the use of industrial incentive awards pursuant to Section 188 of the Economic Development Law ("EDL").

### **BACKGROUND**

Section 1005 of the Power Authority Act as amended directs the Authority to identify annually net revenues produced by the sale of Expansion Power, which is 250 MW of firm hydroelectric power generated at the Niagara Power Project allocated to businesses within 30 miles of the Niagara switchyard and in Chautauqua County. The Authority is further directed to identify an amount of such net revenues that shall be used solely for industrial incentive awards. These awards are to be made in conformance with a Plan covering all such net revenues. Plans are to be submitted annually by the Authority to the Power Allocation Board and approved by the Power Allocation Board pursuant to the EDL.

Net revenues are defined by Section 1005 of the Power Authority Act as any excess of revenues properly allocated to the sales of Expansion Power over costs and expenses properly allocated to such sales.

In connection with approval of an application for power submitted on behalf of Chase Manhattan Bank, the Power Allocation Board approved a resolution on December 1, 1988 which concluded that the available industrial incentive awards be used for the purpose of assisting Power Authority efforts to limit future Fitzpatrick production rate increases for all industrial, business, and Economic Development Power customers of the plant. Further, the Board recommended that future Boards act affirmatively on any economic development plan submitted to it subsequently by the Authority to the extent it provides for such use of industrial incentive awards.

At their meeting of April 30, 1996, the Trustees of the Authority approved a five year plan that provides for the use of net revenues from the sale of Expansion Power which support industrial rates of the James A. Fitzpatrick Nuclear Power Plant ("Fitzpatrick"). The Power Allocation Board previously approved Plans submitted annually by the Authority for 1990 through 1995, that provided for such use of the net revenues. Through calendar year 1998, the Authority has reported net revenues cumulating to \$59,021,000.

### **DISCUSSION**

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

In order to continue to market EDP on a competitive basis consistent with the aim of the legislation creating the Power Allocation Board, the rates for Fitzpatrick power must be kept low enough to be of sufficient economic incentive for industries to locate or expand in New York State. Cumulative net revenues of \$59,021,000 produced through 1998, were utilized in conformance with Plans approved by the Power Allocation Board to support industrial rates of the Fitzpatrick Plant.

In calendar year 1999, net revenues of \$8,955,000 were produced from the sale of Expansion Power.

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**RECOMMENDATION**

It is recommended the Power Allocation Board approve the Economic Development Plan submitted by the Authority which provides for the use of net revenues produced in 1999 from the sale of Expansion Power to support industrial rates of the James A. Fitzpatrick Nuclear Power plant as described herein.

The attached resolution is recommended for adoption.

James H. Yates  
Vice President - Business Marketing  
& Economic Development

**November 28, 2000**

The following resolution was unanimously adopted:

WHEREAS, section 1005 of the Public Authorities Law authorizes the Power Authority of the State of New York to identify an amount of the net revenues produced by the sale of Expansion Power which shall be used for industrial incentive awards; and

WHEREAS, such industrial incentive awards must be made in conformance with an Economic Development Plan submitted by the Authority and approved by the Board pursuant to Section 188 of the Economic Development Law; and

WHEREAS, the Board, on December 1, 1988, endorsed the use, to the extent necessary, of available industrial incentive awards for the purpose of assisting Authority efforts to limit future Fitzpatrick rate increases for all industrial, business, and Economic Development Power customers of the plant; and

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

WHEREAS, the Authority has approved an Economic Development Plan for 1999 that provides for the use of net revenues from the sale of Expansion Power to support industrial rates of the Fitzpatrick Nuclear Power Plant and further, has authorized the submission of such Plan to the Board for its approval;

NOW THEREFORE BE IT RESOLVED, That the Board hereby determines that the Economic Development Plan for 2000, which is submitted by the Authority, and its implementation is consistent with the criteria and requirements provided for in Sections 184 and 185 of the New York Economic Development Law and in Part 370 of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York; and be it further

RESOLVED, That the Power Allocation Board hereby approves such Plan providing for the use of net revenues from the sale of Expansion Power to support industrial rates of the James A. Fitzpatrick Nuclear Power Plant, in accordance with the attached memorandum.

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

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**11. Informational Item – Economic Development Power  
– Status of Approved Applications**

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**12. Next Meeting**

The next meeting of the Board is scheduled for January 30, 2001, at the Authority's White Plains Office, 123 Main Street, 16<sup>th</sup> Floor Boardroom.

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**Closing**

Upon motion duly made and seconded, the meeting was adjourned at 10:15 a.m.