

1 POWER AUTHORITY OF THE STATE OF NEW YORK

2
3 PUBLIC HEARING

4 Tuesday, September 1, 2009 - 2:00 P.M.

5
6 Niagara Power Project
7 Lewiston, New York

8 HYDROPOWER CONTRACTS WITH UPSTATE INVESTOR-OWNED
9 UTILITIES FOR RESALE TO RURAL AND DOMESTIC CONSUMERS

10
11 Public hearing held at the Niagara
12 Power Project, Community Room, Lewiston, New York,
13 on September 1, 2009 commencing at 2:00 P.M.

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21 REPORTED BY: BUYERS & KACZOR REPORTING SERVICES,
22 BY: MICHELLE R. KWIATEK,
23 1400 Rand Building,
24 Buffalo, New York 14203.
25 (716) 852-2223

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BEFORE: POWER AUTHORITY OF THE STATE OF NEW YORK,
Karen Delince, Corporate Secretary,
123 Main Street,
White Plains, New York 10601.

Also Present: Mary Jean Frank,
Associate Corporate Secretary.

Caroline Garcia,
Manager of Power Contracts.

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Karen Delince, Corporate Secretary,
Power Authority of the State of New York

4

Caroline G. Garcia, Manager of Power
Contracts, Power Authority of the State
of New York

6

Hadley Horrigan, Vice President of Public
Affairs at the Buffalo Niagara Partnership

10

John Cunningham, resident of Wheatfield
in Niagara County

14

Senator George Maziarz

17

1 KAREN DELINCE: Well, good
2 afternoon. I see we have a good turnout today.

3 My name is Karen Delince, and I'm
4 the Corporate Secretary of the Power Authority. I'm
5 speaking to you, sir.

6 CURT ALVERSON: I'm Curt
7 Alverson, I'm a resident.

8 KAREN DELINCE: Hello.

9 CURT ALVERSON: Hi.

10 KAREN DELINCE: This public
11 hearing is being conducted by the Power Authority to
12 provide an overview and receive public comment on
13 extensions of contracts for the sale of hydropower
14 to three upstate investor-owned utilities for resale
15 to rural and domestic customers.

16 Pursuant to Section 1009(1) of the
17 Public Authorities Law, notice of this hearing was
18 published in the following seven newspapers once a
19 week for the four weeks leading up to this hearing.
20 We had it in the Buffalo News, the Niagara Gazette,
21 the Rochester Democrat & Chronicle, Syracuse Post-
22 Standard, the Watertown Times, the Ithaca
23 Observer-Dispatch, the Albany Times and Newsday.
24 During the thirty-day period prior to the hearing,
25 copies of the proposed contract has been made

1 available for inspection on the Authority's -- in
2 the Authority's office and on the Web site.

3 Also, pursuant to Section 1009(1)
4 of the Power Authorities Law (sic), notice of this
5 hearing and copies of the proposed contracts were
6 sent to Governor David Paterson, President Pro Tem
7 of the New York State Senate Malcolm Smith, Speaker
8 of the Assembly Sheldon Silver, Chairman of the
9 State Finance Committee Carl Kruger, Chairman of the
10 Assembly Ways and Means Committee Herman Farrell,
11 State Minority Leader Dean Skelos and Assembly
12 Minority Leader Brian Kolb.

13 If you plan to make an oral
14 statement at this hearing and have not filled out a
15 form at the sign-in desk, please do so now, see Mary
16 Jean Frank. I ask that you give copies of any
17 written statements to our court reporter, and also
18 to Mary Jean at the front desk. Now, if your oral
19 statement summarizes -- is summarized in your
20 written statement, both will appear in the record.

21 The record of this hearing will
22 remain open until close of business Friday,
23 September 4th for any additional submissions or
24 comments. And you should address those comments to
25 the Corporate Secretary at 123 Main Street, White

1 Plains, New York 10601; or you can fax it to (914)
2 309-8040 (sic); or e-mailed to Secretarys,
3 S-E-C-R-E-T-A-R-Y-S, dot office at nypa dot gov.
4 And you can see Mary Jean Frank if you have any
5 additional questions.

6 Full stenographic minutes of these
7 hearings will be made and will be incorporated,
8 along with the written submissions, into the record
9 and will be reviewed by the Authority's Trustees.
10 The transcript will be available for review at our
11 offices and also on our Web site.

12 At this point, I will -- let me
13 give you the Web site again, nypa, N-Y-P-A, dot gov,
14 G-O-V.

15 At this point, I'm going to turn
16 this over to Caroline Garcia, the Authority's
17 Manager of Contract Administration for Power
18 Contract and Supply Planning, who will provide
19 additional details on the proposed contract
20 extensions.

21 CAROLINE GARCIA: Thank you,
22 Karen. Can you hear me okay? I think so.

23 Good afternoon. My name is
24 Caroline Garcia. I'm the manager of Contract
25 Administration in the Marketing and Economic

1 Development Department at the New York Power
2 Authority. I'm here today to present an overview of
3 extensions of contracts for the sale of hydropower
4 to three upstate investor-owned utilities for resale
5 to rural and domestic consumers.

6 These three utilities, National
7 Grid, formerly Niagara Mohawk Power Corporation; the
8 New York State Electric and Gas Corporation, or
9 NYSEG; and Rochester Gas and Electric Corporation,
10 or RG&E, had been receiving firm power from the St.
11 Lawrence/FDR and Niagara Power Projects, and firm
12 peaking hydropower from the Niagara Project for
13 resale to rural and domestic consumers under
14 contracts that went into effect in 1990 and which
15 were to expire on August 31st, 2007.

16 At their July 31st, 2007 meeting,
17 Power Authority's Trustees approved an extension of
18 the 1990 contracts to take effect on an interim
19 basis on September 1st, 2007, pending completion of
20 the formal contract approval process under Section
21 1009 of the Public Authorities Law. Under this
22 process, the contracts are subject to public notice,
23 hearing and approval by the Governor. The contract
24 extensions are for a total of four hundred and
25 fifty-five megawatts of firm, and three hundred and

1 sixty megawatts of firm peaking hydropower, to be
2 sold to the three utilities. The power is purchased
3 at the cost-based hydropower rate and passed on
4 primarily to the utilities' residential customers
5 without markup under Public Service Commission
6 tariffs.

7 Specifically, the proposed
8 contracts provide for the sale of one hundred and
9 eighty-nine megawatts of firm, and one hundred and
10 seventy-five megawatts of firm peaking, to National
11 Grid, one hundred and sixty-seven megawatts of firm,
12 and one hundred and fifty megawatts of firm peaking,
13 to NYSEG and ninety-nine megawatts of firm, and
14 thirty-five megawatts of firm peaking, to RG&E.
15 These amounts would be sold to the utilities through
16 August 31st (sic) 2010, subject to withdrawal upon
17 thirty days written notice by the Authority for
18 reallocation as may be authorized by law, or as
19 otherwise may be determined by the Authority's
20 Trustees.

21 In addition to the withdrawals
22 specified above, the Authority may reduce or
23 terminate service if it is determined to be
24 necessary to comply with any ruling, order or
25 decision by a regulatory or judicial body, or the

1 Authority's Trustees, relating to hydropower and
2 energy allocated under the proposed contracts.

3 Chapter 59 of the Laws of 2006,
4 Part U, authorized the creation by the Governor of a
5 "Temporary State Commission on the Future of New
6 York State Power Programs for Economic Development"
7 or any "Commission". The charge to the Commission
8 was to recommend to the Governor and to the
9 Legislature on or before December 1, 2006, whether
10 to continue, modify, expand or replace the state's
11 economic development power programs, including, but
12 not limited to, the Power for Jobs Program and the
13 Energy Cost Savings Benefit Program.

14 On December 1, 2006, the
15 Commission issued its report, which included an
16 array of findings and recommendations. A key
17 recommendation of the report was that, among other
18 things, hydropower now sold to the utilities ought
19 to be redeployed for economic development purposes.

20 The short-term and withdrawal
21 provisions of the proposed contracts will allow the
22 Legislature to consider the use of the subject block
23 of power for economic development or other purposes.

24 As Ms. Delince stated earlier, the
25 Power Authority will accept your comments on the

1 proposed contracts until close of business Friday,
2 September 4th, 2009.

3 I'll now turn the forum back over
4 to Ms. Delince.

5 KAREN DELINCE: Thank you, Ms.
6 Garcia.

7 Now, do we have any speakers? We
8 have Mr. Alverson. Did you want to speak?

9 CURT ALVERSON: No, thank you.

10 KAREN DELINCE: Okay. Anybody
11 else here to speak? Ms. Hadley Horrigan.

12 HADLEY HARRIGAN: That was easy.

13 KAREN DELINCE: Although your
14 written statement can be any length, we ask that you
15 limit your comments to five minutes.

16 HADLEY HARRIGAN: Thank you.

17 I'm Hadley Horrigan, Vice President of Public
18 Affairs at the Buffalo Niagara Partnership, and I'm
19 here today on behalf of our nearly twenty-five
20 hundred members who are regional employers of more
21 than two hundred thousand people. So thanks for the
22 opportunity to speak today.

23 We simply need low-cost power for
24 our region, and stand ready to help the state with
25 its strategy to meet its energy needs.

1 Two specific proposals the
2 Partnership strongly endorses to get our region
3 closer to meeting our energy needs are as follows;
4 first, we believe hydropower currently supplied for
5 rural and domestic uses within the franchise
6 territories of the three upstate utilities should be
7 redeployed for upstate-wide economic development
8 over a period of three years. The residential
9 savings I receive at my home are about two dollars
10 per bill, and the savings of my coworkers in
11 different territories are a bit higher. I'd say who
12 could argue that a few hundred dollars a year saved
13 on a residential utility bill is worth more than a
14 forty thousand dollar a year job that me or my
15 neighbor might receive, and the buying power that
16 that job creates in the community?

17 That said, we do believe it's
18 important that a mechanism be established to assist
19 non-corporate farmers and those low-income
20 households as defined by HEAP that currently benefit
21 from low-cost power.

22 Second, we recently worked closely
23 with Assemblyman Dennis Gabryszak, Senator Bill
24 Stachowski and Senator Maziarz on bills this year
25 that would allow our region to get more out of our

1 regional asset of Replacement and Expansion Power.
2 When that power is not being utilized, when a plant
3 is not drawing on its full allocation, or when a
4 company has received a block of power but is not yet
5 up and running, or when power remains unallocated,
6 the New York Power Authority sells it on the open
7 market and retains the proceeds.

8 The Gabryszak and Stachowski bills
9 would instead create the Western New York Economic
10 Development Fund that would keep proceeds derived
11 from regional hydropower assets within thirty miles
12 of the Niagara Power Project, as intended. The
13 local fund would be used for projects to spur
14 economic development and job creation. For example,
15 site preparation and infrastructure improvements,
16 brownfield cleanups, adaptive reuse of existing
17 structures, and to entice private sector investments
18 in Buffalo Niagara.

19 So it's our desire to work with
20 both NYPA and the Legislature to get this proceeds
21 issue right and implemented in the form that has the
22 greater economic development benefit for our
23 community.

24 Our sister organization, the
25 Buffalo Niagara Enterprise, is working in concert

1 with local and state economic development partners,
2 which has developed a robust attraction effort that
3 takes advantage of the unique advantage of unique
4 assets that we have in the form of Niagara Power
5 Project hydropower. In particular, the Buffalo
6 Niagara Enterprise has made great strides working
7 with solar panel and wind turbine manufacturers who
8 have expressed interest in our region because of our
9 proximity to both customers and supply chain, in
10 addition to that low-cost hydropower.

11 Currently, the BNE has nine active
12 projects, and these are good projects with real
13 interest in our region that come from the renewable
14 energy industry, other advanced manufacturing
15 sectors, and that include brownfield cleanups and
16 strong job creation as part of their plans.

17 Together these projects represent potential private
18 sector investments of up to four point seven billion
19 dollars here, and the creation of nearly fifty-five
20 hundred new jobs. To land these projects, we, as a
21 region, currently have about forty megawatts of
22 Expansion and Replacement Power available, while
23 these projects would likely require total
24 allocations close to two hundred megawatts.

25 So we obviously need more

1 resources for economic development, and are strongly
2 in favor of adding on R&D to the portfolio.

3 KAREN DELINCE: Thank you, Ms.
4 Horrigan.

5 HADLEY HORRIGAN: Thanks.

6 KAREN DELINCE: We are
7 scheduled to be here until four, we will keep the
8 record open until then. Mr. John Cunningham.

9 JOHN CUNNINGHAM: Hello.

10 KAREN DELINCE: Hello.

11 JOHN CUNNINGHAM: Hello. I'm
12 John Cunningham, a resident of Wheatfield in Niagara
13 County.

14 I'm coming to speak about the
15 Power Authority's rural and domestic program of
16 reallocating power to other communities. And what
17 I'm here for is a concept that nobody, I think, has
18 even thought of at all, and that is why are we, in
19 Niagara County, sending our natural resources to
20 other areas and receiving nothing in return? Such
21 as, let's say, we gave low-cost power to Plymouth,
22 Massachusetts, well, then, maybe they could give us
23 half of their rock. It's already broken, so it
24 wouldn't be much to do, and we could have half of
25 Plymouth Rock here to stimulate our economy in

1 Western New York. We've got enough rocks, we don't
2 need anymore, we got one -- a whole million rocks
3 with water falling over them.

4 If we gave power to New York City,
5 low-cost power to stimulate their economy, what are
6 they doing to help Western New York stimulate its
7 economy; give us the Statue of Liberty, give us the
8 Empire State Building, move it here or open the
9 United Nations here on Navy Island, like it was
10 supposed to be in the first place.

11 Why is all of the natural
12 resources of Western New York going other places to
13 help other communities, but those communities are
14 giving nothing back to Western New York to help us?

15 Or at least let the sales tax come
16 back to Niagara County of the electricity that is
17 sent other places so that it can help offset some of
18 our taxes, and also help to develop Western New York
19 into a true powerhouse that it is.

20 The other thing was the low-cost
21 power that is allocated by the replacement power for
22 the Schoellkopf plant was supposed to be used within
23 thirty miles of the Schoellkopf plant after it fell
24 in, and that's what the Replacement Power, I guess,
25 means. Well, if they're not using all of the

1 Replacement Power at a given point, and they want to
2 sell it on the open market to another place, or
3 whatever, fine; but take that money and use that
4 money to offset the electric bills of the people in
5 Western New York within thirty miles of the
6 Schoellkopf plant that are paying some of the
7 highest electric rates in the country.

8 So here we have the biggest
9 supplier of the most reasonable electric in the
10 country, and the residents next door are paying
11 exorbitant rates. There should be some sort of
12 benefit for Niagara County to give or to allocate
13 power out of this area, or natural resources being
14 allocated to other areas and Niagara County
15 receiving nothing in return for it.

16 And my concept is this, maybe they
17 have something in other communities that we could
18 use here to help develop our economy somehow.
19 That's it, just a concept.

20 KAREN DELINCE: Thank you, Mr.
21 Cunningham.

22 JOHN CUNNINGHAM: It's an insane
23 concept, but a concept. Thank you.

24 KAREN DELINCE: Okay.
25 Senator, you have the floor.

1 SENATOR MAZIARZ: Thank you,
2 very much.

3 First of all, the comments that
4 John made here, I don't know, I think John and I
5 just met a couple weeks ago really. We haven't
6 talked.

7 JOHN CUNNINGHAM: A few times
8 we've met.

9 SENATOR MAZIARZ: Okay. John's
10 comments are absolutely right on as far as the
11 feeling of the people in Western New York, most
12 specifically Niagara County, regarding the power
13 that is produced here at Niagara. Could I just ask
14 for your titles of power, please?

15 KAREN DELINCE: Excuse me?

16 SENATOR MAZIARZ: Your title,
17 what do you do?

18 KAREN DELINCE: Corporate
19 Secretary.

20 CAROLINE GARCIA: I'm the
21 Manager of Contract Administration.

22 GEORGE MAZIARZ: Okay. You
23 work in White Plains?

24 KAREN DELINCE: Uh-huh.

25 CAROLINE GARCIA: Yes.

1 GEORGE MAZIARZ: Thank you,
2 very much. I'm not sure, because I just walked in,
3 what the format is. Are you -- do you provide
4 information? Do you answer questions?

5 KAREN DELINCE: We don't
6 answer questions. We just listen to your
7 statements.

8 GEORGE MAZIARZ: Okay. First
9 of all, thank you, then, for being here today to
10 take commentary from the public here in Western New
11 York. I did have several questions, but as you
12 indicated, this is kind of a typical Power Authority
13 public hearing where you really don't answer
14 questions. I say that not as a criticism to you,
15 but just to get it in on the record.

16 For instance, one of my questions
17 was, is it four hundred and fifty-five megawatts of firm
18 power and three hundred and sixty-five megawatts firm peaking
19 hydropower, I would presume so. I'm not asking that
20 presumption. Most of the power is probably produced
21 at Niagara and St. Lawrence; can I get a nod of the
22 head or anything? I will ask them, but --

23 CAROLINE GARCIA: Niagara and
24 St. Lawrence.

25 GEORGE MAZIARZ: Thank you,

1 very much. So that power, that four hundred and
2 fifty-five and three hundred and sixty is produced
3 here at Niagara and at St. Lawrence.

4 First, let me say that I support
5 this contract extension by the Power Authority for
6 the -- for another year. I'm somewhat concerned
7 about the Authority's ability to terminate the
8 contracts with thirty days' prior written notice.
9 Because what has been happening recently in Albany,
10 most specifically since January 1, when we saw five
11 hundred and fifty million dollars, five hundred and
12 fifty, over a half-million dollars, five hundred and
13 fifty million dollars, stolen, stolen by the
14 Governor, stolen by the State Legislature, stolen by
15 the Power Authority's Board of Trustees from Niagara
16 and St. Lawrence, primarily from Niagara, and sent
17 to Albany to pay its bills.

18 We saw fifty megawatts of
19 hydropower stolen, stolen, primarily from St.
20 Lawrence, but a little bit from Niagara, and sent to
21 a company on Long Island called Brookhaven Labs.
22 This trend of taking from Niagara, taking from St.
23 Lawrence, and sending it downstate is extremely
24 troubling for me, and I wish it was just as
25 troubling, quite frankly, for the other legislators

1 in Western New York.

2 I know that Congressman Brian
3 Higgins, I'm not speaking for the congressman, but I
4 can tell you that based on some of his public
5 comments that I think he would agree that the Power
6 Authority's assets are being taken downstate.

7 Also, Assemblyman Mark Schroeder,
8 I think he's on board with that; and most notably,
9 the Niagara County Legislature, which has taken the
10 position that they are not going to take it anymore,
11 and they filed a lawsuit against New York State
12 Power Authority to keep the assets of Niagara --
13 that are generated here at Niagara, to stay here
14 within Niagara County.

15 So back to my point. I'm
16 extremely concerned about the thirty-day provision
17 to terminate these contracts. What that would mean,
18 of course, and this room would be full of people if
19 the notice that the Power Authority put out about
20 this hearing is if these contracts were not
21 extended, if these contracts were not renewed, that
22 every residential customer's electric rates in
23 Upstate New York would rise. If that's the way that
24 notice was put out, you wouldn't be able to hold it
25 in this room, there would be too many people here,

1 other than people like John, who actually read the
2 newspaper and came down. So this is really about a
3 potential, and I stress the word potential, rate
4 increase.

5 The other area of concern was the
6 CEO of the Power Authority, Richard Kessel, spoke to
7 the Niagara County Legislature on July 28th, and he
8 referenced very briefly and very much in passing,
9 indeed, our power. He talked about a better use for
10 R&D power, and that he wanted to work with the State
11 Legislature and the Board of Trustees on how to
12 better utilize R&D power. Mr. Kessel, of course,
13 failed to mention that if he took the R&D power,
14 that it would mean a rate increase for residential
15 customers in Upstate New York.

16 If there is a better use for R&D
17 power somewhere along the lines that Mr. Kessel and
18 the Governor and the Board of Trustees and the
19 Legislature leaders come up with, I want to go on
20 record here today that that use better include, and
21 better be primarily about, Upstate New York and most
22 particularly, Western New York, and even more
23 particularly, Niagara County, because this is where
24 the power is generated, this is where it should
25 stay.

1 I think having a clause in there
2 that it be able to be terminated in the thirty-day
3 notice is imitation, it's open door for Governor
4 Paterson, Mr. Kessel, Speaker Silver, and whoever is
5 currently in charge of the New York State Senate to
6 steal, yet again, the assets of the Niagara Power
7 Project and send them to New York City, Westchester
8 County, Long Island and downstate. Clearly, that's
9 been their record of non-accomplishment since
10 January 1, and I would hate to see that continue.

11 So with that, unless you have any
12 questions of me, I think that just about ends my
13 statement, other than to say that I started out by
14 agreeing with John. The problem that the Power
15 Authority has and the problem that the Trustees
16 have, who are not here unfortunately, the
17 administration of the Power Authority; I'm talking
18 about Mr. Kessel, senior administrator Mr. Quinones
19 and so forth, who are not here yet again, this is
20 the second Power Authority hearing that I have
21 attended where they haven't shown, is that they are
22 disconnected with the public, people like John, who
23 understand what this power project could do for the
24 people of Western New York, it could provide jobs,
25 it could provide good health care. I'm talking

1 about through good-paying jobs for people across
2 Western New York, and more particularly, here in
3 Niagara County.

4 With that, I will say do you have
5 any questions of me?

6 KAREN DELINCE: We don't.

7 GEORGE MAZIARZ: You don't ask
8 questions either. You guys got it good, you don't
9 ask nor answer.

10 KAREN DELINCE: We don't.

11 Thank you, very much, Senator Maziarz.

12 SENATOR MAZIARZ: Thank you. I
13 did that without any notes.

14 KAREN DELINCE: The meeting
15 is adjourned, we have no other speakers.

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1 STATE OF NEW YORK)

2 SS:

3 COUNTY OF NIAGARA)

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5 I, MICHELLE R. KWIATEK, a Notary
6 Public in and for the State of New York, County of
7 Niagara, DO HEREBY CERTIFY that the public hearing
8 was taken down by me in a verbatim manner by means
9 of Machine Shorthand on September 1, 2009. That the
10 proceedings were taken to be used in the
11 above-entitled action.

12 I further CERTIFY that the
13 above-described transcript constitutes a true,
14 accurate and complete transcript of the testimony.

15

16

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MICHELLE R. KWIATEK,
Notary Public.

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1 KAREN DELINCE: Good evening,
2 everybody.

3 My name is Karen Delince, and I'm
4 the Corporate Secretary for the New York Power
5 Authority. This public hearing is being conducted
6 by the Power Authority to provide an overview and
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19 Newsday. During the thirty-day period prior to
20 today's hearing, copies of the proposed contracts
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22 Authority's office in White Plains, as well as on
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6 the Assembly Ways and Means Committee Herman
7 Farrell, Senate Minority Leader Dean Skelos and
8 Senate Minority Leader Brian Kolb.

9 If you plan to make an oral
10 statement at this hearing and have not yet filled
11 out a form at the sign-in desk, please do so now. I
12 ask that you give copies of your written statement
13 to the reporter and Ms. Frank before or after you
14 deliver your remarks. Although your written
15 statements can be whatever length you'd like, we
16 would ask that those presenting an oral statement to
17 limit their remarks to five minutes. If your oral
18 statement summarizes a written statement, both will
19 appear in the record of the hearing.

20 The record of this hearing will
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22 September 4th for the submission of any additional
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24 to the Authority's Corporate Secretary at 123 Main
25 Street, White Plains, New York 10601; or may be

1 faxed to (914) 390-8040; or e-mailed to Secretarys
2 dot office at nypa dot gov, G-0-V. Please see Ms.
3 Frank on your way out if you have additional
4 questions.

5 Full stenographic minutes of the
6 hearings will be made and will be incorporated,
7 along with the written submissions, into the record
8 that will be reviewed by the Authority's Trustees.
9 The transcript will be available for review at the
10 Authority's office in White Plains, and on the
11 Authority's Web site, www.nypa.gov.

12 At this point, I will turn the
13 microphone over to Caroline Garcia, the Authority's
14 Manager of Contract Administration for Power
15 Contract and Supply Planning, who will provide
16 additional details on the proposed contract
17 extensions. I will then call on the speakers,
18 starting with any elected officials. Ms. Garcia.

19 CAROLINE GARCIA: Thank you, Ms.
20 Delince.

21 Good evening. My name is Caroline
22 Garcia. I'm the Manager of Contract Administration
23 in the Marketing and Economic Development Department
24 at the New York Power Authority. I'm here today to
25 present an overview of extensions of contracts for

1 the sale of hydropower to three upstate investor-
2 owned utilities for resale to rural and domestic
3 consumers.

4 These three utilities, National
5 Grid, formerly Niagara Mohawk Power Corporation; the
6 New York State Electric and Gas, or NYSEG; and
7 Rochester Gas and Electric Corporation, or RG&E, had
8 been receiving firm power from the St. Lawrence/FDR
9 and Niagara Power Projects, and firm peaking
10 hydropower from the Niagara Project for resale to
11 rural and domestic consumers under contracts that
12 went into effect in 1990 and which were to expire on
13 August 31st, 2007.

14 At their July 31st, 2007 meeting,
15 the Authority's Trustees approved an extension of
16 the 1990 contracts to take effect on an interim
17 basis on September 1st, 2007, pending completion of
18 the formal contract approval process under Section
19 1009 of the Public Authorities Law. Under this
20 process, the contracts are subject to public notice,
21 hearing and approval by the Governor. The contract
22 extensions are for a total of four hundred and
23 fifty-five megawatts of firm, and three hundred and
24 sixty megawatts of firm peaking hydropower, to be
25 sold to the three utilities. The power is purchased

1 at the cost-based hydropower rate and passed on
2 primarily to the utilities' residential customers
3 without markup under Public Service Commission
4 tariffs.

5 Specifically, the proposed
6 contracts provide for the sale of one hundred and
7 eighty-nine megawatts of firm, and one hundred and
8 seventy-five megawatts of firm peaking, to National
9 Grid, one hundred and sixty-seven megawatts of firm,
10 and one hundred and fifty megawatts of firm peaking,
11 to NYSEG, and ninety-nine megawatts of firm and
12 thirty-five megawatts of firm peaking, to RG&E.
13 These amounts would be sold to the utilities through
14 December 31st, 2010, subject to withdrawal upon
15 thirty days written notice by the Authority for
16 reallocation as may be authorized by law or as
17 otherwise may be determined by the Authority's
18 Trustees.

19 In addition to the withdrawals
20 specified above, the Authority may reduce or
21 terminate service if it is determined to be
22 necessary to comply with any ruling, order or
23 decision by a regulatory or judicial body, or the
24 Authority's Trustees relating to hydropower and
25 energy allocated under the proposed contracts.

1 Chapter 59 of the Laws of 2006,
2 Part U, authorized the creation by the Governor of a
3 "Temporary State Commission on the Future of New
4 York State Power Programs for Economic Development"
5 or any "Commission". The charge to the Commission
6 was to recommend to the Governor and to the
7 Legislature on or before December 1st, 2006, whether
8 to continue, modify, expand or replace the state's
9 economic development power programs, including, but
10 not limited to, the Power for Jobs Program and the
11 Energy Cost Savings Benefit Program.

12 On December 1st, 2006, the
13 Commission issued its report, which included an
14 array of findings and recommendations. A key
15 recommendation of the report was that, among other
16 things, hydropower now sold to the utilities ought
17 to be redeployed for economic development purposes.

18 The short-term and withdrawal
19 provisions of the proposed contracts will allow the
20 Legislature to consider the use of the subject block
21 of power for economic development or other purposes.

22 As Ms. Delince stated earlier, the
23 Power Authority will accept your comments on the
24 proposed contracts until close of business Friday,
25 September 4th, 2009.

1 I'll now turn the forum back over
2 to Ms. Delince.

3 KAREN DELINCE: Thank you, Ms.
4 Garcia. Do we have any speakers? Okay. We will
5 keep the record open for two hours.

6 (A two-hour recess was taken.)

7 We have heard from no speakers
8 this evening. This hearing is officially closed.
9 The record will, however, remain open until Friday,
10 September 4th for submissions and written
11 statements.

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1 STATE OF NEW YORK)

SS:

2 COUNTY OF NIAGARA)

3 I, MICHELLE R. KWIATEK, a Notary
4 Public in and for the State of New York, County of
5 Niagara, DO HEREBY CERTIFY that the public hearing
6 was taken down by me in a verbatim manner by means
7 of Machine Shorthand on September 1, 2009. That the
8 proceedings were taken to be used in the
9 above-entitled action.

10 I further CERTIFY that the
11 above-described transcript constitutes a true,
12 accurate and complete transcript of the testimony.

13
14
15
16
17 _____
MICHELLE R. KWIATEK,
Notary Public.